



AEO Programme and WCO Instruments for Trade Facilitation

ESCAP-ARTNet/ITD Regional Workshop
on Trade Facilitation for Sustainable Development
7 - 10 Aug. 2018
Thailand





Table of Contents

1. WCO ROCB A/P

2. WCO Instruments for TF

3. WCO AEO Programme



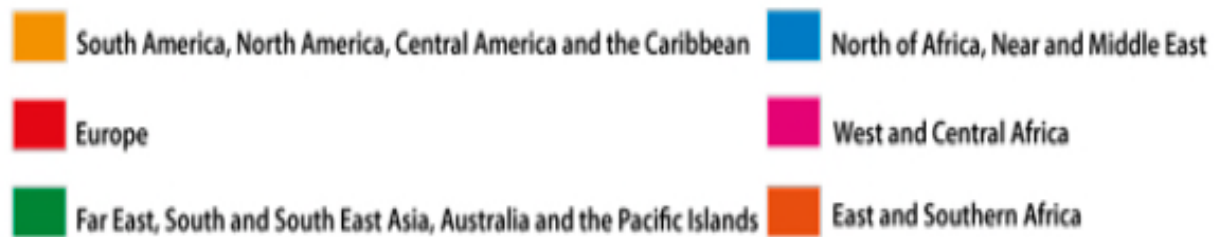
I . Introduction of WCO ROCB A/P



- **Sole Intergovernmental Organization specialized in Customs matters**
- **Established in 1952 as Customs Cooperation Council (CCC)**
- **Adopted WCO name in 1994**
- **Headquarters in Brussels, Belgium**



182 Members in 6 Regions, *responsible for managing more than 98% of world trade*





ASIA & PACIFIC REGION



Far East, South and South East Asia, Australasia and the Pacific Islands

**33
Members**



NAME OF MEMBER	DATE OF MEMBERSHIP
Afghanistan (Islamic Republic of)	2004-08-10
Australia	1961-01-05
Bangladesh	1978-07-01
Bhutan	2002-02-12
Brunei Darussalam	1996-07-01
Cambodia	2001-04-03
China	1983-07-18
Fiji	1997-07-01
Hong Kong, China	1987-07-01
India	1971-02-15
Indonesia	1957-04-30
Iran (Islamic Republic of)	1959-10-16
Japan	1964-06-15
Korea (Republic of)	1968-07-02
Lao People's Democratic Republic	2007-01-16
Macau, China	1993-07-07
Malaysia	1964-06-30
Maldives	1995-09-08
Mongolia	1991-09-17
Nepal	1986-07-22
New Zealand	1963-05-16
Pakistan	1955-11-16
Papua New Guinea	2002-03-18
Philippines	1980-10-01
Samoa	2001-10-01
Singapore	1975-07-09
Sri Lanka	1967-05-29
Thailand	1972-02-04
Timor-Leste	2003-09-19
Tonga	2005-07-01
Union of Myanmar (Republic of the)	1991-03-25
Vanuatu	2009-11-17
Vietnam	1993-07-01

31/05/17



ABOUT THE ROCB A/P

- The Asia/Pacific Regional Office for Capacity Building (ROCB A/P) was officially launched on **28 September 2004** in the wake of the endorsement of the WCO Council Sessions in June 2004.



**Official Opening Ceremony on 28 Sep.
2004**



WCO A/P REGION (33 MEMBERS)

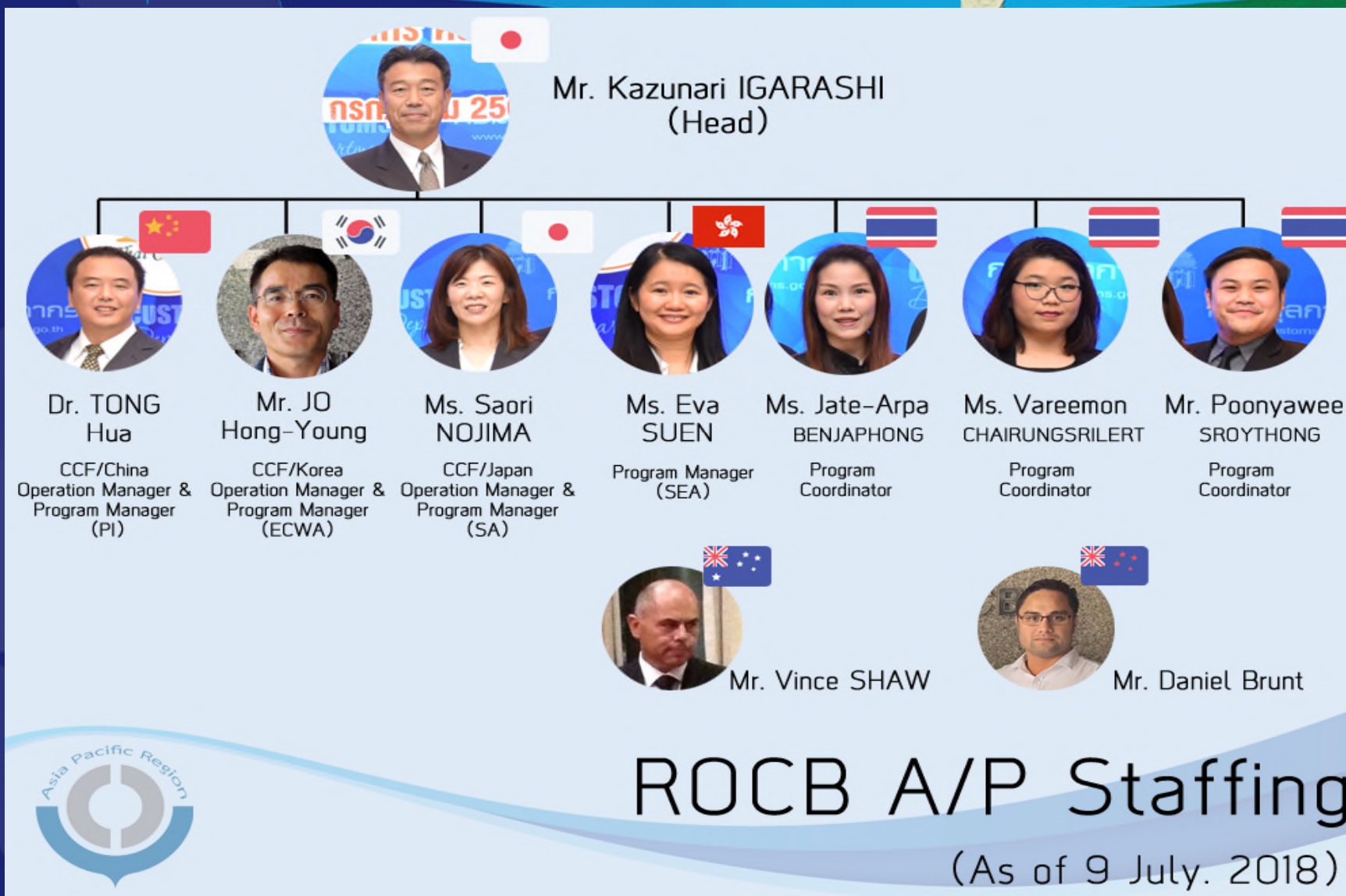


- Blue: ROCB location
- Orange: RTCs





ROCB A/P Staffing



ROCB A/P: Four Pillars

Mission

To assist building the capacity of Member Customs Administrations to continuously improve **securing** and **facilitating** trade

Implementation

Support the
Implementation
of WCO
Conventions,
Instruments and
Tools

Collaboration

Enhance
Collaboration
with
Development
Partners

Needs Survey

Improve Capacity
Building Needs
Analysis,
Delivery and
Management

Communication

Enhance
Communication
&
Information
sharing

Terms of Reference of the ROCB A/P

Roles of the ROCB A/P:

- To be the cornerstone of the region's approach to implementing its Capacity Building Strategy
- To support Members in their implementation of the objectives of the WCO at a regional level
- To carry out its role under the supervision and guidance of the WCO Secretariat, the Regional Vice-Chair and the Regional Directors General

Planning Process of the ROCB A/P

WCO Strategic Plan (2-year Rolling Plan)

A/P Regional Strategic Plan (24 Months)



ROCB A/P Strategic Action Plan (24 Months)



Annual CB/TA Needs Survey



ROCB A/P Annual Work Plan (12 months)

ROCB A/P Annual Work Plan

◆ Planning coordination

- Demand-driven capacity building planning cycle
 - ➡ Annual Needs Survey
- Regional Strategic Plan (priorities)
- Donor coordination ➡ Joint workshops/Seminars

◆ Delivery coordination

- Maximum use of the region's resource (accredited experts)
- ROCB A/P to coordinate RTCs activities and encourage RTCs to develop specialist training products

ROCB A/P Annual Work Plan

- Demand-driven approach-

(1) Annual Needs Survey (Primary sources)

CB Planning in A/P



(2) Ad-hoc requests by the Members' official letters

Regional WS Follow-Up Survey

- ROCB A/P's own initiative since 2015
- Aimed at taking snapshots of direct/indirect impact to the administrations' performance
- **Circulated a questionnaires to all of the workshop participants 6 months after the respective Regional WS held in FY2016/17 (Jul. 2016 – Jun. 2017)**
- ◆ Issued in Feb. 2018 on the **3rd round** of the Survey on the Follow-up Actions after the participation in the WCO Regional WS

No. 17

ROCB A/P
Customs Good Practice Report
on

Exemplifying Follow-Up Actions taken
after the WCO Regional Workshops
organized in FY 2016/17



February 2018



Information Sharing



❖ **ROCB A/P Website** (<http://www.rocb-ap.org/>)

- Launched in 2014, updated with pertinent information
- To share & connect A/P members plus Stakeholders

❖ **ROCB A/P e-newsletter**

- Issued every quarter to introduce the latest capacity building activities in A/P region

❖ **ROCB A/P Annual Report**

- Comprehensive report on ROCB A/P activities

❖ **Good Customs Practice Reports**



ROCB A/P Annual Report 2016/2017

HIGHLIGHT

- ◆ 35 Regional/Sub-Regional Workshops
 - 15 Regional/Sub-Regional Workshops
 - 20 National Workshops

- ◆ Increasing trend in number of WS participants
 - (2012/13) 273 participants
 - (2015/16) 359 participants
 - (2016/17) **349 participants**

Upcoming Programs and Meetings

Event	Dates	Venue
◆ WCO Sub-regional Workshop on TFA Scoping for Cambodia	6-15 Aug. 2018	Phnom Penh, Cambodia
◆ WCO Regional Workshop on Frontline Border Capability against terrorist threats	17-21 Sep. 2018	Sydney, Australia
◆ 16 th Meeting of Heads of the WCO A/P Regional Training Centers	24-25 Oct. 2018	Shanghai, China
◆ Meeting of Heads of the ROCBs, RTCs and Vice Chair's Offices	4-5 Apr. 2019	Brussels, Belgium
◆ WCO Capacity Building Committee	8-10 Apr. 2019	Brussels, Belgium
◆ WCO Integrity Sub-Committee	11-12 Apr. 2019	Brussels, Belgium
◆ WCO Council Sessions	27-29 Jun. 2019	Brussels, Belgium



