

Date: 29/07/2023

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Final Report Management 1	TOWS matrix analysis For IRAN Customs Administration (IRICA)
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1. Introduction& overview of Iran:

The Iran Customs Administration plays a crucial role in facilitating international trade and safeguarding the nation's borders. As part of the strategic planning process, this report presents a TOWS Matrix Analysis to assess the internal Strengths (S) and Weaknesses (W) of the organization, as well as the external Opportunities (O) and Threats (T) it faces. The objective is to develop viable strategies that leverage strengths to capitalize on opportunities and address weaknesses to mitigate potential threats.

Overview of Iran Customs	
Country	Iran
Customs Administration	The Islamic Republic of Iran Customs Administration (IRICA)
Organization Type	Ministry Department
Number of Customs Staff	7,913 (WCO Report, 2023)
Year of WCO Accession	1959
Declarations (import/export)	333,523 / 676,413 (WCO Report, 2023)
Automated clearance system	Integrated Comprehensive Customs System (ICCS)
Electronic Declarations Rate (import/export)	100% / 100%
Number of Regionals and Customs houses	10 Regions, 144 Customs houses
Time Release Study	Yes
No. free zone & No. Special Economic Zones	7 & 31
Vision	To be the protector of country's economic border and coordinator at exit & entry gates of country
Mission	<ol style="list-style-type: none"> 1. Executing customs laws and regulations 2. Collecting duties and customs taxes 3. Facilitating the trade 4. Protecting safety and security of society
Values	<ol style="list-style-type: none"> 5. Integrity 6. Professionalism 7. Transparency 8. Respect.
Goals	<ol style="list-style-type: none"> 1. Training personnel and supervising their behaviors 2. Expansion of international relations 3. Implementing government's policies

2. Methodology:

The TOWS Matrix Analysis for the Iran Customs Administration was conducted using a combination of primary and secondary data sources. The primary data was obtained from internal organizational assessments, and my knowledge and experiences background from working at the headquarters of IRICA provided valuable insights. Additionally, external data from reputable sources available on the internet was utilized to complement the analysis. The methodology involved the following steps:

a. Internal Organizational Assessments:

As an individual with 17 years of experience working in some of the regional customs houses and at the headquarters of the IRICA, I gained first-hand knowledge of the organization's strengths and weaknesses through internal assessments. This involved conducting interviews with customs brokers, traders, and customs personnel, as well as participating in meetings with traders and other officials in the Chamber of Commerce, Trade Promoting Organization (TPO), and other trade-related organizations in Iran. These interactions provided valuable insights into the internal workings, processes, and capabilities of the organization.

b. Internet Research:

Extensive research was conducted on reputable websites, official government publications, reports and academic articles (Iranian reports in conferences that I mentioned in the reference section) related to customs administration, international trade, and the geopolitical landscape. These sources provided valuable information on global trade trends, opportunities, and threats faced by customs administrations.

c. Data Analysis:

The collected data from both internal assessments and internet research was meticulously analyzed to identify key strengths, weaknesses, opportunities, and threats specific to the IRICA. This involved categorizing and prioritizing the factors based on their relevance and potential impact on the organization.

d. TOWS Matrix Development:

The identified strengths, weaknesses, opportunities, and threats were then organized into a TOWS Matrix. By matching internal strengths with external opportunities, SO strategies were formulated to capitalize on the organization's advantages. Similarly, WO strategies were developed to address weaknesses while exploiting external opportunities.

e. Strategy Formulation:

The TOWS Matrix Analysis formed the basis for the development of SO and WO strategies tailored to the specific context of the IRICA. These strategies were designed to align with the organization's mission, vision, and objectives while addressing the challenges and opportunities identified in the analysis.

It is important to note that the primary limitation of this methodology was the lack of the internal assessments in IRICA.

Overall, the combination of internal knowledge and experiences along with data gathered from internet research resulted in a well-rounded TOWS Matrix Analysis that forms the basis for the development of strategic recommendations for the IRICA.

