

# Identifying the Capacities for Implementing Good Governance in Iran's Customs System

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## Abstract

It is evident that the continuous and increasing growth of foreign trade and the growing importance of managing countries' exchanges are considered key and significant factors in the international trade chain. Consequently, the significance of customs and its role in the economic system of countries is increasingly attracting the attention of economic policymakers. Given the broad scope of the subject, this article first elucidates the position and role of good governance in enhancing the customs system and subsequently examines the objectives of good governance components. Following this, the study evaluates the dimensions of the existing capacities within Iran's customs system that contribute to the enhancement of good governance. This research is theoretical in nature, employs a descriptive-analytical method, and utilizes a library-based approach for data collection, relying on documents, books, and articles. The findings of this study indicate that identifying the capacities for implementing good governance in Iran's customs system is a fundamental prerequisite for improving the efficiency and transparency of this system. One of the key capacities is strengthening transparency and accountability in customs processes. By establishing clear and accessible procedures, stakeholders can easily access information regarding regulations, tariffs, and customs procedures. This measure not only helps reduce corruption but also enhances public trust in the customs system. Additionally, the establishment of independent regulatory bodies can improve accountability and oversight of customs performance. Another important capacity is the development of information technology and digital systems within the customs system. The implementation of automation systems and the digitization of processes can reduce the time and costs associated with customs clearance and contribute to the efficiency of the customs system. These technologies can also facilitate the collection and analysis of trade and customs-related data, leading to optimal decision-making and process optimization. Finally, strengthening human resources through training and capacity-building of customs personnel can enhance service quality and improve good governance within Iran's customs system.

**Keywords:** good governance, rule of law, transparency, capacity, Iran's customs system

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## 1. Introduction

In light of the domestic and international conditions of the Islamic Republic of Iran, including economic sanctions and the policy of resistance economy, the need for transformation in the customs system is more pressing than ever (Rahbar et al., 2018). The duties and missions of the Customs Administration of the Islamic Republic of Iran extend far beyond revenue generation and protection of domestic industries and production; they encompass a broad set of national and international obligations. Recognizing these realities and the legitimate expectations of stakeholders—including the government, consumers, producers, traders, and merchants—Iran's Customs Administration aims to facilitate and expand trade, realize projected revenues, combat smuggling, implement foreign trade policies, and protect consumers and producers (Memarnajad et al., 2013).

Customs reforms in different countries are generally influenced by their economic and trade policies. Given the adoption of new trade policies, the customs system of each country, as a key stakeholder in trade, requires transformations to align with policy objectives. Studies indicate that customs reforms in countries such as China and Turkey coincided with their economic reforms. Therefore, the development of a comprehensive industrial and trade policy document is essential for addressing customs-related challenges (Mohammadi Fard, 2024).

Good governance refers to a set of principles and processes aimed at enhancing efficiency, transparency, and accountability in public administration. It includes components such as the rule of law, public participation, accountability, and respect for human rights. Good governance is recognized as a key factor in sustainable development and improving citizens' quality of life, as it strengthens public trust and reduces corruption. In general, good governance is considered a fundamental prerequisite for achieving sustainable economic and social development in various societies (World Bank, 2023).

In this regard, Iran, as a developing country, has been assessed by international organizations regarding the status and quality of its good governance indicators. In some cases, Iran's governance quality has been rated as weak. Consequently, evaluating and analyzing the status of good governance indicators—such as the rule of law, accountability, and participation—is necessary to enhance governance quality and strengthen these indicators (Rezaei et al., 2022).

Identifying the capacities for implementing good governance in Iran's customs system can improve the system's efficiency and transparency. One of the main capacities is the establishment of information systems and modern technologies, which can facilitate customs processes and reduce clearance time. The use of information technology enables more precise monitoring of customs activities, which can help reduce corruption and enhance transparency.

Additionally, strengthening stakeholder participation in customs processes is another aspect of good governance. By creating platforms for cooperation between the government, the private sector, and civil society, oversight and accountability can be enhanced. This participation can improve decision-making and policy formulation in the customs system, ultimately increasing public trust in the system (Rostami & Zare, 2023).

Moreover, training and capacity-building for customs personnel represent another critical capacity. Enhancing employees' knowledge and skills can improve the quality of customs services and reduce errors and violations. Regular training programs and leveraging international experiences can improve Iran's customs administration performance.

Establishing transparent and accountable governance frameworks is another crucial capacity in Iran's customs system. By formulating and enforcing clear and fair regulations, corruption can be reduced, and public trust can be increased. This not only enhances the efficiency of the customs system but can also attract foreign investments.

Finally, leveraging international experiences and collaborating with global organizations can aid in identifying and improving the capacities for good governance in Iran's customs system. By adopting best practices and learning from other countries, Iran can enhance customs processes and improve efficiency and transparency in this domain (Amiri & Mohseni, 2023).

The implementation of good governance in the customs system of the Islamic Republic of Iran can contribute to the establishment of a robust and sustainable economic system. One of the key aspects of good governance is transparency in customs processes. By creating transparent and auditable systems, corruption and misconduct can be minimized. This

measure not only enhances public trust but also facilitates foreign and domestic investment. As a result, a transparent customs system can improve the business environment and increase economic competitiveness.

Furthermore, good governance in customs can facilitate international trade. By improving clearance processes and reducing the associated time and costs, traders and merchants can gain easier access to global markets. This contributes to increased exports and imports, ultimately leading to economic growth. In other words, an efficient and responsive customs system can enhance trade facilitation and improve Iran's economic standing on an international scale.

Good governance in customs can also improve the quality of customs services and increase stakeholder satisfaction. By training and empowering customs personnel and adopting modern technologies, better and faster services can be provided to traders and merchants. This not only enhances customs system efficiency but also strengthens its overall effectiveness.

## 2. Literature Review

Parhizgar and Etemadian (2021) examined the strategic control model of the Customs Administration of the Islamic Republic of Iran and identified 17 key variables for strategic control, which include contextual conditions (diagnostic, interactive, content-based, and process controls), intervention conditions (incentive control, cultural control, and informal control), and environmental conditions (goal-oriented fundamental control, human-oriented fundamental control, gradual control, process-oriented gradual control, and internal environmental control) (Parhizgar & Etemadian, 2021).

Faghih Nasiri et al. (2024) studied the import risk management model in Iran's customs system with a focus on the role of transformational senior managers. Their study indicated that import risk management is influenced by internal factors (such as inter-organizational relations, merit-based appointments, necessary infrastructure and equipment, and skilled personnel) and external factors (such as domestic and international regulations, neighboring organizations, international conventions, and commitments) (Faghih Nasiri et al., 2024).

Mohammadifar (2024) analyzed challenges in Iran's customs system and found that trade facilitation benefits both exporters and importers by improving access to production inputs and participation in global value chains. The study identified key customs challenges, including multiple customs points, complex procedures, valuation and tariff determination issues, border management integration, system deployment, delays in permit issuance, and smuggling (Mohammadi Fard, 2024).

