



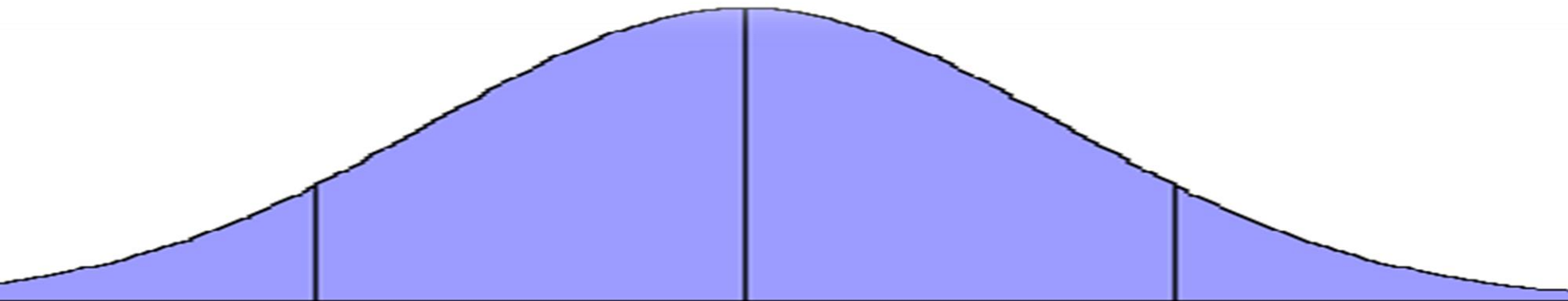
# Customs Partnership Programs

- Authorized Persons
- Authorized Economic Operators
- Authorized Operators

# Why Partnership?

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<b>Honest</b>	<b>Conditional consenters</b>	<b>Criminals</b>
10~20%	60~80%	10~20%
<ul style="list-style-type: none"> <li>-Voluntary payment</li> <li>-Compliance</li> </ul>	<ul style="list-style-type: none"> <li>- Follow what others are doing</li> <li>- Majority cheating a little bit               <ul style="list-style-type: none"> <li>• Undervaluation of 20%</li> <li>• Insurance claim, exaggerate the cost</li> </ul> </li> <li>- ‘Bend’ reality and rationalize               <ul style="list-style-type: none"> <li>• Not feeling guilty and rationalize</li> </ul> </li> </ul> <p><u><i>Building Trust &amp; Partnership,</i></u> <u><i>Building Social Capital</i></u></p>	<ul style="list-style-type: none"> <li>- <i>Organized Crime</i></li> <li>- <i>Direct smuggler</i></li> <li>- <i>Armed robbery</i></li> </ul>

# Customs Business Partnership

- Win -Win -



## *Customs*

- Improved trade security
- Trade efficiency
- Effective enforcement
- Effective use of limited resources

## *Business*

- Prompt Customs clearance
- Lower transaction cost
- Transparency and predictability of procedures
- More business opportunity

## *Partnership*

## *Government*

- Economic and Social development

# Partnership: RKC principle

## 1: General Principles

(e.g., consultation 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



# Authorized Person - the RKC (GA 3.32) -

- **Eligibility Criteria** includes:
  - An appropriate record of compliance with Customs requirements, and
  - A satisfactory system of managing commercial records.
- **Benefits:**
  - Release of goods on minimum necessary information,
  - Clearance at the declarant's premises or another place authorized by the Customs,
  - Single declaration for all imports/exports over a period,
  - Self assessment of duty and tax on the basis of commercial records,
  - Goods declaration by means of an entry in the records of the AP followed by a supplementary Goods declaration.

# Authorized Economic Operator (AEO) – the SAFE FoS

## ➤ Eligibility criteria:

- demonstrated compliance record,
- satisfactory system for the management of commercial records,
- financial viability, and
- security concerning cargo, transport conveyances, premises, personnel and trade partners.