II. WCO Instruments for TF

- **Economic Competitiveness Package (ECP)**

ECP

Economic Competitiveness Package

- **Revised Kyoto Convention**



- **SAFE Package**

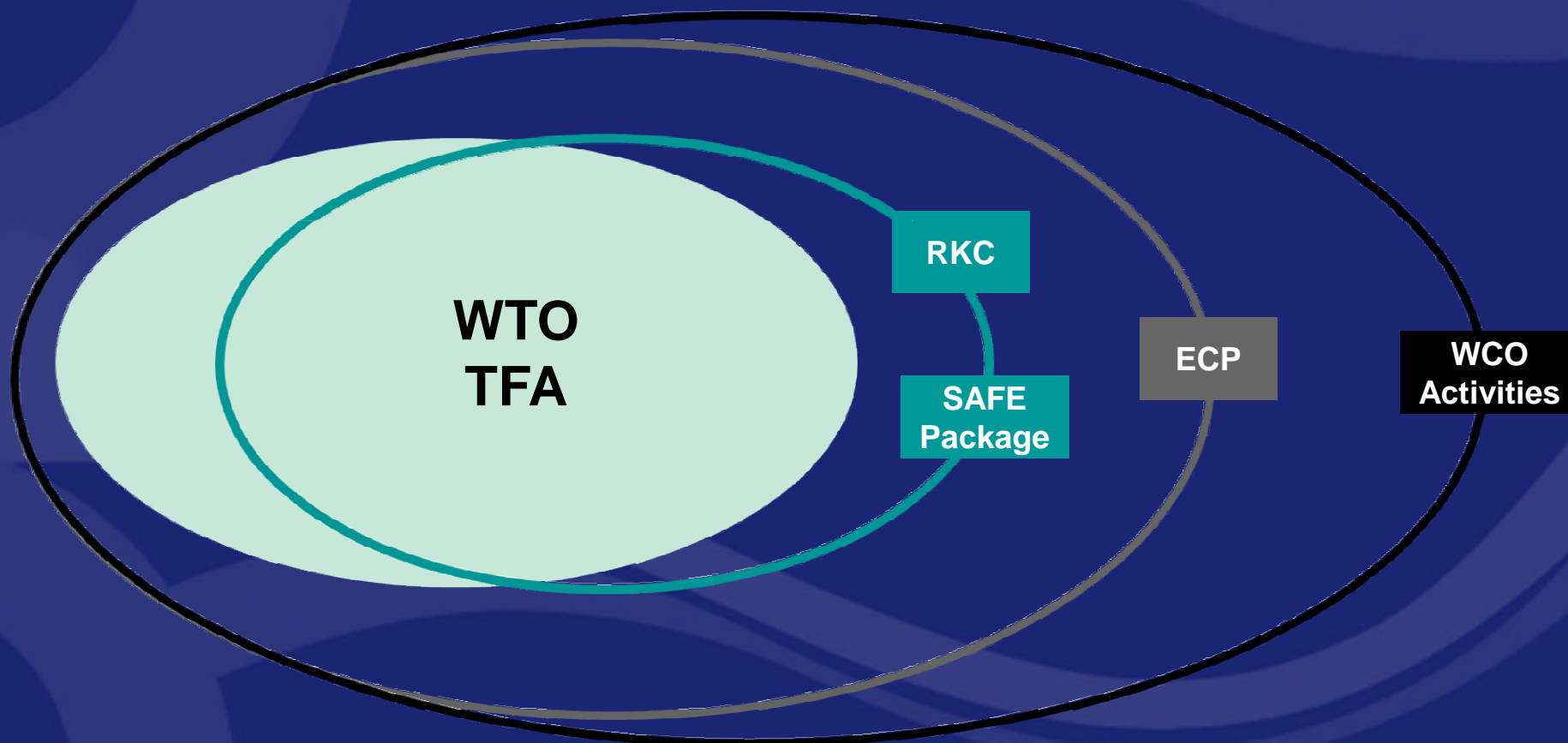




ECP



The ECP will support the implementation of WTO Trade Facilitation Agreement.





ECP



ECP

Economic Competitiveness Package

➤ **Economic Competitiveness Package (ECP)**

- ECP is high priority instrument of WCO
- Economic competitiveness starts with TF
- TF is one of the key objectives of the WCO



ECP



Instrument and Tools - Six Areas

15 July 2013

ECP

Economic Competitiveness Package

Transparency and Predictability





- IT Guide for Executives
- Practical Guidelines for Valuation Control (Members only)
- Recommendation (2001) on the Application of HS Committee Decisions
- Recommendation (1996) on the Introduction of Programmes for Binding Pre-Entry Classification Information
- Recommendation (1998) on the Improvement of Tariff Classification Work and Related Infrastructures
- Recommendation (1999) on the Use of the World Wide Web Sites by Customs Administrations
- Revised Arusha Declaration
- Risk Management Compendium I
- Risk Management Compendium II (Members only)
- SAFE Framework of Standards
- Single Window Compendium
- Diagnostic Tool on Tariff Classification, Valuation and Origin Work and Related Infrastructure (Members Only)
- Guidelines on Customs Infrastructure for Tariff Classification, Valuation and Origin (Members Only)
- Technical Guidelines on Advance Ruling for Classification, Origin and Valuation



ECP







Modernized Procedures and Formalities

- ATA Convention
- Customs Compendium on a Secure and Efficient Transit System (Online Bookshop)
- Immediate Release Guidelines
- Istanbul Convention
- Post-Clearance Audit Guidelines I
- Post-Clearance Audit Guidelines II (Members only)
- Practical Guidelines for Valuation Control (Members only) 
- Recommendation (2012) on the Dematerialization of Supporting Documents 
- Revised Arusha Declaration 
- Risk Management Compendium I
- Risk Management Compendium II (Members only)
- SAFE Framework of Standards
- SAFE Package
- The Voluntary Compliance Framework
- Transit Handbook 

ECP

Economic Competitiveness Package

Use of Information and Communication Technology



- Data Model
-  IT Guide for Executives
- Recommendation (1990) concerning the Use of the UN/EDIFACT 
- Recommendation (1990) concerning the Use of the UNTDED 
- Recommendation (2009) concerning the Use of the WCO Data Model 
- Single Window Compendium
- Single Window Information Store



ECP




Partnership and Cooperation

- SAFE Framework of Standards
- Data Model
- Globally Networked Customs
- Guide to the Exchange of Customs Valuation Information (Members only)
- Nairobi Convention 
- Model Bilateral Agreement 
- Customs Business Partnership Guidance
- Model Business Lens Checklist for Small and Medium Sized Enterprises
- Compendium on Coordinated Border Management
- The WCO-UPU Postal Customs Guide
- WCO-UPU Guidelines for Developing a Memorandum of Understanding Between Customs and Post at National Level

ECP

Economic Competitiveness Package

Performance Measurement

- Customs International Benchmarking Manual
- Time Release Study (TRS) Guide
- TRS Online Software (Members only) 



ECP



Miscellaneous

Natural Disaster Relief

- [Istanbul Convention](#)
- [Recommendation of the Customs Co-operation Council to Expedite the Forwarding of Relief Consignments in the Event of Disasters](#)
- [Resolution of the Customs Co-operation Council on the Role of Customs in Natural Disaster Relief](#)

Rule of Origin

- [Origin Database](#)

Customs Technical Terms

- [Glossary of International Customs Terms](#) 

Trade Recovery

- [Trade Recovery Guidelines](#) 



Intellectual Property Rights

- [Interface Public-Members \(IPM\)](#)

Informal Trade

- [Informal Trade Practices \(Research Paper\)](#) 

Small and Medium sized Enterprises

- [Model Business Lens Checklist for Small and Medium Sized Enterprises](#) 
- [The Authorized Economic Operator and Small and Medium Sized Enterprises \(AEO and SMEs\) FAQ](#) 

Integrity

- [Instruments and Tools on Integrity](#)

ECP

Economic Competitiveness Package



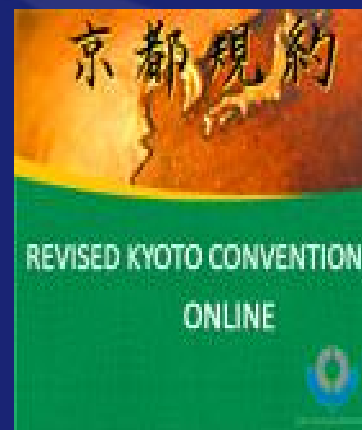
RKC



➤ **Revised Kyoto Convention**

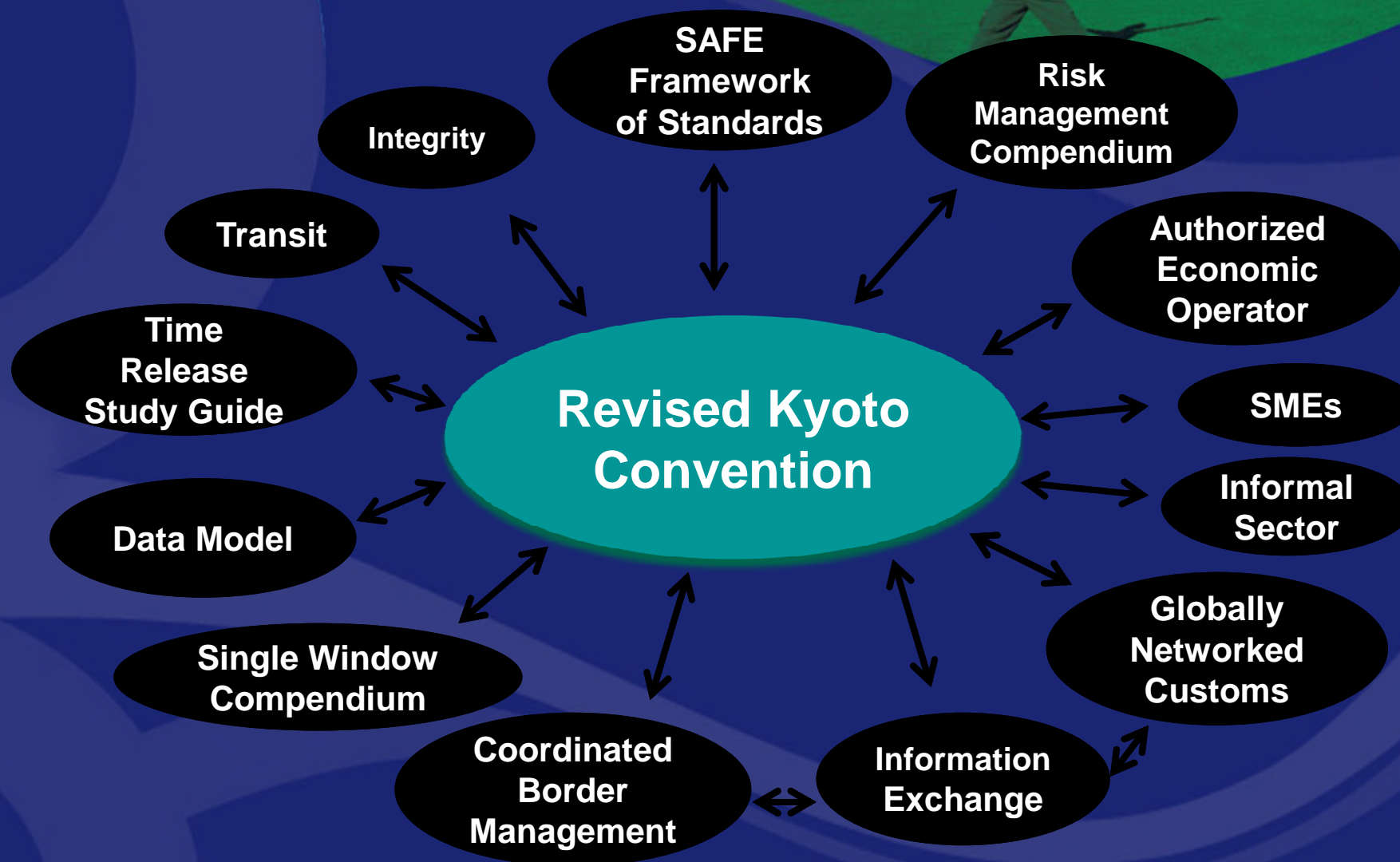
➤ **Major tool for the ECP**

➤ **Entered into force in 2006**





RKC





RKC



STRUCTURE OF REVISED CONVENTION

Obligatory

Body of the Convention

General Annex

Chapter 1

Chapter 2

Chapter 3

Chapter 4 - 10

**Specific
Annex A**

**Specific
Annex B**

**Specific
Annex C**

**Specific
Annexes D - K**

Chapters

Chapters

Chapter

Chapters



RKC



General Annex (GA)