Famili Mohammadi et al. (2023) conducted a comparative study on customs structures, processes, and performance in China, Turkey, and the United Arab Emirates. They examined the organizational structures, execution processes, and performance indicators of these countries' customs systems, providing recommendations for improving Iran's customs processes. Their study highlighted that several non-customs factors significantly impact trade operations, including trade restrictions, tariff and non-tariff barriers, economic sanctions, a lack of active trade diplomacy, regulatory instability, ambiguous regulations, and the absence of industrial and trade development strategies. Their findings suggest that customs reforms in the studied countries were directly linked to their national and international economic and trade transformations (Famili Mohammadi et al., 2023).

Ghanayoun et al. (2023) examined factors influencing the organizational learning model in foreign trade supervision from an economic and social development perspective. They identified causal factors (such as trade information integration, national and transnational cooperation, staff training, and cultural development), intervening factors (such as political conditions, regulatory integration, environmental factors, and management integration), and contextual factors (such as single-window trade systems and risk management). They concluded that the organizational learning system in customs supervision contributes to economic, social, and educational outcomes aligned with broader economic and social development objectives (Ghanayoun et al., 2023).

Ataharian and Rezaei (2024) analyzed the governance ecosystem of digital platforms, highlighting how these platforms, based on their functionality and nature, exert governance over end-users. They argued that such platforms can make decisions that threaten public interests, necessitating government interventions to regulate them (Ataharian & Rezaei, 2024).

Aghaei Rouzbehani et al. (2024) explored factors influencing governance and regulation in the legal services market, concluding that identifying key factors can enhance market sustainability and adaptability to rapid socio-economic and technological changes (Aghaei Rouzbehani et al., 2024).

### 3. Research Methodology

This study employs a descriptive-analytical research method. Descriptive research is one of the most common scientific methodologies used to describe and analyze the characteristics, conditions, or phenomena under study. In this method, data and information are collected through observations, surveys, interviews, and existing sources and then analyzed quantitatively or qualitatively.

The primary objective of descriptive research is to provide a clear and precise depiction of the subject matter without examining causal relationships between variables. This method is commonly used in the early stages of research or for analyzing existing conditions and can serve as a foundation for deeper and more analytical studies.

For data collection, a documentary and library-based approach was used, in which relevant information was gathered and utilized from digital and traditional libraries.

### 4. The Role and Position of Good Governance in Enhancing Iran's Customs System

Good governance, as a managerial and political framework, significantly influences the enhancement of the customs system. This concept encompasses principles such as transparency, accountability, participation, and the rule of law, which contribute to improving customs performance. By implementing these principles, customs authorities can optimize their processes and prevent corruption and abuse. This, in turn, enhances public trust in the customs system and improves interactions with traders and investors (OECD, 2022). In the customs domain, governance defines the dissolution of borders and responsibilities in addressing social and economic issues. This illustrates how, in modern societies, the government transfers its exclusive responsibilities to civil society, private sector organizations, and voluntary groups. Consequently, the boundaries between the state and society, as well as between public and private sectors, are increasingly blurred. Governance determines the interdependence of power relations among institutions engaged in collective action. Any organization involved in collective activities must depend on other organizations. To achieve its objectives, it must engage in resource exchange, with the outcome of this exchange being influenced not only by each actor's resources but also by the rules of the game and the environment in which the exchange takes place. Governance emphasizes the importance of autonomous networks of actors. A self-regulating network has the authority to issue directives in a specific domain and collaborate with the government in that area. Governance also recognizes the ability to perform functions without relying on government authority for command or enforcement. In public administration, various management tools and techniques exist, and the government is obliged to utilize them to direct public affairs (Vahidi et al., 2021).

Establishing a customs system based on good governance requires adherence to principles of justice. Justice in this context means equal treatment of all economic actors and the facilitation of customs processes for all individuals and companies. This approach not only enhances public trust in the customs system but also reduces corruption and inequalities in customs processes. By implementing fair policies, the business environment can be improved, and foreign investments can be attracted (OECD, 2022).

In addition to justice, accountability and efficiency are fundamental pillars of a customs system based on good governance. Accountability entails transparency in processes and decision-making, allowing economic actors to be aware of their rights and enabling them to refer to competent authorities in case of disputes. Efficiency in the customs system refers to reducing the time and costs associated with customs procedures, which can facilitate trade and increase customer satisfaction (United Nations Economic Commission for Europe, 2021).

Efficiency in a customs system governed by good governance is generally improved, as good governance incorporates a set of managerial principles emphasizing transparency, accountability, and public participation. These principles assist

customs administrations in optimizing their processes and reducing the time and costs associated with cargo clearance. By implementing advanced information systems and improving administrative processes, customs authorities can swiftly respond to trade demands and prevent unnecessary delays. These improvements not only enhance traders' and investors' satisfaction but also facilitate international trade and promote sustainable economic growth ([World Bank, 2024](#)).

Good governance enables customs authorities to enhance their efficiency using modern technologies and advanced information systems. For instance, implementing electronic systems for registering and processing trade information can reduce customs clearance time and facilitate international trade. These improvements benefit traders and exporters while also contributing to national economic growth. Good governance can lead to the establishment of a suitable legal and regulatory environment for customs operations, enabling customs authorities to effectively address global challenges such as smuggling and illegal trade. Strengthening international cooperation and information exchange allows customs authorities to improve border security and facilitate legal trade ([United Nations Economic Commission for Europe, 2021](#)).

Given domestic and international conditions, the need for transforming the customs system based on good governance is more urgent than ever. In today's rapidly expanding global trade environment, countries require efficient and transparent customs systems to remain competitive. Good governance, as a managerial approach, can assist customs administrations in improving processes and reducing corruption, thereby facilitating trade and attracting foreign investment. This transformation benefits not only traders and exporters but also contributes to the sustainable economic growth of nations. Amid global challenges such as climate change, economic crises, and security threats, customs administrations must rapidly adapt to these changes. Good governance enables customs authorities to leverage modern technologies and international collaborations to enhance border security and facilitate legal trade. This fosters a stable and suitable business environment, ultimately improving the social and economic welfare of countries ([World Customs Organization, 2024](#)).

The use of modern technologies and advanced information systems can further enhance the customs system. Good governance allows customs authorities to automate and optimize their processes through information technology. For example, implementing electronic systems for registering and processing trade information can reduce clearance time and facilitate international trade. This not only improves customs efficiency but also strengthens border security and reduces smuggling ([United Nations Economic Commission for Europe, 2021](#)).

Good governance enables customs authorities to utilize innovations and new technologies. The adoption of digital and automation systems can accelerate customs processes and increase accuracy. Such improvements help customs administrations effectively combat security threats and global challenges, such as smuggling and fraud. Ultimately, establishing an efficient and transparent customs system can facilitate international trade and contribute to sustainable economic growth ([United Nations Economic Commission for Europe, 2021](#)).

Good governance is recognized as a key factor in the effective enforcement of customs regulations. This concept includes principles such as transparency, participation, and accountability, which help customs administrations effectively address trade and economic challenges. By fostering a governance-friendly environment, customs authorities can reduce the time and costs associated with cargo clearance while ensuring that laws and regulations are applied fairly and equitably. This not only improves the trading experience but also strengthens public trust in the customs system ([World Bank, 2022](#)).

