Strengthening Customs and Business Partnership through AEO

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WCO, RO CB

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Customs ? Gate Keeper !
Man walking on the rope!

- Product safety
- Drug
- IPR
- Security
- Export Control
- ML & Transfer Pricing
- Revenue C. Enforcement
- Environment
- Human trafficking
- WTO & DDA
- IT RM
- Trade Facilitation
- Economic competitiveness
- Business costs
- Partnership Capacity B
Additional challenges: the Box

- Jumping Trade volume with JIT requirements
- No increase of staff, added mission
- No idea of what’s inside…
- Terrorism and others
SAFE FoS

- Recognition of risks to the security and facilitation of the international trade supply chain

## SAFE PRINCIPLES

<table>
<thead>
<tr>
<th>Advance electronic information</th>
<th>Risk Management</th>
<th>Outbound inspection</th>
<th>Business Partnerships (AEO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmonise the advance electronic information requirement on inbound, outbound and transit.</td>
<td>Commit to employing a consistent risk management approach to address security threats.</td>
<td>Outbound inspection of high-risk consignments being exported, preferably using non-intrusive inspection methods.</td>
<td>Customs will provide benefits to businesses that meet minimal supply chain security standards and best practices.</td>
</tr>
</tbody>
</table>
A party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. Authorized Economic Operators include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, and distributors.

AEO; not a new Concept

TEAMWORK

AEO (Authorized Economic Operator)

- A party involved in the international movement of goods

- Approved by Customs as complying with supply chain security standards.
Supply Chain Entities

- Exporter
- Importer
- Broker
- Warehouse Operator
- Transporter
- Terminal Operator
- Freight Forwarder
- Sea Carrier
- Air Carrier
- Customs
## WCO AEO Criteria

<table>
<thead>
<tr>
<th>Law Compliance</th>
<th>Internal Control System</th>
<th>Financial Solvency</th>
<th>Security MGMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Disqualification such as offence on Acts and Customs admin.-related compliance</td>
<td>1. Objective and Operation Policy of AEO</td>
<td>1. Volume of business</td>
<td>1. Business partner management</td>
</tr>
<tr>
<td>2. Documentation on procedures, Accuracy of information, and Interactions of information.</td>
<td>2. Financial soundness</td>
<td>2. Conveyance &amp; Container security</td>
<td></td>
</tr>
<tr>
<td>3. Mgmt of risk factors and internal control, and Integrity &amp; anti-corruption program</td>
<td>4. Traceable accounting, IT, and goods movement management systems and safekeeping of data &amp; documentation</td>
<td>3. Physical access controls</td>
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<td></td>
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<td>4. Personnel security</td>
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<td>5. Procedural security</td>
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<td>6. Facility/equipment mgmt</td>
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<td></td>
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<td>7. IT security</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Training &amp; awareness</td>
<td></td>
</tr>
</tbody>
</table>
1. Competitive advantage

- Being part of AEO, will enhance logistics performance with less intervention

- Gives a seat working with Customs to modernize & attract business (national pride)

- Treated as an equal partner
2. Branding

- Being a secure trader means you are branded.

- In the program, your brand name or clients' names are protected (e.g. no one wants bad publicity).
3. Marketing tool

- Being predictable, reliable, consistent
- Potentially attract client or investment over neighbor or country competitiveness
- Customs is a necessary evil, a fair trading field can determine competitive advantages.
4. Efficiency of business

- Help reduce theft and damage and identify inefficiencies in present supply chain
- Improve internal security and marketability to potential clients (e.g. personnel selection, termination procedures)
- Improving communications with business partners/Customs
5. The country/people

- Being a part of the solution to your country & economy
- Innovative ways to improve & secure the international supply chain

"Customs can play a critical role in developing the brand name of the country and in developing export industry."
AEO Benefits

- Simplified and Less Physical Inspection
- Simplified Customs Procedures
- Less Financial Burden
- Others
For successful AEO/Partnership
Raise Awareness
Supporting SMEs

- Providing administrative supports
- 99% of business, 49.4% of production and 85.7% of employees
- Providing them with administrative support
Additional Benefits

- Benefits related with other Entities
- Close Cooperation with OGAs
- Benefits for AEOs in logistics
- Mutual Recognition of AEO programs
## MRAs by countries (19)

<table>
<thead>
<tr>
<th>Country</th>
<th>JP</th>
<th>US</th>
<th>KR</th>
<th>EU</th>
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<th>AD</th>
<th>CN</th>
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<td>1</td>
<td>1</td>
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</tbody>
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International Cooperation

- Research on the effects of AEO MRAs
- Technical assistance
- Information sharing
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Lack of Public-Private Partnership

Team Work
Contacts

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