- v **Core provisions and definitions of general application to all Customs procedures**
- v **Core provisions of General Application specified in 10 Chapters**
- v **Core provisions not repeated in the Specific Annexes**



RKC

General Annex (GA)



- 1: General Principles**
(e.g., partnership with the trade)
- 2: Definitions**
- 3: Clearance and other Customs formalities**
(e.g., Juxtaposed posts, standardized and simplified documents, pre-arrival processing, authorized persons, border agencies coordination,)
- 4: Duties and Taxes**
(e.g., de-minimis, deferred payment)
- 5: Security**

- 6: Customs control**
(e.g., risk management, audit-based controls, co-operation with the trade)
- 7: Application of IT**
- 8: Relationship between the Customs and third parties**
(e.g., Customs brokers)
- 9: Information, decisions and rulings supplied by the Customs**
(e.g., Publication of information, advance rulings)
- 10: Appeals in Customs matters**



RKC



PROVISIONS IN THE GENERAL ANNEX

- ✓ **General Annex to contain only Standards some of which are Transitional Standards**
- ✓ **Rule on no reservations to Standards applies to both types**
- ✓ **Implementation period provided for all Contracting Parties to both types of provisions**
- ✓ **Transitional Standards have longer implementation period (36 & 60 months)**



RKC



RKC Principles

**Prescribe standard and simplified
procedures and practices**

**Use Risk
Management**

**Promote
Partnership
with the Trade**

**Maximum use of
Information
Technology**

**Apply Minimum
Controls necessary
to ensure compliance**

**Have
System of appeals**

**Make available
Accurate, up-to-date,
easily available information**



SAFE Package (2015)



I. SAFE Framework of Standards to Secure and Facilitate Global Trade - 2015 edition

- **Members who have expressed their intention to implement the WCO Framework of Standards to Secure and Facilitate Global Trade**

II. Instruments and guidelines relating to the first pillar (Customs-to-Customs)

- **Toolkit for Pillar 1**
- **Customs Guidelines on Integrated Supply Chain Management**
- **Guidelines for the Procurement and Deployment of Scanning/NII Equipment – 2015**
- **SAFE Data Element Maintenance Mechanism**



SAFE Package (2015)



III. Instruments and guidelines relating to the second pillar (Customs-to-Business and Authorized Economic Operator)

- **AEO Implementation Guidance**
- **AEO Compendium - 2017 edition**
- **Model AEO Appeal Procedures**
- **AEO Benefits: Contribution from the WCO Private Sector Consultative Group**
- **The Authorized Economic Operator and the Small and Medium Enterprise (FAQ)**
- **Mutual Recognition Arrangement/Agreement Guidelines**
- **AEO Template**
- **AEO Validator Guide**

IV. Instruments and guidelines relating to the third pillar (Cooperation between Customs and other Government and Inter-Government agencies)

- **Coordinated Border Management Compendium**
- **Single Window Compendium - Volume 1 Volume 2**
- **Joint WCO/ICAO Brochure**



SAFE Package (2015)



V. Trade Recovery Guidelines

VI. Others tools of interest for the implementation of the SAFE FoS

- **Customs-Business Partnership Guidance**
- **Recommendation on CSDs (Container Security Devices) (June 2013)**
- **Recommendation of the Customs Co-Operation Council on the Guiding Principles for Data Quality (June 2015)**
- **WCO Data Model Derived Information Package (DIP) on Advance Electronic Information (AEI) version 3.6.0**



Background of SAFE FoS





Background of SAFE FoS



**Indonesia Bali
in Nov. 2002
(Night Club)**



**Spain Madrid
in Mar. 2004
(Train)**



Changing Environment & New challenges



- Increasing globalisation of trade and crime
- The global trading system is vulnerable to terrorist exploitation
- Increasing interconnectivity and interdependency of societies/countries



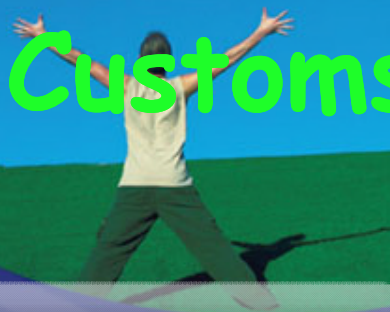
CHANGING ROLE FOR CUSTOMS



- Traditional approach: primary concern of Customs are fiscal matters and revenue collection
- New tasks and new challenges due to increasing concerns for safety and security
- More and more focus on risk management, intelligent use of technology and networked Customs



Traditional Customs



- Logistics Cost; Over 10% of Trade volume
- WCO Kyoto Convention('73)
 - Customs Procedures; Simplification & Standardization
 - Electronic Declaration based on EDI

Simplification/Facilitation

Control/Security

**Security
&
Facilitation**



Changing Customs

- Container Security Initiatives (CSI)
- 24 Hour Rule
- Customs–Trade Partnership Against Terrorism (C–TPAT)

Simplification/Facilitation

Control/Security

**Security
&
Facilitation**



CHALLENGE



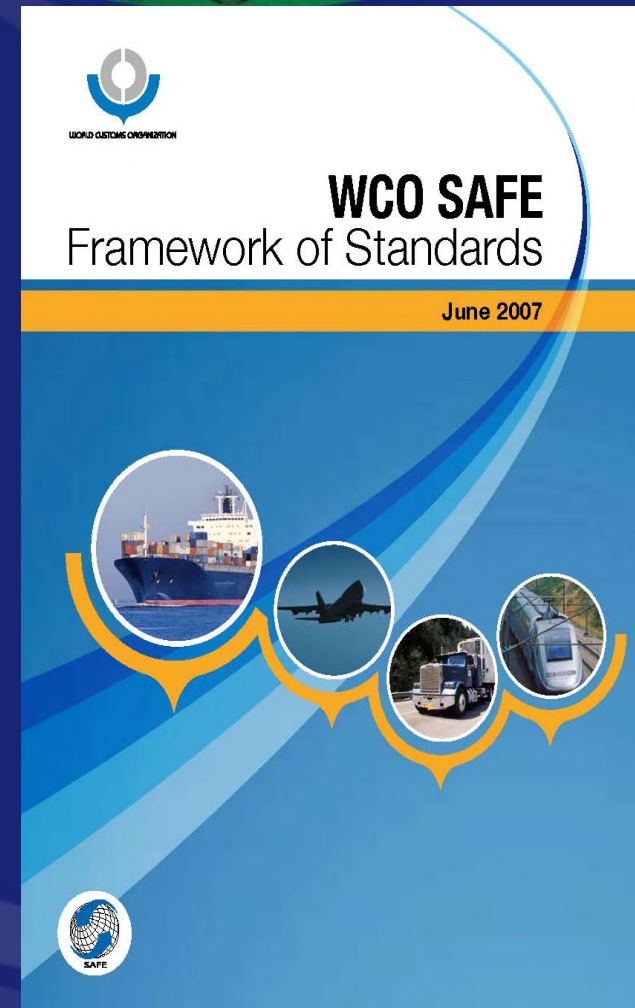
In the light of the new tasks, Customs have to ensure, among other:

- Protection of citizens and their interests while facilitating legitimate trade
- Interoperable IT systems as a means to fight fraud and increase security while not hindering trade
- To provide increased security to the global supply chain.



SAFE FoS

- Recognition of risks to the security and facilitation of the international trade supply chain led the WCO to take bold action.
- WCO Council Resolution, June 2002, forming a Joint Customs-Industry Task Force on Security and Facilitation.





SAFE FoS



Since July, 2005

Facilitation

Security



Security
&
Facilitation



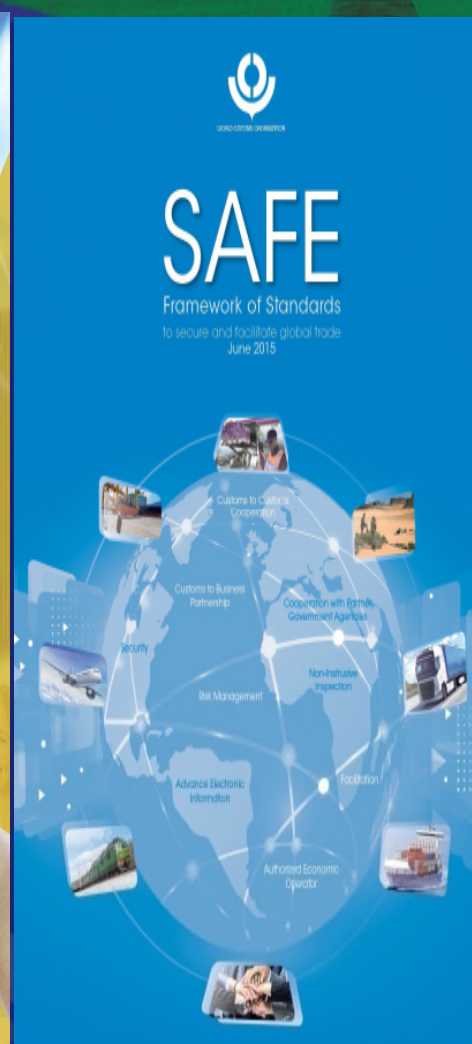
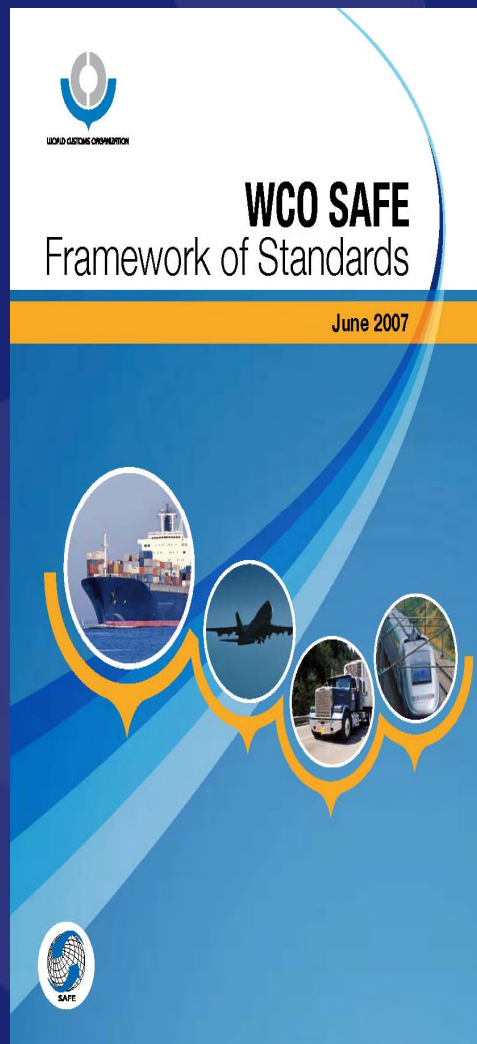
WCO SAFE
Framework of Standards

June 2007





Up-Date SAFE FoS



Will be
published
4th Ver.