One of the primary functions of good governance in the customs system is to increase customs revenues. By implementing good governance principles such as transparency and accountability, customs administrations can improve their processes and, in turn, increase their revenues. For instance, by reducing clearance times and enhancing customer service, traders and exporters will be more inclined to utilize customs services. This leads to an increase in trade volume and, consequently, higher customs revenues. Additionally, establishing a transparent environment reduces the likelihood of corruption and abuse, thereby increasing legal customs revenues.

Furthermore, good governance allows customs authorities to leverage modern technologies for improving tax and duty collection processes. The implementation of electronic and automated systems enhances accuracy and efficiency in revenue collection. These changes not only increase customs revenues but also improve the trading experience and facilitate international trade. Ultimately, good governance enables customs administrations to effectively address economic and trade challenges and sustainably increase their revenues ([UNCTAD, 2022](#)).

## 5. Components of Good Governance

The theoretical background of good governance indicates that this concept was originally designed as a model for achieving sustainable development. Specifically, it initially emphasizes an economic approach, with economic development as its primary goal (Miedri, 2004). In this regard, two main perspectives emerge: one advocating for a large government that expands the state's role in the economy and another supporting a small government that seeks to reduce state intervention in economic affairs. Within this theory, empowering the government through meritocracy, decentralization, cooperation, and oversight by civil institutions, as well as standardizing statistical, monetary, and budgetary systems, plays a central role. On the other hand, the legal foundations of this theory are rooted in achieving a just and democratic government. Good governance theory, by providing indicators and criteria, seeks to establish a pathway for realizing democracy and justice as fundamental principles of governance in contemporary literature. Accordingly, this theory has contributed to the formation of governments whose primary function is to develop and strengthen democratic institutions. Based on the principles of good governance, the state must institutionalize democracy within society so that individuals can freely participate in economic, social, and political activities. Consideration of foundations such as the social contract, the exercise of power and responsibility control, the provision of public services, and the creation of an environment conducive to sustainable human development are among the core principles of good governance and are regarded as benchmarks for forming an optimal government in contemporary public law thought (Emami & Shakeri, 2015).

Corruption is one of the six components closely linked to governance. Corruption control, which is a key indicator of good governance, directly contributes to protecting property rights, civil liberties, and judicial independence, enhances the quality of life, and supports the realization of human rights, the sustainability of sound economic policies, institutional development, human capital growth, and poverty eradication (Aghaei Roozbehani et al., 2024). The primary causes of economic corruption in the public sector are related to government ownership in the economy and include trade restrictions, industrial subsidies, price controls, multiple exchange rates, low wages in public services, commercial sectors, and natural resource reserves such as oil. Economic corruption reduces investment, slows economic growth, and ultimately prevents the realization of economic development goals. Consequently, tax revenues decline, and the quality of economic infrastructure and public services deteriorates. According to the literature, promoting administrative integrity—or, conversely, reducing administrative corruption—facilitates development, as administrative integrity or its absence is considered a key indicator of a country's development status (Moradi et al., 2017).

Good governance refers to a set of principles and components that improve citizens' quality of life and enhance the efficiency of government institutions. These components include transparency, accountability, participation, social justice, and the rule of law. Transparency entails free access to information and data related to government decision-making. This component enables citizens to be informed about governmental activities, thereby increasing public oversight of state institutions. Transparency helps reduce corruption and potential abuses while strengthening public trust in government institutions. For instance, when budget and government expenditure information is published transparently, citizens can easily monitor whether public resources are being utilized appropriately (Faqih Nasiri et al., 2024).

Iran's customs system ranks at a medium to low level in key capacity components, including the export and import of goods, the rule of law, transparency, stakeholder engagement, effectiveness, efficiency, and accountability. This ranking reflects a combination of relative advancements and structural challenges. In terms of the export and import of goods, electronic systems such as "NAJA" and "IMIC" have partially digitized registration and clearance processes. However, the lack of integration with parallel institutions (such as the Central Bank or the Ministry of Industry, Mine, and Trade) and arbitrary interpretations of regulations cause frequent delays and additional costs. For example, the average clearance time in Iran is approximately 15 to 30 days, whereas in countries like Turkey, this time has been reduced to 48 hours.

Regarding the rule of law, regulations such as the Customs Affairs Law (2011) and its executive directives exist, but inconsistent and sometimes contradictory enforcement by local customs offices—particularly in the valuation of goods or the imposition of additional tariffs—has reduced predictability for traders. A report by the Parliamentary Research Center (2023) indicates that 25% of customs disputes arise from differing interpretations of regulations by customs officers.



Despite the implementation of electronic systems, transparency remains limited. For example, internal customs directives are often not publicly disclosed, and precise tariff rates are not accessible to the public. This issue persists despite the Access to Information and Transparency Law (2009), which mandates customs authorities to publish all information affecting decision-making.

In the area of stakeholder engagement, civil society organizations and the private sector have a limited role in designing or revising customs regulations. A report by the Iranian Chamber of Commerce (2022) noted that only 10% of private sector proposals were considered in the amendment of customs regulations.

The effectiveness and efficiency of the customs system are also impacted by heavy bureaucracy and administrative corruption. Estimates suggest that 20% of informal costs incurred by traders in customs processes are spent on "facilitation payments," primarily to bypass opaque procedures (such as tariff code reclassification). Monitoring systems such as the "General Customs Inspection Office" have failed to establish an effective accountability mechanism due to their dependence on internal hierarchical structures.

Finally, accountability, as a key governance component, faces serious challenges. The Administrative Justice Court, as the primary authority for handling complaints, covers only a small portion of disputes due to lengthy judicial procedures and traders' lack of awareness of their rights.

Overall, Iran's customs system possesses theoretical capacities in terms of laws and technology, but the absence of political will for structural reforms, resistance to eliminating manual and discretionary procedures, and an institutional culture of secrecy hinder the full realization of these capacities. Improving these components requires multilayered reforms, including strengthening integrated digital infrastructure, training staff according to WCO (World Customs Organization) standards, establishing independent oversight bodies, and actively involving the private sector in regulatory design.

## **6. Identifying the Existing Capacities in Iran's Customs System for the Implementation of Good Governance**

Iran's customs system possesses significant capacities that can contribute to the realization of good governance. One such capacity is stakeholder engagement. By implementing stakeholder engagement mechanisms, customs processes can be significantly streamlined, and greater transparency can be achieved in customs operations. This contributes to reducing corruption and potential abuses while increasing public trust in customs institutions. Additionally, such systems can enhance accountability and oversight of customs performance, ensuring easier access to information for stakeholders. Furthermore, Iran's customs system can strengthen its capacities for good governance by enhancing its effectiveness and efficiency through collaboration with the private sector and civil society. Establishing suitable platforms for active stakeholder participation in customs decision-making and policymaking processes can improve service quality and reduce disparities in access to customs services. Additionally, organizing accountability workshops for customs personnel and stakeholders can increase their awareness and competencies in various customs and legal matters. These subcategories can be further elaborated below.