3. TOWS Matrix Analysis:

Strengths (S- Internal):

- a. **Advanced Technology Infrastructure:** In recent years the IRICA has invested in modern technologies. A significant milestone in this regard is the establishment and implementation of the Integrated Comprehensive Customs System (ICCS). The ICCS is a cutting-edge, end-to-end customs management platform that seamlessly integrates various facets of customs operations. It enables real-time data processing, automated risk assessment, and streamlined information exchange with stakeholders, including importers, exporters, and partner government agencies. This advanced system empowers the administration to expedite customs clearance, enhance trade facilitation, and ensure robust security measures. The ICCS reinforces the organization's ability to adapt swiftly to dynamic trade environments, providing a competitive edge and fostering smoother, more efficient customs processes.
- b. **Highly Committed and Trained Workforce:** the TOWS Matrix Analysis highlights the IRICA's exceptional advantage of possessing a workforce that is not only highly committed but also extensively trained. Their unwavering dedication fosters a culture of efficiency, accuracy, and customer-centric services in handling diverse trade-related tasks. Moreover, their comprehensive training equips them with up-to-date knowledge and expertise, enabling them to adeptly navigate complex trade scenarios, enforce customs regulations, and facilitate seamless customs operations, thereby contributing significantly to the organization's overall effectiveness and success.
- c. **Organizational atmosphere and culture:** The organization fosters a collaborative and cohesive atmosphere, promoting teamwork and open communication. For instance, the presence of a proactive "proposal committee" within the IRICA. This committee plays a vital role in fostering a positive work environment and shared values. By actively encouraging innovative ideas and solutions, the proposal committee contributes to a collaborative and creative atmosphere. Their efforts enhance employee engagement, stimulate productivity, and strengthen the commitment of customs personnel, thereby bolstering the organization's overall effectiveness and success.
- d. **Transit Department:** Iran's strategic position on major trade routes presents unique trade opportunities. For this issue the Transit department within the IRICA plays a positive and important role in facilitating cross-border trade. Moreover, IRICA is as an active member of the International Road Transport Union (IRU) with a representative in the organization's top management, Iran is well-positioned to enhance transit operations. Transit is critical for the government as it not only fosters regional trade facilitation but also significantly contributes to increased governmental revenue. IRICA by leveraging Iran's strategic location as a bridge of Asia and Europe and also strong collaboration with the IRU, it has been able to further strengthen its role as a key organization in promoting seamless trade and revenue generation within the region.
- e. **Smuggling and illicit drugs:** It shows the IRICA's effectiveness in combating smuggling activities and illicit drug trafficking. The organization boasts a robust and proactive anti-trafficking department, including the Center of Combating Organized Crime and the Enforcement department, among others. These specialized units play a crucial role in

identifying and intercepting illegal trade activities, ensuring border security, and safeguarding the nation from the detrimental effects of smuggling and drug trafficking. The IRICA's dedication to combating these illicit practices has been acknowledged internationally, with the organization consistently receiving favorable rankings in the World Customs Organization's Regional Intelligence Liaison Office (RILO) reports. This recognition reinforces the efficiency of these anti-trafficking units, enhancing the organization's reputation and fostering trust among stakeholders and international partners.

Weaknesses (W- Internal):

- a. **Low salary in Iran Customs Administration:** It is a notable Weakness (W) identified in the TOWS Matrix Analysis. The relatively modest remuneration for customs personnel poses challenges in attracting and retaining highly skilled and motivated employees. This issue has led to low motivation among customs officers, especially those stationed at land borders, including neighboring countries like Afghanistan. The impact of low salary on motivation can result in decreased efficiency and performance, potentially affecting the overall effectiveness of customs operations and border security. Insufficient financial incentives may also lead to an increased risk of corruption and illicit activities, posing a threat to the integrity of customs processes and revenue collection. Addressing this weakness is crucial to bolster employee morale, enhance job satisfaction, and ensure the optimal functioning of the IRICA.
- b. **Limited Infrastructure and lack of controlling equipment at Border Crossings:** it is another significant Weakness (W) identified in the TOWS Matrix Analysis for the IRICA. The inadequate infrastructure and lack of modern controlling equipment at land border crossings, especially with neighboring countries, pose significant challenges in effectively managing customs operations. Insufficient infrastructure can lead to delays in trade flows, increased transit times, and congestion at border points. This issue can result in strained relations with neighboring countries, affecting not only trade but also political aspects of communication and cooperation. Smooth customs operations and modern infrastructure are essential for fostering positive diplomatic relationships and facilitating seamless cross-border trade, making it imperative for the IRICA to address this weakness to enhance trade facilitation and strengthen regional partnerships.
- c. **Lack of international training:** it is another critical Weakness (W) identified in the TOWS Matrix Analysis for the IRICA. The scarcity of international training opportunities for customs officers, customs brokers, and traders is attributed to the government's limitation on budget, exacerbated by the impact of international sanctions. These constraints have negative effects on government revenue, as a lack of well-trained personnel may lead to inefficiencies in customs operations, potentially resulting in revenue leakages. Moreover, without access to international training, IRICA staff may struggle to stay updated with global best practices, leading to challenges in implementing modern customs standards and effectively facilitating trade. Addressing this weakness is crucial to enhancing the capabilities of IRICA personnel, improving trade facilitation, and optimizing revenue generation for the government.
- d. **Lack of customs specialists:** is a significant Weakness (W) in the TOWS Matrix Analysis for the IRICA, further exacerbated by the upcoming retirement of around 3000 experienced staff members within the next 2 to 3 years. This challenge denotes a shortage of specialized

experts with in-depth knowledge in specific trade areas. The anticipated retirement wave may hinder efficient handling of complex trade scenarios and enforcement actions. The absence of customs specialists may hinder efficient handling of complex trade scenarios and enforcement actions.