(adopted in
WCO Council
in June 2018)

1st Ver.(2007)

2nd Ver.(2012)

3rd Ver.(2015)

4th Ver.(2018)



Main Changes



1st Version(2007) : Only SAFE FoS (incorporated into its text)

2nd Version(2012) : SAFE FoS + SAFE Package

- SAFE FoS : separate 4 annexes, and add CBM Concept (e.g. AEO conditions, requirements and benefits)
- SAFE Package : issue 12 guidelines (e.g. ISCM Guidelines)
(brings together in one convenient place all SAFE implementation material)

**3rd Version(2015) : evolve CBM into 3rd pillar of SAFE FoS
(Cooperation Customs and OGA)**

**4th Version(2018) : develop a Trader Identification Number (TIN)
(facilitate an efficient implementation of MRAs)**

Overview of SAFE FoS

SAFE FoS

Pillar1

Customs-to-Customs

11 Standards

S1 (Integrated Supply Chain Management)
S2 (Cargo Inspection Authority)
...
S11 (Outbound Security Inspection)

Pillar2

Customs-to-Business

6 Standards

S1 Partnership
S2 Security
S3 Authorization
S4 Technology
S5 Communication
S6 (Facilitation)

➤ **AEO**

Pillar3

Customs-to-OGAs

11 Standards

S1 Mutual Cooperation
S2 Cooperative Arrangements
...
S11 Development of Cooperative Arrangements

ANNEX I : DEFINITIONS

ANNEX II : DATA ELEMENTS

ANNEX III : PRE-LOADING ADVANCE CARGO SECURITY DATA

ANNEX IV : AEO CONDITIONS, REQUIREMENTS AND BENEFITS

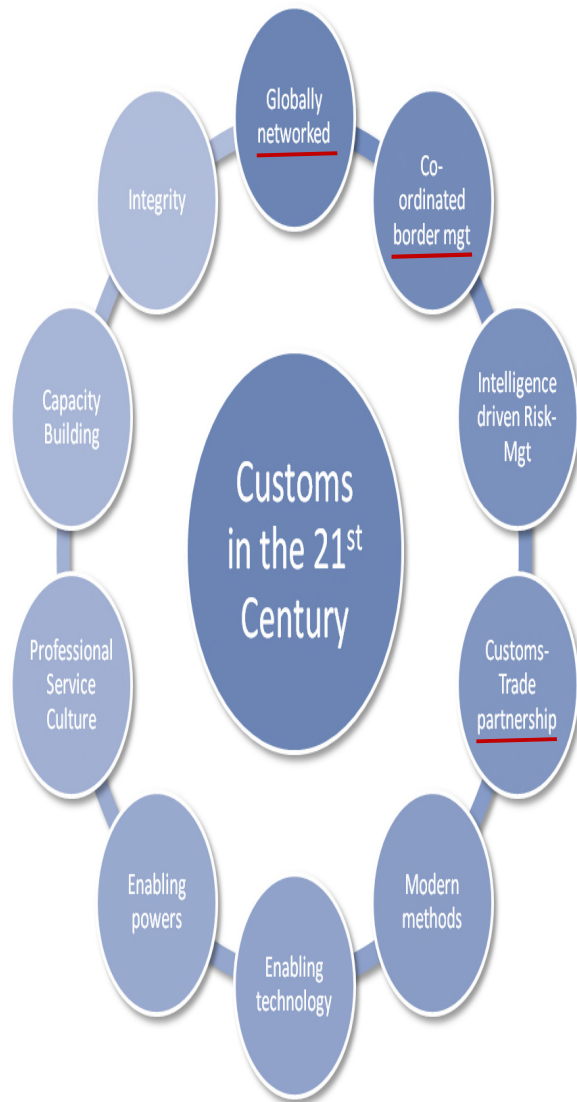
**ANNEX V : RESOLUTION OF THE CUSTOMS CO-OPERATION COUNCIL ON
THE FRAMEWORK OF STANDARDS TO SECURE AND FACILITATE GLOBAL TRADE**

Four core elements

- Harmonize the advance electronic cargo information requirements
- Employ a consistent risk management approach to address security threats
- use non-intrusive detection equipment (X-ray, radiation) based on risk targeting methodology
- provide to business that meet minimal supply chain security standards with benefits



21st Century Customs BBs



1. Globally Networked Customs

2. Coordinated Border Management

**3. Intelligence Driven Risk
Management**

4. Customs-Trade Partnership

5. Modern Working Methods

6. Enabling Technology

7. Enabling Legal Powers

**8. Professional Knowledge-Based
Service Culture**

9. Capacity Building

10. Integrity




Objectives



- Certainty and predictability at a global level
- Integrated supply chain management for all transport modes
- Allow Customs to meet the challenges and opportunities of the 21st Century
- Closer cooperation among Customs administrations
- Stronger Customs-to-Business cooperation
- Tangible benefits for businesses
- Seamless movement of goods



FOUR CORE PRINCIPLES

			
<p>Advance electronic information</p>	<p>Risk Management</p>	<p>Outbound inspection</p>	<p>Business partnerships</p>
<p>Harmonise the advance electronic information requirement on inbound, outbound and transit shipments.</p>	<p>Commit to employing a consistent risk management approach to address security threats.</p>	<p>Outbound inspection of high-risk consignments being exported, preferably using non-intrusive inspection methods.</p>	<p>Customs will provide benefits to businesses that meet minimal supply chain security standards and best practices.</p>



FRAMEWORK STRUCTURE: THREE PILLARS and 28 Standards

Pillar 1: Customs-to-Customs Cooperation;
Using Commonly Accepted Standards to both
Secure and Facilitate Trade (11 Standards).

Pillar 2: Customs and Business Partnership;
Identify Secure Business Partners and Offer
Benefits (6 Standards).

Pillar 3: Customs and OGAs Cooperation;
Cooperation across various agencies and
government response to the challenges of
supply chain security (11 Standards).



III. WCO AEO Programme



What is an AEO?



Authorized Persons in RKC



Authorized Person Concept

Under RKC GA 3.32



Authorized Persons in RKC

Special Procedures for Authorized Persons (GA 3.32)

Authorized Persons

who meet
criteria pre-
established
by Customs

e.g.

- ✓ **Good Compliance**
- ✓ **Commercial Records**
- ✓ **Timely duty/tax payment**

Favorable Treatment

Customs



e.g.

- ✓ **Release by minimum data**
- ✓ **Use of Importer's Premise
+ (if possible)**
- ✓ **Single Goods Declaration**
- ✓ **Self-assessment of
duty/tax**
- ✓ **Entry in the record**



Compare AEO & AT ?

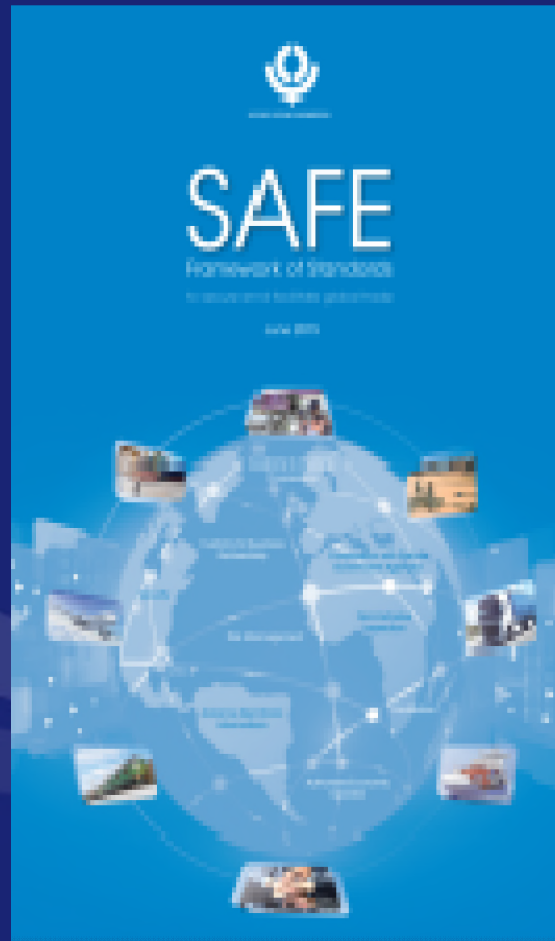


	Authorized Person (or Authorized Trader)	AEO (SAFE FoS)
Program character	Business Partnership Program (should be developed together with business !)	
Base document	RKC GA 3.32	SAFE FoS (Customs to Business pillar)
Primary objective of the program	Trade Facilitation (Simplification)	Supply Chain Security
Major requirements	Compliance requirements <ul style="list-style-type: none">•Good compliance record•Commercial recordetc	Security requirements <ul style="list-style-type: none">•Premises security•Employee security•Cargo securityetc
Benefits	Clearance with minimum info Clearance at premises etc	Reduced examination Customs consultation point Priority examination Mutual Recognition etc
coverage	Importer/Exporter	Importer/exporter, transporter, customs broker, consolidator etc.

AEO in SAFE FoS

Authorized Economic Operator (AEO)

"**AEO** is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administrations as complying with WCO or equivalent supply chain security standards."



AEOs include

- manufacturers,
- importers,
- exporters ,
- brokers carriers,
- consolidators,
- intermediaries,
- ports, airports,
- terminal operators,
- integrated operators,
- warehouses,
- distributors and
- freight forwarders".



Who is entitled?



- **Any Economic Actor in the international supply chain**
- **Having dealing with Customs**
- **For example : manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders**



AEO Requirements



Eligibility criteria:

- **Demonstrated Compliance with Customs Requirements,**
- **Satisfactory System for Management of Commercial Records,**
- **Financial Viability, and**
- **Security (cargo, conveyances, premises, personnel and trade partners)**



Conditions & Requirements in the SAFE FoS

- Voluntary programme
- Flexibility and customization of security plans based on business model
- Phased Approach - step-by-step implementation

Customs administrations should not burden the international trade community with different sets of requirements to secure and facilitate international commerce. **There should be one set of international Customs standards** developed by the WCO that do not duplicate or contradict other recognized intergovernmental security requirements.