### *6.1. Capacities Related to the Rule of Law*

Today, the responsibilities and missions of the Customs Administration of the Islamic Republic of Iran extend far beyond revenue generation and supporting domestic industries and production, encompassing a wide range of national and international obligations. Iran's Customs Administration, recognizing these realities and the legitimate expectations of stakeholders—including the government, service providers, consumers, producers, traders, and merchants—strives to facilitate and expand trade, achieve projected revenues, combat smuggling, implement foreign trade policies, and protect consumers and producers. In recent years, numerous economic programs have been pursued by the government, including the "Ten Transformational Projects in the Customs System," which are part of these initiatives. Furthermore, during the Fourth and Fifth Development Plans, Iran's Customs Administration accelerated the implementation of the "Ten Transformational Projects" by hosting various international meetings to promote trade facilitation among Silk Road countries, conducting high-level meetings between Iranian customs officials and neighboring countries, organizing strategic planning workshops in cooperation with the World Customs Organization (WCO), and participating in regional and global customs-related seminars to enhance international cooperation. As a result of these efforts, the new Customs Affairs Law, its corresponding

regulations, and the revised Kyoto Convention were approved by the Iranian Parliament. An overview of foreign trade statistics during the Fourth and Fifth Development Plans indicates significant growth in trade value and transit volume (Memarnajad et al., 2013).

The rule of law is one of the fundamental pillars of good governance and has profound effects on improving the customs system. In a customs system where the rule of law is effectively implemented, all individuals and institutions are subject to uniform regulations, contributing to the creation of a fair and transparent environment. In such an environment, citizens and economic actors can engage in commercial activities with greater confidence, ensuring the protection of their rights. This, in turn, promotes investment and economic growth.

A critical aspect of the rule of law is the fair and impartial enforcement of regulations. In the customs system, this means treating all importers and exporters equitably. When customs laws are enforced fairly, public trust in customs institutions increases, helping to reduce corruption and potential abuses. Moreover, the fair enforcement of laws can enhance competitiveness in domestic and international markets (Hosseini, 2022).

The rule of law also contributes to transparency in customs processes. When customs laws and regulations are clearly and transparently drafted and published, economic actors can easily understand their rights and obligations. This transparency reduces ambiguities and misunderstandings in customs procedures, ultimately improving the quality of customs services. Consequently, citizens and traders feel that they are operating in a fair and transparent environment.

Furthermore, the rule of law strengthens accountability within the customs system. When customs institutions are subject to oversight and evaluation, and their responsibility for decisions and actions is emphasized, the quality of services and institutional performance improves. This leads to the establishment of an effective and efficient supervisory system that can identify and rectify weaknesses in customs processes (Putnam, 2000).

The status of the rule of law in Iran's customs system can be assessed as moderate to weak. This assessment is based on several key indicators and operational realities. The first issue pertains to the presence of laws but inconsistent enforcement. Regulations such as the Customs Affairs Law (2011) and the Law on Combating the Smuggling of Goods and Currency have created a relatively comprehensive legal framework, yet inconsistent and discretionary enforcement—especially by local customs offices—undermines the rule of law. For example, discrepancies in the interpretation of concepts such as "customs value" or "tariffed goods" among different customs offices create legal instability.

The second issue concerns systemic corruption. According to a report by the Parliamentary Research Center (2023), a portion of traders' unofficial expenses in customs processes is allocated to "facilitation payments." These payments are primarily used to navigate opaque procedures or arbitrarily modify tariff codes, which constitutes a clear violation of the principle of equal enforcement of the law.

The third challenge is the lack of transparency in internal regulations. Many customs circulars and internal directives—such as methods for calculating goods' values or specific exemptions—are not publicly disclosed. This lack of transparency reduces public oversight over law enforcement and creates opportunities for arbitrary interpretations.

Additionally, the weakness of oversight mechanisms is another pressing concern. Internal supervisory bodies, such as the General Inspection Office of Customs, lack the independence needed to thoroughly investigate violations due to their hierarchical dependence on the customs administration. Furthermore, their reports are rarely published, preventing genuine accountability.

Another major problem is limited access to administrative justice in customs matters. Although the Administrative Justice Court is the official body for handling complaints, prolonged judicial procedures (sometimes extending up to two years) and traders' lack of awareness of their legal rights result in only 10% of customs disputes being referred to this court. Despite the presence of a relatively comprehensive legal framework in the customs sector, weaknesses in enforcement, oversight, and accountability have reduced the effective implementation of the rule of law to a moderate or weak level. Improving this situation requires structural reforms, such as the establishment of independent oversight bodies, the public disclosure of all regulations, and the mandatory training of personnel based on WCO standards.

Despite the existence of a relatively defined legal framework, the rule of law in Iran's customs system faces deep-rooted challenges, primarily arising from the gap between "codified law" and "applied law." Theoretically, laws such as the Customs



Affairs Law and the Law on Combating the Smuggling of Goods and Currency have outlined mechanisms for regulating customs processes. However, in practice, several factors hinder the full realization of the rule of law.

The first issue is arbitrary and inconsistent interpretations of legal provisions. For example, Article 3 of the Customs Affairs Law defines the customs value based on the "actual transaction price," yet in practice, Iran's customs administration frequently relies on an "internal reference value," which lacks transparency and defensibility. This inconsistency not only leads to widespread financial disputes with traders but also creates rent-seeking opportunities for customs officials to manipulate goods' values.

Furthermore, structural corruption remains a major obstacle to the rule of law, deeply embedded at various levels of the customs system. This phenomenon not only increases transaction costs but also erodes public trust in legal institutions. Weak oversight mechanisms further exacerbate this issue. Internal monitoring bodies, such as the General Inspection Office of Customs, often exercise caution in reporting staff misconduct due to their organizational dependency on the customs administration.

Alongside these factors, a bureaucratic culture of secrecy rather than public accountability exacerbates the problems. For example, decisions regarding tariff code changes or temporary import suspensions are frequently made without prior notification to stakeholders, violating the principle of "predictability," a core tenet of the rule of law.

Ultimately, the rule of law in Iran's customs system is in a "fragile" state, meaning that although codified laws exist, their incomplete enforcement, lack of transparency, and systemic corruption have severely undermined their effectiveness. Addressing this issue requires transformations such as establishing an independent oversight body with extensive authority, mandating the public disclosure of all circulars through a unified system, and enforcing compulsory personnel training based on international standards (such as the Merida Convention on Corruption). Without these reforms, the rule of law in Iran's customs system will remain largely symbolic rather than substantive.

## 6.2. *Capacities Related to Transparency*

Transparency, as one of the fundamental pillars of good governance, plays a crucial role in strengthening public trust and citizen participation in decision-making processes. When information regarding policies, programs, and governmental performance is transparently accessible to the public, citizens can effectively participate in overseeing government institutions and defending their rights. Transparency also helps reduce corruption and potential abuses, thereby improving governance quality. Additionally, transparency enhances governmental accountability. When governments operate transparently, citizens can monitor their performance and demand accountability when necessary. This compels public officials to take societal needs and demands more seriously, ultimately leading to improved public service quality and increased citizen satisfaction (Shahabadi & Jameh-Bazragi, 2013).