Opportunities (O- External):

- a. **Free zones:** it represents a significant Opportunity (O) in the TOWS Matrix Analysis for the IRICA. The presence of free zones, including Chabahar Free Zone in the south of Iran, and other free zones in the north, offer excellent prospects for enhancing customs activities. Chabahar Free Zone, in particular, holds great potential due to its exemption from certain sanctions, making it an attractive hub for international trade and investment. Leveraging these free zones, the IRICA can implement streamlined customs procedures, facilitate smoother trade flows, and attract more foreign businesses and investors. Capitalizing on these opportunities can lead to improved revenue collection, stronger economic ties with global partners, and increased trade competitiveness for the nation.
- b. **Regional Trade Agreements:** Increasing regional integration offers opportunities for increased trade volumes and revenue. It is presenting a significant Opportunity (O) in the TOWS Matrix Analysis for the IRICA. Key agreements such as the Free Trade Agreement (FTA) between Iran and the Eurasian Economic Union (EAEU) and its member states have created favorable conditions for increased trade opportunities and reduced trade barriers. Additionally, being a member of the Economic Cooperation Organization (ECO) enhances Iran's prospects for regional trade growth and cooperation. The IRICA can capitalize on these agreements to foster seamless customs processes, enhance trade facilitation, and attract foreign investment. Moreover, bilateral and multilateral agreements and Memoranda of Understanding (MOUs) with neighboring countries, including the MOU on Transit Facilitation among Iran, Azerbaijan, and Russia, provide avenues for streamlined customs operations and improved cross-border trade, contributing to regional economic integration and prosperity.
- c. **Growing E-commerce Industry:** The rise of e-commerce presents new avenues for revenue generation and improved customs procedures. It is a prominent Opportunity (O) in the TOWS Matrix Analysis for the IRICA. The flourishing e-commerce sector, both domestically and globally, presents a chance for the administration to enhance customs procedures to accommodate the increasing volume of online trade. Expanding E-commerce companies like Digikala, aiming to establish a strong presence in the Middle East as a top e-commerce player, provide an excellent opportunity for the IRICA to develop specialized customs processes that foster efficient clearance and support the growth of cross-border e-commerce activities.

Threats (T- External):

- a. **High tariff rate:** is a significant Threat (T) in the TOWS Matrix Analysis for the IRICA. Not being a member of the World Trade Organization (WTO) due to disagreements with the USA restricts Iran's ability to benefit from preferential trade agreements and fair tariff rates. As a result, the high tariff rates imposed by Iran may lead to negative consequences,

including increased smuggling and illicit trade of goods. Additionally, these high tariffs may discourage legitimate trade activities and impact revenue collection for the IRICA.

- b. **Absorbing new technologies:** is a significant Threat (T) in the TOWS Matrix Analysis for the IRICA. The lack of budget and the impact of sanctions are major obstacles in the adoption of up-to-date technologies. The administration may face challenges in acquiring and implementing modern customs technologies, hindering its ability to keep pace with global advancements in trade facilitation. As a result, the IRICA may experience inefficiencies in data processing, risk assessment, and customs operations, which can impact the overall effectiveness of its services.
- c. **Political Instability:** Political uncertainties in the region can affect trade dynamics and customs operations.
- d. **Smuggling and Trafficking:** Persistent threats of smuggling and trafficking challenge border security and revenue collection.
- e. **Trade Disruptions:** Geopolitical tensions and international conflicts can disrupt trade flows and impact customs operations.
- f. **Cybersecurity Risks:** An increasing reliance on technology exposes the organization to cybersecurity threats. With increasing reliance on technology, the administration faces potential threats such as data breaches, cyber-attacks, and information leaks. These risks can compromise sensitive trade data, disrupt customs operations, and undermine the security and integrity of the organization's systems.