Approach of SAFE Framework



- Recognizes the complexity of international supply chains
- Endorses the application and implementation of security measures based upon risk analysis
- Allows for flexibility and customization of security plans based on an AEO's business model
- Lists certain Customs-identified best security standards and best practices
- One set of international Customs standards developed by the WCO that do not duplicate or contradict other recognized intergovernmental security requirements
- Reference to *Annex IV of WCO SAFE and AEO Template*



AEO Conditions, Requirements and Benefits in SAFE FoS



Conditions & Requirements

- **A. Demonstrated Compliance with Customs Requirements**
- **B. Satisfactory System for Management of Commercial Records**
- **C. Financial Viability**
- **D. Consultation, Co-operation and Communication**
- **E. Education, Training and Awareness**
- **F. Information Exchange, Access and Confidentiality**
- **G. Cargo Security**
- **H. Conveyance Security**
- **I. Premises Security**
- **J. Personnel Security**
- **K. Trading Partner Security**
- **L. Crisis Management and Incident Recovery**
- **M. Measurement, Analyses and Improvement**



Conditions and Requirements (in Annex 4)

A. Demonstrated Compliance with Customs Requirements

Customs shall take into account the demonstrated compliance history of a prospective AEO when considering the request for AEO status.

- The AEO :
 - a. not have committed, over a period determined by the national AEO programme, an infringement/offence as defined in national legislation, which would preclude designation as an AEO;
 - b. if established for less than the period mentioned in “a”, be judged on the basis of available records and information during the application process;
 - c. or its designee have a demonstrated record of compliance within the same time period, mentioned in “a”.



Conditions and Requirements (in Annex 4)

B. Satisfactory System for Management of Commercial Records

The AEO shall maintain timely, accurate, complete and verifiable records relating to import and export. Maintenance of verifiable commercial records is an essential element in the security of the international trade supply chain.

- The AEO : 6 points
(e.g., maintain records system, give Customs access to records)



Conditions and Requirements (in Annex 4)



C. Financial Viability

Financial viability of the AEO is an important indicator of an ability to maintain and improve upon measures to secure the supply chain.

- The AEO :
 - a. have a good financial standing which is sufficient to fulfill its commitments with due regard to the characteristics of the type of business activity.



Conditions and Requirements (in Annex 4)

D. Consultation, Co-operation and Communication

Customs, other competent authorities and the AEO, at all levels, international, national and local, should consult regularly on matters of mutual interest, including supply chain security and facilitation measures, in a manner which will not jeopardize enforcement activities. The results of this consultation should contribute to Customs development and maintenance of its risk management strategy.

- The AEO: 4 points (e.g., provide contact point)
- Customs : 4 points (e.g., provide Customs officials' phone #)



Conditions and Requirements (in Annex 4)

E. Education, Training and Awareness

Customs and AEOs shall develop mechanisms for the education and training of personnel regarding security policies, recognition of deviations from those policies and understanding what actions must be taken in response to security lapses.

- The AEO : 6 points (e.g., conduct specific training)
- Customs : 8 points (e.g., make educational material)



Conditions and Requirements (in Annex 4)

F. Information Exchange, Access and Confidentiality

Customs and AEOs, as part of an overall comprehensive strategy to secure sensitive information, shall develop or enhance the means by which entrusted information is protected against misuse and unauthorized alteration.

- The AEO and Customs : 4 points
(e.g., ensure the confidentiality of information)
- The AEO : 3 points
(e.g., have procedure to protect against information loss)
- Customs : 4 points
(e.g., establish reporting system for last-minute amendments)



Why is it important?



- Based on the *value* and the *consequences* of being compromised
- Type of information:
 - Financial information
 - Trade and research secrets
 - Proprietary business information
 - Employee data
- Consequences (can be very costly):
 - Huge financial penalties
 - Expensive law suits
 - Loss of reputation and business



Conditions and Requirements (in Annex 4)

G. Cargo Security

Customs and AEOs shall establish and/or bolster measures to ensure that the integrity of cargo is maintained and that access controls are at the highest appropriate level, as well as establishing routine procedures that contribute to the security of cargo.

- The AEO : 13 points
(e.g., have procedure for inspecting transport conveyance)
- Customs : 1 point
(invite representative of AEO when inspecting cargo covertly)



Cargo Security



- Putting in place procedures and processes to ensure the integrity of cargo by :
 - Having documented procedures and processes on cargo handling and storage
 - Having proper reporting mechanisms in place for cargo-related incidents
 - Having effective communication and training for personnel involved in the supply chain activities
- Security Policy
- Seal integrity (with ISO 17712 standard)
- 7 point inspection (conveyance & container)
- Access control



Container Inspection

- Procedures in place to verify the physical integrity of the container prior to stuffing, including the reliability of the locking mechanisms of the doors
- A 7-point security inspection process –
 - Front wall,
 - Left side, Right side,
 - Floor,
 - Ceiling/roof,
 - Inside/outside doors,
 - Outside/undercarriage





Container seals



- **Procedures in place:**
 - On how seals are to be controlled (received, stored, assessed, used and accounted for) and affixed
 - To ensure only designated authorised persons distribute seals
- **Use ISO 17712 compliant high security seals**





Why is it important?



- **Ensure the integrity of cargo is not compromised**
 - safeguard against tampering; involving removal of goods / placing of undesirable goods
 - safeguard against internal theft (ensure clear segregation of roles of personnel handling the cargo)
 - allow the investigation of cargo-related incidents in a systematic manner and implement corrective actions to prevent future lapses
 - e.g over/short landing of goods, damaged goods



Conditions and Requirements (in Annex 4)

H. Conveyance Security

Customs and AEOs shall jointly work toward the establishment of effective control regimes, where not already provided for by other national or international regulatory mandate, to ensure that transport conveyances are capable of being effectively secured and maintained.

- The AEO : 6 points
(e.g., notify Customs of suspicious breach of transport conveyance security)
- Customs : 2 points
- (e.g., investigate notification of suspicious breach of it)



Conveyance Security

- Safeguarding the custody and integrity of cargo by establishing procedures to track and monitor accurately activities relating to the movement and handling of cargo both
- Security check after left unattended
- Regular check for concealment places
- Security awareness





Tracking and monitoring

- Procedures in place to track and monitor the movement of conveyance carrying the cargo between companies and external parties
- Can be done manually (e.g. two-way communication with the driver), semi-auto (e.g. RFID, barcode scanning) or auto (e.g. GPS, active e-seals)

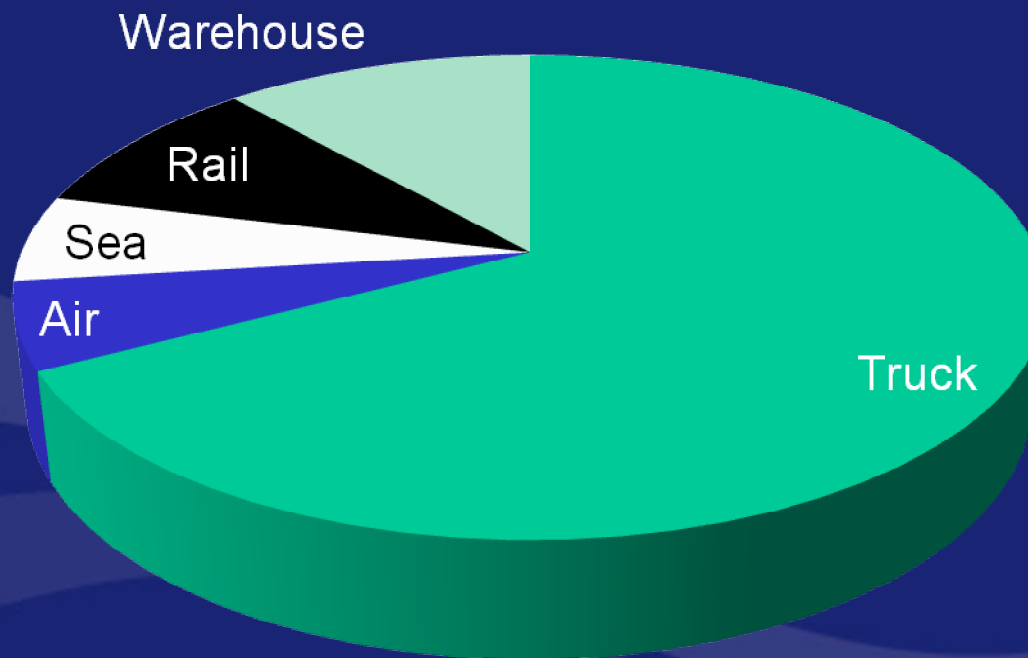




Why is it important?

- Globally, some 80 % of all major cargo thefts occur during road transportation

Losses by Mode of Transportation





Conditions and Requirements (in Annex 4)

I. Premises Security

Customs, after taking into account the views of AEOs and their necessary compliance with mandatory international standards, shall establish the requirements for the implementation of meaningful Customs-specific security enhancement protocols that secure buildings, as well as ensure the monitoring and controlling of exterior and interior perimeters.

- The AEO : 2 points
(e.g., implement security measures to secure building)
- Customs : 2 points (e.g., permit alternative means)



Premises Security

- **AEO shall implement security measures and procedures to prevent unauthorised access to companies' facilities:**
 - Perimeter fencing
 - Manned or monitored gates and exits
 - Parking
 - Building structure
 - Locking devices and key controls
 - Lighting
 - Alarm systems and video surveillance cameras
 - Security personnel and organisation
 - Access control for employees
 - Access control for visitors and vendors/contractors
 - Challenging and removing unauthorised persons





Alarm systems



- Security systems such as intruder alarms, surveillance video recordings, lightings and access controls which are installed to deter, detect and delay offenders from their actions, are recommended to be integrated in an effective and coordinated manner
- Procedures in place:
 - Maintenance of equipment (sensors and alarm) and records
 - Testing of equipment
 - Alarm response plan





Video Surveillance cameras

- Should be used to monitor the premises and images should be useful to assist in post-incident investigations
- Procedures in place to maintain the equipment and retention of recordings
- Other factors to consider:
 - Strategic positioning of CCTVs throughout the facility
 - Maintenance of CCTVs
 - quality of recordings
 - storage of recordings
 - lighting





Lighting



- **Procedures in place to ensure that adequate lighting inside and outside company facilities including**
 - **Entrances and exits**
 - **Cargo handling and storage areas**
 - **Fence lines**
 - **Parking areas**





Why is this important?



- Physical security serves as a first line of defense in protecting a premises.
- Although the security measures put in place may not 100% prevent the unauthorized access into the premises, they help the organization to *deter* and *delay* the offenders' actions and thus give the organization and/or security officers sufficient time to *react* and *respond*.
- Should deploy Prevention Strategy – Deter, Detect, Deny, Delay and Detain



Conditions and Requirements (in Annex 4)

J. Personnel Security

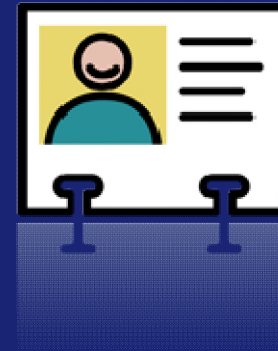
Customs and AEOs shall, based on their authorities and competencies, screen the background of prospective employees to the extent legally possible. In addition, they shall prohibit unauthorized access to facilities, transport conveyances, loading docks and cargo areas that may reasonably affect the security of those areas in the supply chain under their responsibility.