One of the fundamental principles of good governance is transparency, which enables customs administrations to clearly and comprehensibly communicate their processes to the public. With increased transparency, traders and exporters can easily become aware of customs laws and regulations, reducing corruption and potential abuses. As a result, public trust in the customs system grows, facilitating trade and attracting foreign investments. Alongside transparency, accountability is another principle of good governance that can enhance customs administration performance. By establishing effective mechanisms for oversight and evaluation, it is possible to ensure that customs institutions fulfill their duties efficiently and effectively. Furthermore, stakeholder participation—including private sector actors and civil society—can help customs authorities identify and address various needs and challenges. This participatory approach can improve customs processes and enhance their efficiency (World Customs Organization, 2024).

Considering the global trade landscape and, in particular, the policies of the World Customs Organization, transparency and dissemination of information regarding customs regulations and directives play a decisive role in engaging domestic and international traders. Therefore, customs administrations in every country are responsible for both simplifying and eliminating complex and outdated trade regulations and replacing traditional manual procedures with electronic systems to enhance information dissemination, reduce corruption, and address administrative bottlenecks. Enhancing customs efficiency can be pursued from two perspectives. The first concerns internal transformation within customs administrations, including improving human resource quality, transitioning to modern information technology (e.g., increasing the proportion of

electronic operations over manual procedures), simplifying customs procedures and formalities, reducing delays between customs approvals and their implementation, and reforming laws and regulations. The second aspect, referred to as external transformation, involves outsourcing various operations to the private sector to enhance the speed and quality of information dissemination and regulatory transparency.

Good governance requires an effective and efficient customs administration to ensure transparency in commercial affairs and successfully implement financial, economic, and social policies. Reviewing the goals and programs of customs administrations reveals that the success or failure of governments in executing economic development policies largely depends on the role and efficiency of their customs institutions. Administrative integrity in customs can enhance a country's participation in the global economy. Given the significance of customs in the national economy and the sensitivity of this institution—along with evidence of corruption in customs operations that have been reported in recent years—addressing administrative integrity in customs as a preventive measure becomes essential (Homayouni et al., 2020).

The political culture of elites plays a significant role in establishing good governance and transparency in customs information. By making informed and responsible decisions, political elites can contribute to enhancing transparency in customs processes. This transparency, in turn, increases public trust in the customs system and reduces corruption. When elites adhere to good governance principles and regularly and accurately publish customs-related information, public oversight and citizen participation in these processes become feasible. Moreover, the political culture of elites can help create the legal and institutional frameworks necessary for customs transparency. By enacting clear and fair regulations, elites can strengthen oversight and accountability mechanisms within the customs sector. This not only improves customs administration efficiency but also attracts foreign investments and enhances national economic competitiveness (Gholami & Amiri, 2023).

The general administrative policies of a governance system can significantly enhance transparency in customs administration. These policies involve establishing effective legal and regulatory frameworks, improving administrative processes, and increasing access to information. By implementing these policies, customs authorities can more effectively fulfill their duties related to revenue collection and trade facilitation. Transparency in these processes helps reduce corruption and potential abuses while increasing public trust in the customs system. Additionally, good governance institutionalizes a culture of accountability and public participation in customs processes. With greater transparency, stakeholders and economic actors can easily oversee and evaluate customs performance. This not only improves customs system efficiency but also fosters stronger collaboration between public institutions and the private sector. Consequently, general administrative policies can directly impact transparency and efficiency in customs administration (World Bank, 2020).

Information rights in governance are recognized as a key element in achieving customs transparency. These rights include access to information, the right to request information, and the right to oversee administrative processes. By providing access to information regarding customs laws, procedures, and performance, stakeholders can easily become aware of their rights, increasing public trust in customs institutions. This is particularly important in the context of international trade, as transparency in customs processes helps reduce trade barriers and facilitates commerce. Furthermore, information rights in governance institutionalize a culture of accountability within customs administration. When information is transparently accessible to the public, customs institutions are held accountable for their performance. This not only reduces corruption and potential abuses but also improves customs efficiency and effectiveness. In other words, information rights serve as a tool for strengthening public oversight and encouraging active participation of economic actors in customs processes. Creating a transparent and accountable customs administration requires cooperation between public institutions, the private sector, and civil society. Information rights in governance can act as a bridge connecting these stakeholders, fostering a healthy and competitive business environment. By enhancing transparency and accountability in the customs system, the quality of customs services can be improved, leading to increased public satisfaction (United Nations, 2019).

From a transparency perspective in regulations, structures, and processes, Iran's customs system faces significant structural and operational challenges that hinder full transparency. According to Transparency International's Corruption Perceptions Index, Iran ranked 149th out of 180 countries, indicating severe weaknesses in administrative transparency, including within customs. However, some efforts have been made to improve this situation through laws and modern technologies. Article 2 of the Customs Affairs Law (2011) emphasizes "facilitating and expediting customs formalities," but

ambiguities in definitions (e.g., "tariffed goods") and the lack of precise criteria for interpreting laws lead to subjective and non-transparent interpretations. Article 3, which pertains to tariffs, lacks a publicly accessible and up-to-date tariff database, preventing economic actors from easily defending their rights.

Although the Law on Combating the Smuggling of Goods and Currency seeks to clearly distinguish legal and illegal activities, vague definitions of "organized smuggling" (Article 12) and the broad discretionary powers granted to customs authorities to seize goods (Article 15) increase the risk of opaque decision-making. The Integrated Customs System (NAJA) and platforms like IMIC have made positive strides in reducing direct contact in clearance processes. However, the central customs authority retains extensive discretion over local procedures, leading to inconsistent and unpredictable decisions across border customs offices (e.g., at Bazargan and Shahid Rajaei). Additionally, oversight institutions such as the General Inspection Office of Customs remain influenced by hierarchical customs structures, and their reports are rarely published.

Article 7 of the Administrative Health Promotion Law (2011) mandates transparency in decision-making, but the lack of reporting mechanisms (e.g., publishing statistics on customs staff violations) has allowed small-scale corruption (such as informal "commissions" for expedited clearance) to persist systematically. Furthermore, Iran's customs administration often relies on "reference values" instead of the "actual transaction value", contrary to Article 7 of the General Agreement on Tariffs and Trade (GATT Valuation Agreement). This non-transparent practice has led to significant financial disputes with traders.

Iran has not fully complied with international transparency commitments, such as publishing regulations or implementing a single-window trade system. In contrast, advanced economies allow businesses to process all import/export permits through a single portal, while Iran's system remains fragmented and opaque. Establishing a Customs Transparency Platform for online publication of all directives, tariffs, and legal rulings would be a viable strategy for enhancing transparency. Additionally, Article 3 of the Access to Information Law (2009) requires government agencies, including customs, to disclose "information affecting citizens' decision-making." However, the vague definition of "impactful information" has led customs authorities to withhold key details, such as tariff methodologies. Without substantial reforms, transparency in Iran's customs system will remain inadequate, fostering continued inefficiencies and corruption.