## ➤ Benefits:

- benefit of entire government/country,  
Customs and Business

### Government

- Improved revenue collection
  - More FDI
  - Coordinated Border Management
- > Economic development

### Customs

- Efficient allocation of resources
- Streamlining requirements
- Driving Customs reform and modernization

### Business

- reduced data sets for cargo release
- expedited processing and release
- minimum cargo security inspections
- reduction of/exemption from bank guarantees
- priority inspection
- reduction of theft and damage
- improved internal efficiency
- benefits from other countries – MRAs
- enhanced competitiveness and reputation

# Designation Criteria (positive & negative)

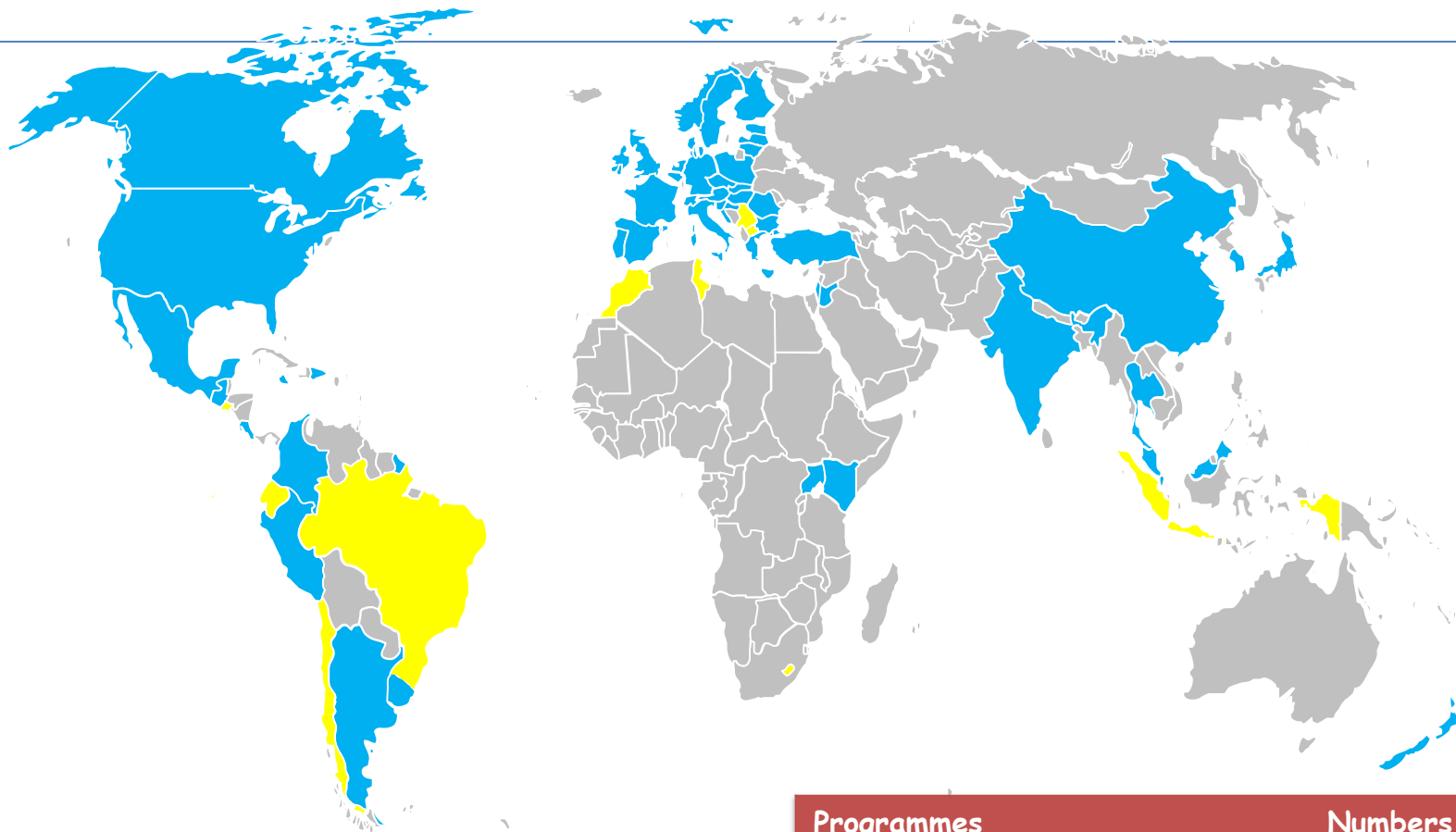




Law Compliance	Internal Control System	Financial Solvency	Security MGMT
1.1 Disqualification such as offence on Acts and Customs admin.-related compliance	1. Objective and Operation Policy of AEO	1. Volume of business	1. Business partner management
	2. Documentation on procedures, Accuracy of information,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



# AEO Map 2014

(AEO Compendium 2014)



-  Countries with existing AEO programmes
-  Countries with AEO programmes to be launched

Programmes	Numbers
Operational AEO programmes	58
AEO programmes to be launched	12
Customs compliance programmes	13
<b>Total</b>	<b>83</b>

# Authorized Operators

## Article 7.7 of the WTO TFA - Broad features -

- Additional trade facilitation measures to 'Authorized Operators'
- **Specified criteria may** include:
  - an appropriate record of compliance with customs and other related laws and regulations;
  - a system of managing records to allow for necessary internal controls;
  - financial solvency, including, where appropriate, provision of a sufficient security or guarantee; and
  - supply chain security.
- No criteria mandatory,
- No arbitrary or unjustifiable discrimination,
- No restriction to SMEs.



# Trade Facilitation Measures

## - Authorized Operators -

- **At least three benefits** of the following:
  - low documentary and data requirements,
  - low rate of physical inspections and examinations,
  - rapid release time,
  - deferred payment of duties, taxes, fees and charges,
  - use of comprehensive guarantees or reduced guarantees,
  - a single customs declaration for all imports or exports in a given period, and
  - clearance of goods at the premises of the authorized operator or another place authorized by Customs.

# Comparison of AO, AP and AEO



	Authorized Operator	Authorized Person	AEO (SAFE FoS)
Program character	Business Partnership Program (should be developed together with business !)		
Base document	The WTO TFA - Article 7.7	The RKC - GA 3.32	The SAFE FoS (Customs to Business Pillar 2-Annex III)
Primary objective of the program	Trade Facilitation	Trade Facilitation (Simplification)	Facilitation & Supply Chain Security
Major requirements	<ul style="list-style-type: none"> <li>• Good compliance record;</li> <li>• Commercial record management;</li> <li>• Financial solvency, including; and</li> <li>• supply chain security.</li> </ul> (none of them mandatory)	Compliance requirements <ul style="list-style-type: none"> <li>• Good compliance record</li> <li>• Commercial record management</li> </ul>	Compliance requirements+ Security requirements <ul style="list-style-type: none"> <li>• Premises security</li> <li>• Employee security</li> <li>• Cargo security etc</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Clearance with info and reduced examination</li> <li>• Deferred payment of duties/taxes</li> <li>• Clearance at traders' premises , etc</li> </ul>	<ul style="list-style-type: none"> <li>• Clearance with minimum info</li> <li>• Clearance at traders' premises</li> </ul> Etc	<ul style="list-style-type: none"> <li>• Reduced examination</li> <li>• Customs consultation point</li> <li>• Priority examination</li> <li>• <b>Mutual Recognition, etc</b></li> </ul>
coverage	Importer/Exporter	Importer/Exporter	Importer/exporter, transporter, customs broker, consolidator etc.