- The AEO : 5 points (e.g., conduct periodic background check)
- Customs : 4 points (e.g., all officers carry proper ID)



Personnel Security

- Putting in place processes and procedures to minimize the risk posed to the business operations by:
 - New hires
 - Current employees
 - Intentional
 - Unintentional
 - Terminated/resigned employees
- Background checks
- ID





Why is it important?



- **Allowing security lapses or oversights in personnel security can be a very costly lesson to learn**
- **The cost to screen an employee is substantially less than the cost of security lapses due to failure to screen an employee**
- **Employees handle the company's assets i.e. tangible (goods) and intangible (information)**



Conditions and Requirements (in Annex 4)

K. Trading Partner Security

Customs shall establish AEO requirements and mechanisms whereby the security of the global supply chain can be bolstered through the commitment of trading partners to voluntarily increase their security measures .

- The AEO : 2 points
(e.g., review contracting party's commercial information before entering into contracting relation)



Trading Partner Security

- Encouraging trading partner (TP) to enhance security voluntarily
- Better written in contractual arrangement
- Either outsource or contract elements of their businesses (e.g. conveyance, warehouse)
- Trading partners include current and prospective suppliers, manufacturers, service providers, contractors and vendors, customers





Why is this important?



- “A chain is only as strong as its weakest link”
- If any of its TPs does not have a good system, then the opportunities for security breaches in the supply chain would arise
- Any security breaches would directly or indirectly impact the company
- Thus, it is important to select TPs who also practices security in their operations



Conditions and Requirements (in Annex 4)

L. Crisis Management and Incident Recovery

In order to minimize the impact of a disaster or terrorist incident, crisis management and recovery procedures should include advance planning and establishment of processes to operate in such extraordinary circumstances.

- The AEO and Customs : 2 points
(e.g., develop and document contingency plans with appropriate authorities)



Crisis Management and Incident Recovery

- To minimise impact of a disaster or terrorist attack
- Requires advance planning and establishment of processes to operate in extraordinary circumstances
- AEO and Customs shall:
 - Develop and document contingency plans for emergency security situations and for disaster or terrorist incident recovery
 - Should involve the appropriate authorities/parties where necessary
 - Conduct periodic training of employees and testing of emergency contingency plans





Crisis management Plan

- **Describes the various actions which need to be taken during critical situations or crisis**
- **Examples:**
 - **Natural crisis – earthquakes, tsunamis, volcanic eruptions**
 - **Pandemic - SARS, H1N1, Ebola**
 - **IT disaster**
 - **Industrial accidents, oil spills**
 - **Terrorism, espionage**
 - **Strikes**
 - **Kidnapping**
 - **Rumours**





Trade continuity and resumption plan

- Consists of procedures and information for managing a disaster when it occurs
- Enables the continuation of company's critical functions at an acceptable level
- Business operations can still continue
- Reduce financial and non-financial impacts
- Refer to ISO 22301 Business Continuity Management System for more info.





Conditions and Requirements (in Annex 4)

M. Measurement, Analyses and Improvement

The AEO and Customs should plan and implement monitoring, measurement, analysis and improvement processes in order to :

- assess consistency with these guidelines;
 - ensure integrity and adequacy of the security management system;
 - identify potential areas for improving the security management system in order to enhance supply chain security.
-
- The AEO: 4 points
(e.g., conduct regular self-assessments of security management system)



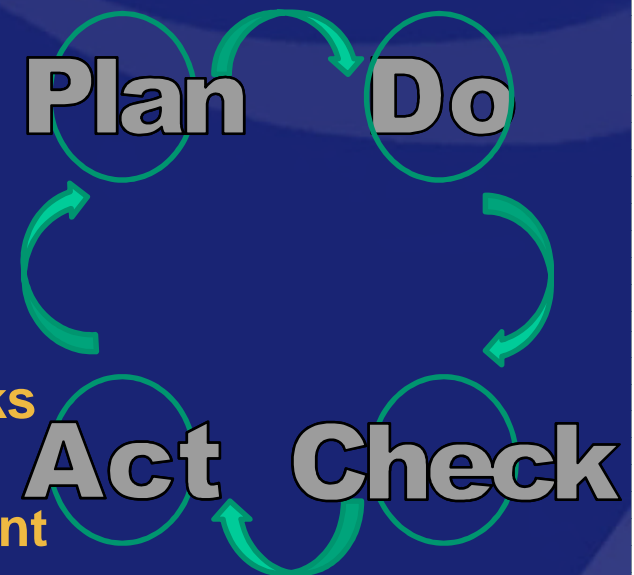
Measurement, Analyses and Improvement

Monitoring, measurement, analysis and improvement

■ Self-assessment, PDCA cycle

■ Procedures in place:

- To conduct assessment of the security risks in business operations and take appropriate measures to mitigate those risks
- To establish and conduct regular self-assessments of its security management system
- Fully document the self assessment procedure and the responsible parties with mechanism to include their feedback and recommendations





Gists of AEO Programme

- No entry barriers e.g. minimum turn over, minimum no. of declarations or duty paid
- Not to follow normative approach
- Flexibility and customization of security plans based on the AEO's business model
- Apply to principle of proportionality
- Holistic and outcome based approach to assess overall adequacy of security requirements



Gists of AEO Programme

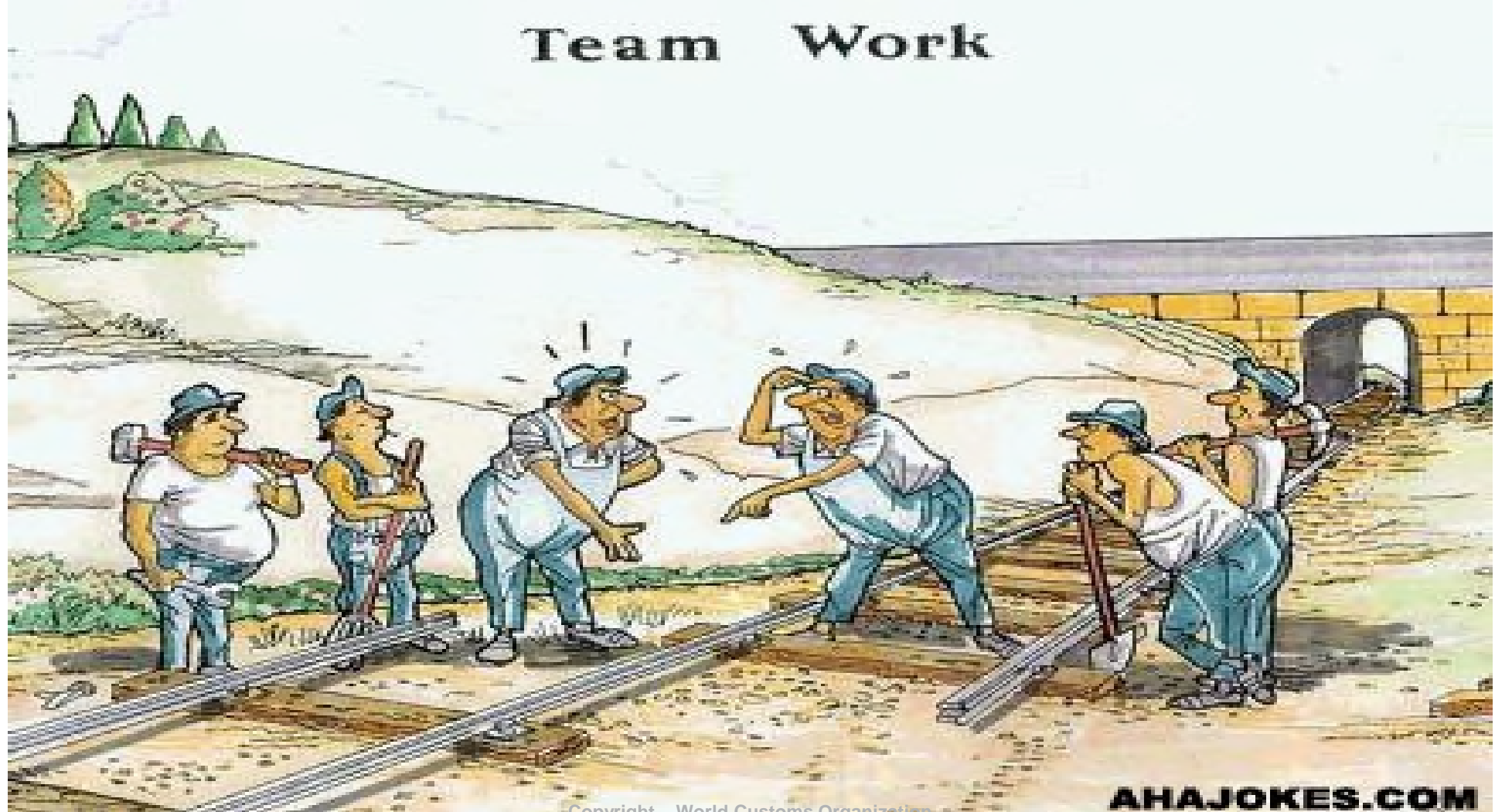
- **Baseline security standards based on unique operation environment and business model – lowers entry barriers (even for SMEs) while still ensuring compliance to security requirements**
- **Need for high level of training, professionalism, integrity and management oversight for a qualitative and objective assessment of security compliance**
- **Encourage involvement of OGAs and Private Sectors in the design and implementation of AEO programme**



Lack of Public-Private Partnership



Team Work



Copyright – World Customs Organization

AHAJOKES.COM

Copyright – World Customs Organization



Public-Private Partnership



TEAMWORK

**Coming Together Is Beginning. Keeping Together
Is Progress. Working Together Is Success.**



Benefits (in SAFE FoS)

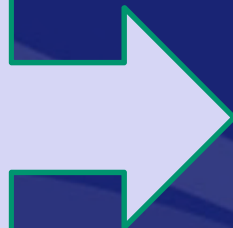


Benefits - Government

**Secure and
facilitate global
trade**



**Contribute to
economic growth
and
development**



**1. Improve
revenue collection**

**2. Invite
Foreign Direct Investment**

**3. Co-operate with
other government agencies**

**4. Ensure co-ordinated
border management**

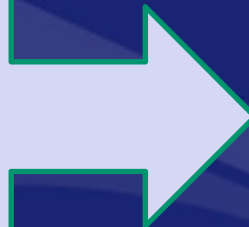
Benefits (in SAFE FoS)