### 6.3. *Capacities Related to Stakeholder Engagement*

In addition to implementing government policies on foreign trade and facilitating customs procedures, customs administrations are responsible for revenue collection and transferring funds to the national treasury. In this regard, customs has been recognized as the third most stable and non-inflationary revenue source for the government. To improve performance, advisory opinions from executive customs offices, expert specialists, and supervisory organizations have been collected, leading to revisions in executive directives, operational guidelines, and related circulars. The purpose of this transparency and revision process is to simplify procedures, increase stakeholder awareness of customs facilitation directives, and ensure easier access to customs services and facilities. The directives regarding guarantees, the method of obtaining surety bonds, fiscal commitments, and insurance bonds for providing facilities to government agencies, knowledge-based companies, Authorized Economic Operators (AEOs), and public sector entities in various customs procedures have been precisely drafted and implemented. Additionally, to enhance transparency in good governance practices and update the guidelines for risk management committees within Iran's customs system, key objectives such as reducing clearance times, expediting customs formalities, lowering clearance costs, and standardizing customs procedures have been established. These measures align with Article 11 of the Customs Affairs Law, Articles 66 and 207 of its Executive Bylaws, and Standard 3-6 of the Revised Kyoto Convention on the use of risk management techniques, as well as the recommendations of the World Customs Organization (WCO) for trade facilitation (Rezvani Far, 2023).

Supporting inventors and innovators can enhance international cooperation in customs administration. Establishing collaboration networks among countries and customs institutions facilitates the exchange of information and experiences related to innovation and technology management. These collaborations improve customs procedures and promote international trade, ultimately strengthening the customs system. A crucial aspect of supporting inventors and innovators is simplifying the processes for patent and innovation registration. When inventors receive legal and financial support, they are more motivated to register their patents. This, in turn, increases the number of new products and technologies in the market,

requiring customs administrations to effectively manage these innovations to prevent counterfeit and illegal products from entering the supply chain. Additionally, supporting inventors can improve transparency and efficiency within the customs system. When customs authorities collaborate with innovators and technology companies, they can design procedures that seamlessly adapt to new products. Such partnerships can reduce the time and costs associated with importing and exporting innovative products, ultimately increasing customer and business satisfaction ([World Bank, 2021](#)).

As a fundamental pillar of international trade, customs administration requires active participation in local and regional cooperation initiatives. These collaborations enhance customs procedures and facilitate trade. By establishing cooperation networks among neighboring countries, customs institutions can share best practices and experiences, effectively reducing trade barriers and expediting customs processes. This, in turn, boosts trade volume and economic prosperity in the region. Furthermore, local and regional cooperation improves border security and counter-smuggling efforts. By forming joint agreements and collaborations, customs institutions can effectively share information and data on suspicious activities. Such information exchange helps identify and prevent smuggling and other illicit activities, thereby increasing trade security and integrity. Finally, engaging in local and regional cooperation strengthens the human and technical capacities of customs institutions. By organizing joint training programs and workshops, customs personnel can update their skills and knowledge, enabling them to effectively address emerging challenges in international trade. This leads to improved service quality and increased customer satisfaction ([United Nations Economic Commission for Europe, 2021](#)).

Providing trade facilitation services to merchants is a key approach to improving stakeholder collaboration and participation within the customs system. These services may include reducing customs clearance times and costs, streamlining clearance procedures, and offering specialized consulting services to traders. By implementing such measures, customs institutions can enhance traders' experiences, leading to increased trade volumes and economic growth. Additionally, trade facilitation improves the competitiveness of merchants in international markets. By reducing barriers and simplifying customs procedures, traders can quickly and cost-effectively export their goods to target markets. This not only benefits merchants but also strengthens the national economy, as increasing exports and reducing unnecessary imports contribute to improving the country's trade balance. Finally, providing trade facilitation services helps create a transparent and predictable business environment. When traders are assured that customs procedures will be efficiently and timely executed, they are more inclined to invest and expand their businesses. This approach can, in turn, attract foreign investment and increase employment opportunities in the country ([UNCTAD, 2022](#)).

The level of engagement between Iran's customs administration and stakeholders (including traders, importers, exporters, chambers of commerce, and civil society organizations) is assessed as weak to very weak. This weakness stems primarily from the centralized and non-competitive structure of the customs system, which marginalizes stakeholder participation in decision-making and regulatory reforms. For instance, the Iran Chamber of Commerce reported in 2022 that only a minimal fraction of private sector proposals were considered in customs regulation amendments. In contrast, in countries with advanced customs systems, professional associations officially participate in specialized customs committees, and their recommendations are incorporated into policy design. Furthermore, delays in publishing information about regulatory changes or internal directives prevent stakeholders from effectively engaging in customs processes. For example, sudden tariff changes or import restrictions are frequently announced without prior notice to the private sector, disrupting business planning. Additionally, the absence of transparent mechanisms for collecting stakeholder feedback—such as regular consultation sessions or digital surveys—demonstrates a lack of commitment to their role in improving the customs system. Even existing electronic systems like NAJA (Integrated Customs System) focus primarily on unilateral data entry rather than fostering two-way interaction with users. This weak engagement not only reduces customs system efficiency but also imposes additional costs on economic actors. Nearly half of customs clearance time is spent resolving disputes caused by traders' lack of awareness of new regulations, which could have been prevented with effective stakeholder participation. Improving this situation requires establishing advisory councils with private sector representation, mandating the publication of draft regulations for public feedback, and strengthening civil society organizations as intermediaries between customs and the business community.

The interaction between Iran's customs administration and stakeholders faces severe structural challenges. The components of stakeholder engagement in Iran's customs system are incomplete and largely symbolic or informal. Legally,

Article 62 of the Fifth Development Plan Law (2011) emphasizes the need for private sector participation in government decision-making, but the lack of clear operational mechanisms has reduced this participation to sporadic and ineffective meetings. For example, chambers of commerce, as private sector representatives, are only invited to discussions on specific issues (such as drafting regulations for non-oil exports), and their proposals are often blocked at mid-levels of implementation. Furthermore, the absence of structured feedback systems (such as digital platforms for regulatory surveys or evaluations) has limited stakeholder engagement to post-implementation complaints rather than proactive policymaking. For instance, Article 12 of the Customs Affairs Law is rarely fully enforced, as tariff adjustments are rarely subject to prior stakeholder review before approval. In contrast, in advanced customs systems (such as the European Union), mandatory public consultations are integral to the regulatory process. Although Article 11 acknowledges the importance of stakeholder consultation, it is rarely applied in practice.

In Iran's NAJA system, customs communication remains unidirectional, serving as a top-down tool for announcing decisions rather than a participatory platform for gathering feedback. The only exception is the formation of temporary technical committees that occasionally include private sector representatives to address urgent crises (such as medicine shortages), but these committees lack continuity and long-term impact. Iran's customs stakeholder engagement is primarily reactive (responding to crises) rather than proactive (designing policies with stakeholder participation). Addressing this issue requires the establishment of a permanent advisory council with legal authority, mandatory publication of draft regulations for public comment, and the development of interactive digital platforms. Without these reforms, Iran's customs system will continue to operate in a centralized and opaque manner, limiting stakeholder influence and undermining governance efficiency.