4. TOWS Strategies:

4.1 SO Strategy:

- a. **Enhance Regional Trade Facilitation:** Leveraging strengths to capitalize on opportunities, this strategy focuses on streamlining customs procedures to facilitate regional trade and enhance revenue generation.
- b. **Increasing salary for more motivation and international training:** is a strategic opportunity (SO) identified in the TOWS Matrix Analysis for the IRICA. By offering competitive salaries and benefits to customs personnel, along with providing access to international training for customs officers, middle and top management, customs brokers, and traders, the administration can enhance motivation and expertise within its workforce. This holistic approach not only fosters a skilled and motivated workforce but also improves customs knowledge and practices. The positive impacts include enhanced trade facilitation, efficient customs operations, increased compliance, and strengthened international partnerships, contributing to overall customs excellence and revenue growth.
- c. **More employment of Customs staffs:** is a strategic opportunity (SO) in the TOWS Matrix Analysis for IRICA. By increasing the recruitment of customs staff, the administration can address the shortage of personnel and workload challenges for next years. The strategy allows for better distribution of responsibilities, improved efficiency in customs operations, and enhanced trade facilitation. Moreover, enough workforce enables the administration to implement specialized roles and functions, leading to a more effective and well-organized customs system.
- d. **Supporting to improve activities in free zones:** is a strategic opportunity (SO) in the TOWS Matrix Analysis for IRICA. By providing necessary support and incentives to

businesses operating in free zones, the administration can stimulate economic growth, attract foreign investment, and increase trade volumes. This strategy fosters a favorable business environment, promotes trade diversification, and strengthens the country's position as a regional trade hub.

- e. **Cooperation with other organizations to complete and promote single window and connecting with ICCS:** is a strategic opportunity (SO) in the TOWS Matrix Analysis IRICA. By collaborating with relevant stakeholders and organizations, the Customs administration can expedite the implementation of a single window platform and seamlessly integrate it with the Integrated Comprehensive Customs System (ICCS). This strategy streamlines trade processes, enhances efficiency, and facilitates smoother information exchange, benefiting both businesses and customs operations.
- f. **Improving communication with developed members of the World Customs Organization (WCO)** offers several advantages for IRICA. Collaborating with advanced WCO members enables the exchange of best practices, cutting-edge technologies, and innovative approaches to customs operations. Access to specialized training programs enhances the skills and expertise of customs personnel, leading to more efficient trade facilitation and enforcement. Moreover, obtaining updated equipment through such partnerships enhances the IRICA's operational capabilities, strengthens border security, and positions Iran as a competent and progressive player in international trade.

4.2 WO Strategy:

- a. **Increase salary** for customs specialists and officers in IRICA is to conduct a comprehensive review of the budget allocation and seek ways to optimize resources. By addressing this weakness and increasing salaries for customs personnel, the IRICA can enhance its workforce's motivation and efficiency. This, in turn, positively impacts various aspects of customs operations, including trade facilitation for the growing E-commerce industry. Additionally, improved salary packages can foster a more competent workforce to efficiently manage activities in free zones, leading to increased investment, trade diversification, and economic growth within these zones.
- b. **Improve Transparency and Efficiency:** This strategy addresses weaknesses and takes advantage of opportunities by enhancing transparency and efficiency in customs operations. By adopting modern technology and automation, the IRICA can improve data accuracy and reduce manual interventions, leading to faster clearance times and reduced opportunities for corruption. Increased transparency builds trust among stakeholders, encouraging more businesses to engage in cross-border trade. This strategy promotes a more efficient and reliable customs environment, facilitating international trade and boosting revenue collection for the government. Also, Publishing customs regulations, fees, and procedures online leads to create trust among stakeholders and promote compliance.
- c. **Infrastructure and Controlling Equipment Development:** Collaborate with relevant authorities to upgrade border crossing infrastructure and improve trade flow. It involves prioritizing investments in modernizing customs infrastructure and acquiring state-of-the-art controlling equipment. Upgrading customs facilities and technology enhances operational efficiency, reduces clearance times, and improves overall trade facilitation. This directly benefits the growing E-commerce industry as it streamlines customs

procedures for cross-border shipments, expedites deliveries, and fosters a conducive environment for E-commerce businesses to thrive. Furthermore, such developments in infrastructure align with Iran's participation in Regional Trade Agreements like the Eurasian Economic Union (EAEU) and the Economic Cooperation Organization (ECO). By meeting the required standards and compliance measures, Iran can capitalize on the benefits of these agreements, leading to increased trade volumes, expanded market access, and strengthened economic ties with member states. Additionally, participating in bilateral and multilateral Memoranda of Understanding (MOUs) with neighboring countries further boosts regional trade, enhances customs cooperation, and promotes smoother cross-border movement of goods, fostering a mutually beneficial trade environment.

5. Conclusion: The TOWS Matrix Analysis has provided valuable insights into the internal and external factors influencing the IRICA. The proposed SO and WO strategies can position the organization to capitalize on opportunities and address weaknesses, leading to improved trade facilitation and revenue generation.

6. References:

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