Benefits - Customs

**Establish
Customs-to-Customs
network**



**Promote
seamless
movement of
trade goods**



**1. Exchange information
timely and accurately**

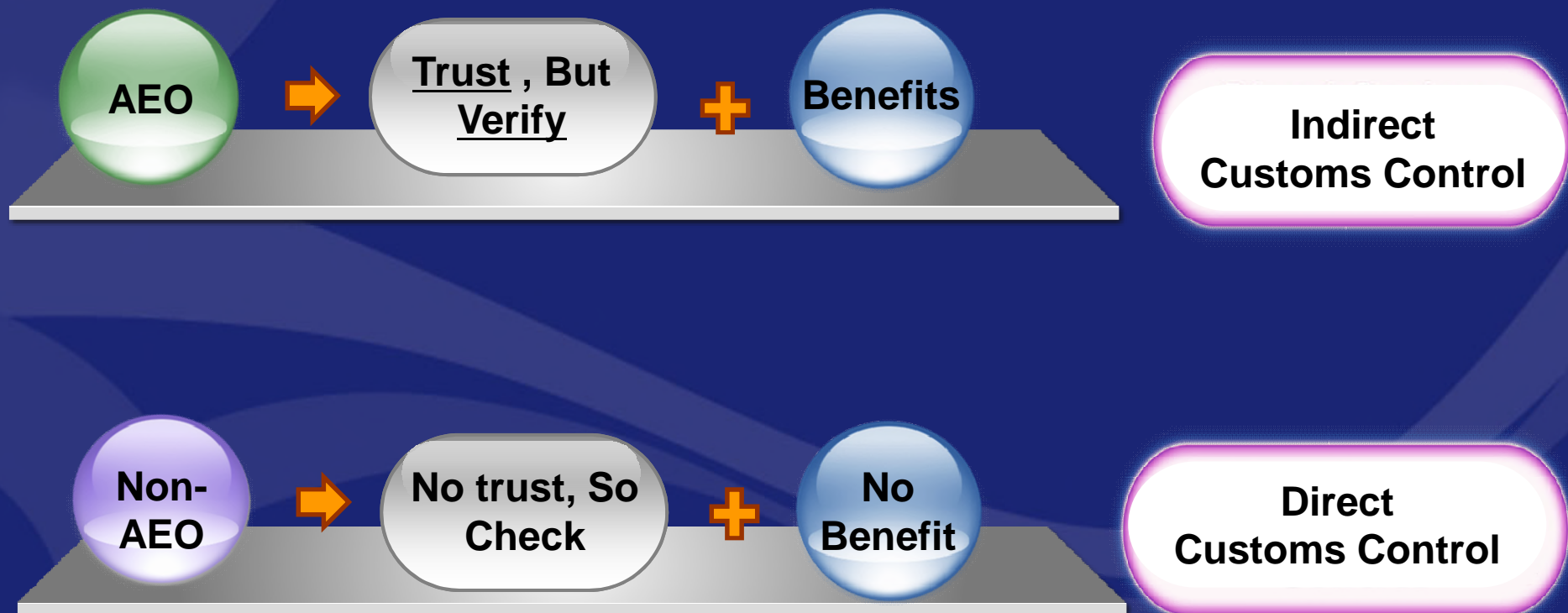
**2. Allocate efficiently
Customs resources**

**3. Eliminate duplication and
multiple reporting requirements**

**4. Undertake Customs reform and
modernization**

Benefits (in SAFE FoS)

Benefits – Customs (Risk Management)





Benefits (in SAFE FoS)

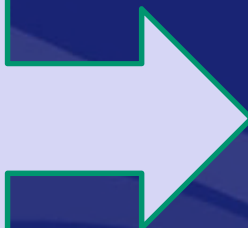


Benefits - Business

**Secure international
supply chain and
facilitate global trade**



**Faster processing
of trade goods**



1. Save time

2. Save costs

**3. Reduce multiple and complex
reporting requirements**

**4. Improve security systems,
practices, and internal control**

**5. Increase business opportunity
(enhance reputation leads to get
more business contracts)**



Benefits (in SAFE FoS)



Comparative Advantage (SMEs)

Less burdensome to meet some security measures,
even though the proportionate cost impact of security
investments on SMEs is greater than on larger companies

(e.g1)
Personnel
screening

(e.g2)
Cargo
integrity

(e.g3)
employee
ID system



Benefits (in SAFE FoS)

Benefits – Study1 (sourced by the Stanford University Study)

Supply chain security investments may not only be offset, but actually be outweighed by benefits

- Improved product safety (38% reduction in theft, loss, pilferage)
- Improved inventory management
(14 % reduction in excess inventory, 12% reported on-time delivery)
- Improved supply chain visibility
(50% increase in access to supply chain data, 30% increase in timeliness of shipping information)
- Speed improvement
(29% reduction in transit time, 28% reduction in delivery time window)
- Higher customer satisfaction
(26% reduction in customer attrition and 20 % increase in the number of new customers)



Benefits (in SAFE FoS)

Benefits – Study2

(sourced by Cross Border Research Association Study in South America)

No positive linear relationship between security cost investments and effectiveness

Many high cost security investments, such as high cost technical solution to cargo inspections, physical access control, and cargo/conveyance tracking, actually produced relatively low levels of security effectiveness.

Certain low cost security investments produced the following kinds of benefits:

- Improved oversight of the shipping process and activities
- Clearer and more transparent organizational roles and responsibilities
- Better employee hiring and exit processing policies and practices
- Enhanced internal security management practices
- Greater accuracy in shipping information and recordkeeping
- Increased precision in the qualitative evaluation of business partners



Benefits (in SAFE FoS)

Benefits – Study3

(sourced by the University of Virginia Survey in 2007)

C-TPAT benefits equaled or outweighed the affiliated costs

- Greater ability to predict lead time
- Decrease in supply chain disruptions
- Decrease in wait times for carriers at border
- Increase in number of customers and revenues
- Establishment of supply chain security procedures where none existed before
- More frequent review of service providers security standards
- Reduce cargo theft and pilferage
- Improve security for workforce



Benefits (in SAFE FoS)



Benefits by MRA

Through mutual recognition, AEOs should be expected, inter alia, to benefit from:

- Improved economic efficiency through reduced time and costs associated with cross-border Customs controls due to priority treatment.
- Reduced costs and time delays through priority inspections when cargo is selected facilitating just-in-time deliveries.
- Improved predictability and precision in moving goods from one's own territory to the territory of the trading partner whilst improving competitiveness of business.
- Reduced cargo theft and pilferage by improving the security of the bilateral supply chain.
- Target examinations so as to allow non-selected cargo belonging to the same trader to proceed without delay to destination to the extent possible.
- Reciprocal or comparable compliance benefits whenever equivalent programmes are provided.

By enhancing Customs-to-Customs co-operation and recognizing each other's AEOs, mutual recognition will allow Customs to target high risk shipments more effectively and expedite low risk shipments.



AEO Overview (AEO Compendium in 2017 edition)



- Two major types: security and security/customs compliance
- Total number of functional AEO programmes - 73
- AEO programmes to be launched - 17
- Customs compliance - 29
- Customs compliance to be launched - 3
- MRA - 44+3 (concluded), 42+4 (being negotiated)

Type of operator: importers, exporters, logistic operators (carriers, forwarders, shipping companies, airlines), customs brokers, warehouse operators. Some countries included special categories for ports, foreign manufacturers and third party logistics providers



AEO Overview (AEO Compendium in 2017 edition)

Legislation:

- All programmes - *voluntary* participation
- Most countries - amendments to their current legislation (mainly Customs Codes) or new legislation specifically for AEO
- Some countries - no specific legislation for an AEO

Further plans:

- Development of new electronic applications
- Improvement of procedures
- Enlarging the scope of programme (import/export) or elaborating it to include more types of operators
- Adding a security component (for customs compliance programmes)



Regional Developments

- Asia-Pacific: 12 operational programmes: China, Japan, Malaysia, New Zealand, Singapore, republic of Korea, Hong Kong, Australia, India, Indonesia, Thailand, Vietnam
- Europe: 9 operational programmes:
 - a) the EU programme is a uniform programme for its 28 Member states and serves as a general standard approach for the neighbouring countries, such as Norway and Switzerland.
 - b) Turkey, Norway, Israel, Macedonia, Serbia, Moldova, Andorra and Switzerland also have AEO programmes
- ✂ Russia is only initial developments on the legislative basis providing for the acknowledgement of the AEO status



Regional Developments

- Americas: 16 countries have implemented AEO programmes:

Argentina, Bolivia, Brazil, Canada, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru, Uruguay and the USA

- Africa and Middle East:

1. Middle East and Northern Africa there is 6 operational AEO programmes; Azerbaijan, Egypt, Jordan, Oman, Morocco and Tunisia

2. East and Southern Africa : 3 countries have launched AEO programmes: Burundi, Kenya and Uganda



Functional AEO Programmes



3. Operational AEO Programmes (73)

WCO region	Country	Title	Type
Americas and Caribbean (16)	Argentina	Customs System of Reliable Operators (SAOC)	Import/Export
	Bolivia	AEO	Import/Export/Customs Brokers, Highway Carriers
	Brazil	AEO	Import/export/ Bonded Warehouse, Port and Airport Operators/Carriers/Customs Brokers/Freight Forwarders
	Canada	Partners in Protection (PIP)	PIP - Import/export
	Colombia	AEO	Import/export
	Costa Rica	Customs Facilitation Programme for Reliable Trade (PROFAC)	Export/Import
	Dominican Republic	AEO	Import/export
	Ecuador	AEO	Export/Customs Brokers/Operators of Special Economic Development (ZEDE)
	Guatemala	AEO	Import/export
	Jamaica	AEO	Import/export
	Mexico	Authorized Economic Operator	Import/export
	Nicaragua*	AEO	
	Panama	AEO	Exporters/Sea ports/ Freight carriers
	Peru	AEO	Import/Export
	Uruguay	Qualified Economic Operator	Import/export/Customs Brokers/ Highway Carrier/FTZ users/FTZ warehouse/ Freight Forwarders/Port Operator/Cargo Terminal
	USA	Customs-Trade Partnership against Terrorism (C-TPAT)	Import



Functional AEO Programmes



Middle East and Northern Africa (6)	Azerbaijan	AEO	Import/Export
	Egypt	AEO-Egypt	Import/export/Customs Brokers/Warehouse
			keepers
	Jordan	Golden List	Import/export/Customs Brokers/Warehouse/Carriers/QIZ Companies
	Morocco	AEO	Import/export
	Oman*	AEO	Import/export
	Tunisia	AEO	Import/export

Asia Pacific (12)	Australia	Australia Trusted Trader Programme (ATT)	Import/export
	China	AEO	Import/export
	Hong Kong, China	AEO	Import/export/Manufacturers/Customs Brokers/Warehouses
	India	Hong Kong AEO Programme	Import/export
	Indonesia	AEO	Import/export/Freight Forwarders/Terminal Operators/Warehouse Operators
	Japan	AEO	Export
	Korea	AEO	Import/export/Warehouse Operators/Customs Brokers/Logistic Operators/Manufacturers
	Malaysia	AEO	Import/export
	New Zealand	AEO	Import/export/Manufacturing Warehouses/Manufacturers in FIZ/Trading Companies
	Singapore	Secure Exports Scheme (SES)	Export
	Thailand	Secure Trade Partnership (STP)	Import/export
	Vietnam	AEO	Importers/Exporters/Customs Broker



Functional AEO Programmes



Europe (36)	EU (28 countries)	AEO	
	Israel	AEO	Import/export
	Moldova,	AEO	export/Customs
	Republic of		Brokers/Int'l Freight Forwarders/Warehouses/Cargo Terminal/Seaport Airlines
	The Former Yugoslav Republic of Macedonia	AEO	Import/export/Whole Supply Chain
	Norway	AEO	Import/export
	Serbia	AEO	Import/export
	Switzerland	AEO	Import/export/Whole Supply Chain
	Turkey	AEO	Import/export
	Andorra*	AEO	Import/export