#### *6.4. Capacities Related to Effectiveness and Efficiency*

Effectiveness and efficiency in the customs system, as one of the pillars of good governance, play a crucial role in improving trade processes and facilitating economic exchanges. By implementing efficient policies and optimizing customs procedures, clearance times and costs can be significantly reduced. This, in turn, enhances traders' and investors' satisfaction and ultimately contributes to the country's economic growth and development. The rule of law is also of great importance in improving the customs system. When laws and regulations are enforced transparently and fairly, public trust in customs institutions increases. This trust helps reduce corruption and illegal practices in this sector and enables customs institutions to perform their duties effectively. Moreover, enhancing the efficiency and effectiveness of the customs system can improve the country's competitiveness in global markets. By reducing trade barriers and facilitating customs processes, countries can easily access international markets and thus gain a greater share of global trade. This, in turn, supports the country's sustainable economic and social development. Ultimately, improving the efficiency and effectiveness of the customs system requires close cooperation between government institutions, the private sector, and civil society. By establishing appropriate mechanisms for information exchange and oversight of customs performance, continuous improvements can be made, leading to the realization of good governance objectives (Hosseini, 2022).

The interdependence of competition and good governance in Iran's customs system is recognized as a key factor in its transformation. Competition in global and domestic markets pressures customs institutions to improve their processes and provide better services to traders. With increasing competition, customs institutions are compelled to enhance their efficiency and effectiveness to meet the evolving needs of the market. In this regard, good governance, as a managerial framework, facilitates this transformation. Additionally, competition fosters greater transparency in the customs system. Under competitive pressure, customs institutions must adopt accessible and transparent systems to gain public trust. Such transparency not only reduces corruption but also enables traders to easily access necessary information, thereby improving their commercial processes. Moreover, competition can drive innovation in the customs system. Customs institutions under competitive pressure are more inclined to adopt new technologies and enhance their processes. Innovations such as digital systems, process automation, and big data analytics can improve decision-making. These changes contribute to the advancement of good governance and increased customs efficiency. Furthermore, competition can strengthen stakeholder participation in the customs system. As competition increases, customs institutions must pay closer attention to traders' and stakeholders' feedback and suggestions. This participation improves customs processes and enhances public satisfaction.



Consequently, good governance acts as a facilitator, helping customs institutions respond more effectively to market needs (UNCTAD, 2022).

Institutional capacities in good governance play an important role in improving the customs system. These capacities include human resources, information technology, and managerial processes, all of which contribute to enhancing the efficiency and effectiveness of customs operations. Strengthening these capacities enables customs institutions to better respond to national trade and economic needs, thereby supporting the realization of good governance. One of the key aspects of institutional capacity is the development of human resources. Training and empowering customs personnel can enhance the quality of customs services and processes. By increasing employees' knowledge and skills, customs institutions can effectively address emerging challenges and adapt to changing market needs. This not only improves customs efficiency but also boosts public satisfaction. Additionally, leveraging information technology as an institutional capacity can support good governance in the customs system. By implementing digital systems and process automation, customs institutions can increase transparency and reduce wait times for traders. These technologies also facilitate data collection and analysis, allowing customs institutions to make informed decisions and address market demands more effectively. Lastly, improving managerial processes as an institutional capacity can strengthen the customs system. By establishing transparent and efficient management procedures, customs institutions can enhance accountability and stakeholder participation. This fosters public trust and promotes good governance. Strengthening institutional capacities in good governance can, therefore, improve overall customs system performance and efficiency (Rezaei et al., 2022).

The efficiency and effectiveness of Iran's customs system are largely tied to digitalization and electronic systems. In recent years, modernization and digitalization efforts have been partially implemented in Shahid Rajaei Customs and Bandar Abbas Customs, but these initiatives have not yet reached the desired level or met international standards due to structural, technical, and managerial challenges. On the one hand, Iran's customs system possesses relatively advanced technological infrastructure, such as the Integrated Customs System (NAJA) and electronic clearance platforms (e.g., IMIC), which have somewhat facilitated customs processes and reduced clearance times. These systems allow for online application submission, tracking clearance stages, and electronic payment of customs duties and tariffs, representing a positive step toward improving efficiency. Additionally, Iran's accession to international conventions such as TIR and efforts to align with WCO standards demonstrate the potential for enhancing customs system effectiveness.

However, Iran's current customs capabilities face serious limitations. First, lack of integration between customs electronic systems and other related institutions (such as the Central Bank, the Ministry of Industry, and the Standards Organization) has resulted in redundant and parallel processes. This lack of interoperability not only increases clearance time but also imposes additional costs on traders. Second, subjective and inconsistent interpretations of customs regulations by some officials—particularly in local customs offices—have created regulatory inconsistencies, reducing predictability for economic actors. This issue is particularly evident in customs valuation and tariff classification (HS Code), where frequent disputes between traders and customs officials prolong processes and escalate costs.

To a large extent, customs efficiency depends on oversight mechanisms. The absence of strong and independent oversight mechanisms for reviewing violations and responding to complaints has led to non-transparent and unlawful decisions often going unchecked. This is particularly evident in cases involving goods seizures and customs penalties, where traders are often unaware of their rights to appeal or, fearing administrative retaliation, avoid filing complaints.

From an effectiveness standpoint, Iran's customs system has demonstrated relative strengths in combating smuggling. For example, advanced technologies such as X-ray scanners at border customs have somewhat improved smuggling control. However, insufficient coordination between customs authorities and security and judicial agencies has limited the overall effectiveness of these efforts. Additionally, lack of accessible and transparent data on the volume of smuggling and enforcement actions makes it difficult to assess the true impact of customs measures in this area.

Although capacities exist for improving Iran's customs system effectiveness and efficiency, these capacities have not been fully realized due to structural, technical, and managerial challenges. Enhancing customs capabilities requires fundamental reforms in laws and regulations, increased transparency, strengthening technological infrastructure, and establishing strong and independent oversight mechanisms. Without these reforms, Iran's customs system will continue to struggle with inefficiencies and ineffectiveness.



### 6.5. Capacities Related to Accountability

Accountability, as one of the fundamental principles of good governance, can have a significant impact on improving the performance of the customs system. When customs institutions operate transparently and with accountability, public trust in these institutions increases. This trust can lead to greater cooperation and participation from citizens and the private sector in customs processes, thereby enhancing the efficiency and effectiveness of the system. Accountability in the customs system can improve the quality of services provided to traders and citizens. By establishing appropriate mechanisms for receiving feedback from stakeholders and responding to their needs, customs institutions can refine their services and more effectively achieve economic development goals. This approach benefits not only customs institutions but also the broader national economy. Furthermore, accountability in the customs system can help reduce corruption and potential abuses. When customs institutions are regularly and rigorously monitored and evaluated, the likelihood of illegal activities and corruption decreases. This improvement not only enhances customs system performance but also safeguards citizens' rights and facilitates trade (Miedri, 2004).

Additionally, respect for human rights can contribute to reducing corruption and potential abuses in the customs system. When customs institutions operate fairly and accountably while respecting the rights of all stakeholders, the likelihood of illegal activities and corruption decreases. This approach, in turn, improves the quality of customs services and enhances public satisfaction. A customs system that upholds human rights can contribute to creating a fair and competitive trade environment. By respecting the rights of traders and citizens, customs institutions can effectively address stakeholders' diverse needs and prevent discrimination and inequality in services. This, in turn, promotes the country's sustainable economic development. Ultimately, good governance, with an emphasis on human rights, can strengthen international cooperation in customs and trade. Countries that respect human rights tend to be more trusted at the international level, facilitating trade exchanges and economic cooperation. This approach benefits not only the customs system but also the global economy. A customs system that respects human rights can be regarded as one of the pillars of good governance. Respecting human rights in customs processes not only upholds human dignity but also strengthens public trust in governmental institutions. When individuals feel that their rights are respected in customs processes, they are more inclined to cooperate with these institutions, thereby improving the efficiency of the customs system (Rostami & Zare, 2023).