# Analysis

- All three partnership programs are similar/different
- Focus in AO is on trade compliance and security may be one of the component,
- AEO must always comply with a range of security standards
- The Authorized Operator (AO) could be an:
  - Authorized Person (AP) and/or
  - Authorized Economic Operator (AEO)
- SAFE AEO is more comprehensive
  - A more standardized and structured approach
  - A much wider dimension
  - Seamless Mutual Recognition Agreements



# Analysis

- TFA foresees the possibility of Mutual Recognition AOs
  - Challenges would be to have a common approach for MRA due to varied models of AO.
  - Para 7.4 of the Article 7.7 of the TFA– use of international standards.
- If a Member successfully implements SAFE AEO, it complies with WTO TFA AO



# Challenges

- Identifying tangible benefits
- Making fast clearance even faster
- Shift from our traditional control mindset to one of trust
  - Security validation - Customs officers are not trained
- Necessary changes in law/regulations
  - Adapting current processes and systems to meet the requirements of a Customs Compliance/AEO Programme
- Engaging business and making them understand value
  - Involving all economic actors in the supply chain especially SMEs

# WCO supports Members

- WCO Standards fully supports WTO TFA AO-
- The RKC and its guidelines and
- The SAFE FoS and SAFE Package.

## ➤ WCO Implementation Guidance for WTO TFA

<http://www.wcoomd.org/en/topics/wco-implementing-the-wto-atf/atf.aspx>



**Implementation Guidance**  
The World Customs Organization (WCO), an intergovernmental organization specially mentioned in the Bali Ministerial Declarations, is highlighting its role in the implementation and administration of the WTO Agreement on Trade Facilitation (ATF). The WCO, the centre of excellence on Customs matters world wide, is committed to the efficient implementation of the ATF.

Select an article below to view more information

Search articles:

<b>Article 1</b> Publication and availability of information	<b>Article 2</b> Opportunity to comment, information before entry into force and consultation	<b>Article 3</b> Advance
<b>Article 4</b> Appeal or review procedures	<b>Article 5</b> Other measures to enhance impartiality, non discrimination and transparency	<b>Article 4</b> Disciplin charges connect and exp
<b>Article 7</b> Release and clearance of goods	<b>Article 8</b> Border agency cooperation	<b>Article 5</b> Movema customs import
<b>Article 10</b> Formalities connected with importation and exportation and transit	<b>Article 11</b> Freedom of transit	<b>Article 6</b> Customs

**TRADE FACILITATION**

Browse Articles ▶

Release and clearance of goods

1 Pre-arrival Processing	OVERVIEW
2 Electronic Payment	WTO ATF
3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges	REVISED KYOTO CONVENTION
4 Risk Management	OTHER WCO TOOLS
5 Post-clearance Audit	SAFE Framework of Standards (download)
6 Establishment and Publication of Average Release Times	The SAFE Framework principally incorporated into its text de on the conditions and requirements for Customs and Authori Operators (AEO), initially developed in a separate document was driven by the perception that both Customs and its busin would benefit from having all SAFE and AEO provisions read single comprehensive instrument.
7 Trade Facilitation Measures for Authorized Operators	SAFE Package
8 Expedited Shipments	The Package includes various tools relating to AEO including Implementation Guidance, the AEO Compendium and Mode Procedures.
9 Perishable Goods	• AEO Implementation Guidance (download)
	• AEO Compendium (download)
	• Model AEO Appeal Procedures (download)
	• AEO Benefits: Contribution from the WCO Private Sec Group(download)
	• The Authorized Economic Operator and the Small and

- Revised Kyoto Convention
- SAFE Framework of Standards
- AEO Implementation Guidance
- AEO Compendium
- Model AEO Appeal Procedures
- AEO Benefits: Contribution from the WCO Private Sector Consultative Group
- The Authorized Economic Operator and the Small and Medium sized Enterprise (FAQ)
- Mutual Recognition Arrangement/Agreement Guidelines
- AEO Template





# WCO supports Members

- Further development of tools which support AEO implementation
  - Customs-Business Partnership Guidance
  - AEO Validation Guidance and Training Material
- Mercator Programme





# Conclusion

- Many members developed AEO programmes
- Standardised approach needed to pave the way for maximising benefit and seamless mutual recognition
- AO could be a stepping stone for implementation of full fledged AEO
- Regional AEO programme

# Long term goals!



**Trust!**

**"It takes years to build trust,  
and a few seconds  
to destroy it"**



Thank you for your attention.