*Information is not available



AEO Programmes to Be Launched & Customs Compliance Programmes

1. AEO Programmes Under Development (17)

WCO region	Country	Title	Type
Americas and Caribbean (2)	Chile	AEO pilot	Export/Customs Brokers
	El Salvador	El Salvador Authorized Economic Operator (OEA-SV)	Import
North of Africa, Near and Middle East Region (1)	Bahrain	AEO	Import/Export/Transit
West and Central Africa (2)	Cote d'Ivoire	AEO	Import/export
	Democratic Republic of Congo	AEO	Import/export
East and Southern Africa (5)	Angola	AEO	Import/Export
	Botswana	Trans Kalahari Accreditation Scheme	Import/export
	Ghana	AEO	Import/Export
	Seychelles	AEO	Import/export
	South Africa	AEO	Import/export
	Philippines	AEO	Export
Asia Pacific (2)	Armenia	AEO	
Europe (5)	Georgia	AEO	Import/export
	Iceland	AEO	Import/export
	Russian Federation	AEO	
	Montenegro	AEO	-

1. Operational Customs Compliance Programmes (29)

WCO region	Country	Title
Americas and Caribbean (5)	Belize	Voluntary Compliance Programme
	Brazil	Blue Line
	Canada	Customs Self Assessment (CSA)
	El Salvador	PACE
	USA	Trusted Trader Pilot Program
Middle East and Northern Africa (5)	Algeria	AEO
	Azerbaijan	The Green Corridor
	United Arab Emirates	Golden List programme
	Sudan	Golden List
	Iran	AEO
West and Central Africa (2)	Senegal	Privileged Partnership Programme
	Cameroon	Performance Operators' Contracts
East and Southern Africa (8)	Madagascar	Accelerated Clearance Programme (PAD)
	Mauritius	Qualified TradeNet USER (QTU)
	Mozambique	AEO
	Rwanda	Compliant Trader Schemes (Gold Card Scheme and Pre-clearance Scheme)
	South Africa	Preferred Trader (Accreditation Level 2)
	Tanzania	Compliant Traders' Scheme
	Togo	Privileged Partnership Framework
	Zambia	Customs Accredited Clients Programme (CACP)
	Cambodia	High Compliant Trader Incentive Mechanism
Asia Pacific (5)	Fiji	Gold Card Service
	India	Accredited Client Programme (ACP)
	Indonesia	MITA
	Sri Lanka	Compliant Traders Facilitation Programme
Europe (4)	Georgia	Golden List
	Kazakhstan	AEO
	Russian Federation	AEO
	Serbia	Simplified Customs Clearance Procedure



AEO Mutual Recognition



1. Concluded MRAs (44 + 3)

Date	Country	Date	Country
June 2007	New Zealand – USA	February 2014	Hong Kong, China – Korea
May 2008	Japan – New Zealand	March 2014	Korea - Mexico
June 2008	Canada – USA	May 2014	EU - China
June 2008	Jordan – USA	June 2014	Hong Kong, China - Singapore
June 2009	Japan – USA	June 2014	Korea - Turkey
July 2009	EU – Norway**	June 2014	Malaysia - Japan
July 2009	EU – Switzerland**	June 2014	USA - Israel
June 2010	Canada – Japan	October 2014	USA - Mexico
June 2010	Canada – Korea	December 2014	USA - Singapore
June 2010	Canada – Singapore	March 2015	Israel – Korea
June 2010	EU – Japan	April 2015	Korea – Dominican Republic
June 2010	Korea – Singapore	June 2015	Hong Kong, China - Thailand
June 2010	Korea – USA	October 2015	India-South Korea
January 2011	Andorra – EU**	March 2016	Hong Kong, China - Malaysia
May 2011	Japan – Korea	November 2015	Switzerland- Norway
June 2011	Korea – New Zealand	December 2015	USA – Dominican Republic
June 2011	Japan – Singapore	May 2016	Mexico - Canada
May 2012	EU-USA	July 2016	Australia- New Zealand
June 2012	China - Singapore	August 2016	Hong Kong, China - Japan
July 2013	Korea - China	December 2016	Brazil - Uruguay
October 2013	China - Hong Kong, China	December 2016	Thailand - Korea
November 2013	India- Hong Kong, China	January 2017	China- Switzerland

*Chinese Taipei - as Non Member

USA-Chinese Taipei (May 2012); Israel-Chinese Taipei (Dec 2013); China-Chinese Taipei (Oct 2016)

****The agreements between the EU and Switzerland, EU and Norway, and EU and Andorra, are not traditional MRAs of AEO. The mutual recognition aspect of those agreements applies only to indirect export cases, as Customs security measures in relation to the movement of goods do not exist between them**



AEO Mutual Recognition



2. MRAs being negotiated 42 + 4 (multilateral)

Countries	Countries
China – Japan	China – USA
EU – Canada	Australia- Korea
Canada - Israel	Hong Kong, China – EU
Malaysia-Thailand	New Zealand-China
New Zealand - Singapore	Thailand -Singapore
Norway – Switzerland	Australia- Canada
USA-Brazil	USA -Peru
China – Israel	USA-Uruguay
China – Switzerland	Switzerland – Japan
China – Kazakhstan	Australia-Hong Kong
Uruguay – South Korea	Peru – Korea
Mexico – Costa Rica	Australia-Thailand
Malaysia – Korea	Mexico – Israel
Mexico – Hong Kong, China	Kazakhstan- Turkey
China – Australia	Kazakhstan-Korea
Bolivia – Brazil	Colombia – Ecuador
Bolivia – Uruguay	Brazil – Argentina
China –Brazil	China – New Zealand
Ecuador – Korea	Australia-Singapore
Thailand – Japan	Iran – Russia
Costa Rica - Mexico	China - USA
CEFTA (Poland, Hungary Czechoslovakia, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovakia, Slovenia and United Nations Interim Administration Mission in Kosovo on behalf of Kosovo.	Agadir Agreement Member States (Tunisia, Egypt, Morocco, Jordan)
Pacific Alliance (Mexico, Chile, Colombia, Peru)	ANDEAN Community (Bolivia, Colombia, Ecuador, Peru)

*Chinese Taipei - as Non Member

Hong Kong, China – Chinese Taipei*



Relationship between WCO SAFE Fos and WTO TFA



WTO Agreement on Trade Facilitation

WTO members reached consensus on the Trade Facilitation Agreement (TFA) at the Bali Ministerial Conference in December 2013.

Members reached an agreement on the Protocol text which was adopted on 27 November 2014. The agreement does not fix a deadline date for acceptance of the Protocol.

The TFA entered into force on 22 Feb. 2017 following its ratification by two-thirds of its 164 WTO members. **As of end of July 2018, 137 members have ratified the agreement**, and 113, 67, and 56 members have presented notifications category A, B, and C respectively.



Relationship between WCO SAFE Fos and WTO TFA

Trade Facilitation Agreement

Section I:

- ❖ 12 articles of technical measures

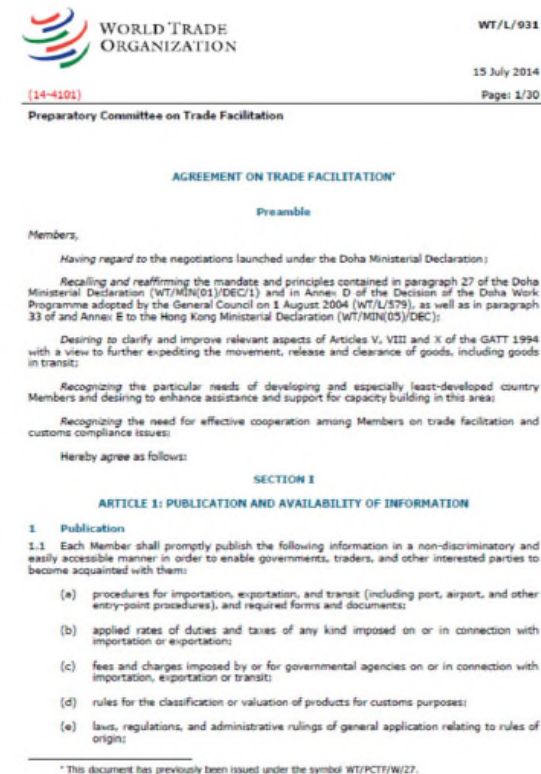
Section II:

- ❖ Special and Differential Treatment (SDT) Provisions for developing countries

Section III:

- ❖ Institutional Arrangements and Final Provisions

WT/L/940





Relationship between WCO SAFE Fos and WTO TFA

TF Measures

Transparency and Appeals

- Publication/internet publication
- Enquiry Point for trade information
- Opportunity to comment
- Consultations
- Advance rulings
- Right of appeal

Transit

- Restrictions on fees and charges
- Use of guarantee

Import/Export/Transit Fees & Formalities

- Disciplines on fees
- Pre-arrival processing
- Risk management
- Post clearance audit
- Publish average release times
- Authorized operators
- Border agency cooperation
- Review formalities and documents
- Single window
- Eliminate use of PSI for tariff classification and customs valuation.
- Separate release from clearance
- Customs cooperation



Relationship between WCO SAFE Fos and WTO TFA

At the border

Issues

✓ Inefficient border-crossing procedures



TFA Solutions

- Pre-arrival processing
- Risk management
- Post Clearance Audit
- Separation of release from final determination
- Authorized operators
- Electronic Processing
 - Single window
 - Electronic payment
- Border agency cooperation
- Customs-to-Customs Information



Difference between WCO SAFE FoS and WTO TFA

WCO AEO

✓ eligibility criteria for an AEO include a demonstrated compliance record; satisfactory system for management of commercial records; financial viability and security (cargo, transport conveyance, premises, personnel and trade partner security)

✓ starting point for national AEO programme implementation and supports the effective application of the standards that are outlined in Pillar II of the SAFE Framework. This guidance will provide for long-term application of meaningful standards that will apply to both Customs and AEOs at the global level. These core international standards (from A to M) **shall form a “baseline” that must be followed by all parties engaged in this effort**

WTO AO

✓ The specified criteria to qualify as an authorized operator shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member's laws, regulations or procedures.

(a) Such criteria, which shall be published, **may include:**

(i) an appropriate record of compliance with customs and other related laws and regulations;

(ii) a system of managing records to allow for necessary internal controls;

(iii) financial solvency, including, where appropriate, provision of a sufficient security or guarantee; and

(iv) supply chain security



Difference between WCO SAFE FoS and WTO TFA

WCO AEO

✓ must always - but not exclusively -
comply with a range of security
standards to ensure supply chain
security

✓ based on global standards for launching
and maintaining the AEO status (provided
in Pillar 2 of the WCO SAFE Framework of
Standards)

WTO AO

✓ supply chain security may be one
of the components

✓ non-standardised and could vary
from one Member to another
depending upon the criteria and
the thrust specified by Members



mutual recognition of AOs could be a challenging task.

Para 7.4 of Article 7.7 of the WTO TFA encourages Members to develop AO schemes on the basis of international standards. The Revised Kyoto Convention and its guidelines and the SAFE Framework of Standards provide such standards. A common and shared understanding of an AO scheme based on an agreed set of common standards is essential for any meaningful and effective mutual recognition in the future



Contacts



Website

<http://www.wcoomd.org>

<http://rocb-ap.org>

E-mail

johy@rocbap.org