Judicial accountability in Iran's customs system is officially present through legal mechanisms such as the Customs Dispute Commission and the Administrative Justice Court, but its practical effectiveness is limited due to structural and procedural challenges. Article 144 of the Customs Law outlines the appeal process for customs decisions in three stages: the Dispute Commission, the Appeals Board, and the Administrative Justice Court. However, in practice, this process faces several obstacles. First, the average case resolution time in customs dispute commissions ranges from six to twelve months, which imposes significant financial and time costs on traders, particularly small and medium-sized enterprises (SMEs). Second, the lack of specialized expertise among commission members in some local customs offices leads to the issuance of inconsistent rulings that often contradict international standards. For instance, in cases related to customs valuation, a significant portion of rulings issued at the first stage are overturned on appeal. Third, limited access to legal information prevents many traders from understanding their right to appeal to the Administrative Justice Court. The complexity of legal procedures often discourages them from pursuing their claims. Moreover, the structural dependency of appeals boards on the Customs Administration (e.g., appointment of board members by the head of customs) undermines their judicial independence. Additionally, corruption in the dispute resolution process further erodes trust in judicial accountability mechanisms. While a legal framework for judicial accountability exists, weak enforcement, lack of institutional independence, and an inadequate dispute resolution culture severely diminish its effectiveness.

From another perspective, Iran's customs legal framework, as part of the country's trade and economic system, possesses some capacity to respond to citizens' and economic actors' needs, though at a moderate level. These capacities are defined within laws, regulations, and customs procedures, and efforts have been made in recent years to update and improve them. However, in Iran's Customs Administration, these capacities are not fully utilized due to challenges such as bureaucratic inefficiencies, corruption, and a lack of accountability. Addressing these challenges requires structural reforms, increased transparency, and enhanced training. One of the most significant challenges in Iran's customs system is bureaucratic complexity and prolonged customs procedures, which increase costs and clearance times and undermine accountability.

Iran's customs system has taken steps to enhance accountability. While these initiatives have partially addressed public information needs, in some cases, limited access to expert consultants or outdated information has led to reduced user satisfaction. To improve accountability, investment in information technology has been made. While these technological advancements have improved speed and accuracy, technical issues and users' lack of familiarity with digital platforms have sometimes reduced their effectiveness. One such initiative is the Integrated Customs System (NAJA).

Accountability in Iran's customs system is governed by various legal provisions outlined in customs laws and regulations. These include parliamentary legislation, executive regulations, directives, and customs guidelines. Article 3 of the Customs Law mandates accountability in tariff calculations and timely communication with traders and citizens. Article 5 of the Executive Regulations of the Customs Law specifies customs responsibilities towards citizens and traders, emphasizing the provision of advisory and timely information services. Article 8 of the Law on Combating Smuggling of Goods and Currency outlines customs responsibilities in combating smuggling, emphasizing accountability in meeting the country's security and economic needs. Article 9 of the same law highlights Iran's international customs cooperation, emphasizing the need for responsiveness to global trade requirements.

According to Article 2 of the Customs Law, reducing administrative procedures and digitalizing services is essential for enhancing accountability. Increasing employee responsibility and awareness is also crucial, and this principle is supported by Iran's Civil Service Management Law. Article 5 of the Executive Regulations of the Customs Law emphasizes the provision of advisory services, and with amendments, it could mandate the establishment of advisory centers and regular training programs. Additionally, employee training remains a priority for Iran's customs administration.

Improving the accountability framework in Iran's customs system requires practical actions and legal reforms. By leveraging and amending existing legal provisions, accountability and efficiency can be significantly enhanced.

On the other hand, illegal decisions can also weaken accountability in Iran's customs system. In some cases, illegal practices in customs procedures undermine responsiveness to citizens and economic actors. These decisions may stem from misinterpretations of laws, abuse of authority, or even administrative corruption. For instance, customs tariffs are sometimes applied arbitrarily without a clear legal basis, or procedures are enforced inconsistently with existing laws. Such practices result in dissatisfaction, increased costs, and prolonged clearance processes.

One of the reasons for these illegal decisions in Iran's customs administration is the lack of accountability in decision-making and enforcement. For instance, internal directives and instructions are often not publicly disclosed, being available only to select officials or groups. As a result, citizens and traders are unable to fully understand their rights, reducing the potential for effective accountability. In some cases, customs officials may demand bribes to facilitate customs processes or lower tariffs. This practice is not only illegal but also diminishes public trust in the customs system and increases dissatisfaction.

Article 2 and Article 3 of the Customs Law explicitly state that any arbitrary changes in tariffs or misinterpretations of customs regulations constitute illegal decisions. Article 597 of Iran's Penal Code addresses abuse of administrative positions, stating that any illegal decision-making in customs resulting from misuse of authority is prosecutable.

## **7. Conclusion**

The rule of law is one of the fundamental pillars of good governance in the customs system, contributing to the establishment of order and discipline in customs procedures. By strengthening customs laws and regulations and ensuring their fair implementation, corruption and discrimination in this domain can be significantly reduced. Moreover, the establishment of independent supervisory bodies can help guarantee compliance with laws and regulations, thereby increasing public trust in the customs system. In this regard, training and capacity-building for customs personnel in legal and regulatory matters is of great importance.

Accountability in the customs system is recognized as a key factor in improving good governance. By creating accessible and transparent accountability procedures, stakeholders can easily access information related to tariffs, laws, and customs procedures. This not only reduces corruption and abuse but also enhances public trust in the customs system. Additionally, the regular publication of performance reports by customs authorities can further improve accountability in this sector.

Effective engagement with stakeholders, including traders, manufacturers, and other relevant entities, can facilitate the improvement of customs procedures and the enhancement of good governance. By establishing appropriate communication channels and holding consultative meetings, the views and suggestions of stakeholders can be incorporated into customs decision-making. This engagement not only contributes to accountability but also helps identify existing problems and challenges within the customs system and leads to the development of effective solutions.

Increasing efficiency and effectiveness in the customs system is one of the core objectives of good governance. By implementing automation systems and digitizing processes, the time and costs associated with customs clearance can be reduced, ultimately improving the efficiency of the customs system. Additionally, optimizing procedures and eliminating unnecessary steps can lead to faster customs services and greater stakeholder satisfaction. In this regard, continuous performance evaluation and identification of weaknesses are also crucial.

Accountability remains a fundamental pillar of good governance in the customs system, contributing to increased public trust and reduced corruption. By establishing effective mechanisms for monitoring and evaluating customs performance, it is possible to ensure that customs actions and decisions are carried out accurately and promptly. Furthermore, the creation of independent bodies to review complaints and appeals from stakeholders can enhance accountability within the customs system.

Ultimately, strengthening a culture of accountability among customs personnel and stakeholders can lead to the promotion of good governance in this sector.

### **Ethical Considerations**

All procedures performed in this study were under the ethical standards.

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### **Conflict of Interest**

The authors report no conflict of interest.

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