



Regional Workshop in Enhancing and Accelerating the Implementation of the Authorized Economic Operators' Program in Central Asia

31 October – 2 November 2023, Tashkent, Uzbekistan



REGIONAL WORKSHOP IN ENHANCING AND ACCELERATING THE IMPLEMENTATION OF THE AEO PROGRAM IN CENTRAL ASIA

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PROVISIONAL AGENDA

Background

The Asian Development Bank's "Better Customs for Better Client Services in Central Asia" project aims to foster inclusive economic growth and support the readiness of Central Asian countries to comply with existing international trade facilitation commitments such as the Authorized Economic Operator (AEO) Program and new or evolving requirements. The World Trade Organization Trade Facilitation Agreement¹ (WTO TFA) requires WTO Members to develop an Authorized Operator schemes based on international standards. Article 7.7 of the TFA also provides that the criteria and requirements shall be specified in laws, regulations, or procedures, and include (1) an appropriate record of compliance with Customs and other related laws and regulations, (2) a system of managing records to allow for necessary internal controls, (3) financial solvency, including provision of sufficient security or guarantee where appropriate, (4) supply chain security. Further, to enhance trade facilitation measures provided to authorized operators, mutual recognition of authorized operator schemes is encouraged.

International standards are provided by the Revised Kyoto Convention² (RKC) on the Simplification and Harmonization of Customs Procedures, which is the main trade facilitation Customs convention, as well as the SAFE Framework of Standards to Secure and Facilitate Global Trade, which is meant to deter international terrorism, secure revenue collections, and promote trade facilitation. Under the latter, WCO introduced its Authorized Economic Operator (AEO) program, which is more comprehensive than Article 7.7. Using the AEO criteria to implement Article 7.7 will help ensure a harmonized approach and seamless mutual recognition at bilateral, sub-regional, regional, and global levels.

The 2021 version of the SAFE Framework strengthens cooperation between Customs and PGAs by promoting smart security devices to optimize Customs control and increase visibility in the movement of goods. Moreover, a baseline provisions on the development of regional Customs union's AEO programs and the implementation of mutual recognition arrangements. The updated SAFE Framework further enhances data elements by aligning the data set on air cargo security with the data elements specified in the WCO's data model and consolidates the reporting mechanisms on the implementation of the SAFE Framework.

Moreover, it is important to recognize the crucial role of Customs authorities in the movement of goods across international borders, which requires the participation of numerous entities and

¹ WTO-legal-text-agreement-on-trade-facilitation

² https://www.wcoomd.org>pf_revised_kyoto_conv

stakeholders. The AEO Program requires a uniform set of strategies to secure all process points yet facilitate the movement of global trade. Balance between secured supply chain and trade facilitation must also be recognized, including the vulnerable points along the supply chain.

OBJECTIVES

This is a technical workshop on basic principles of the AEO Program to raise awareness on the underlying requisites in setting up uniform set of strategies and optimizing Customs control yet facilitate the movement of global trade. The following are the strategic activities in supporting the objectives:

- Gain a better understanding of the main obstacles and bottlenecks that may hinder further development in making the AEO program effective and dynamic;
- Convey a holistic approach in implementing an efficient and affective AEO program citing best practices of other countries in designing the criteria for accreditation for multiple levels, important areas for Mutual Recognition Agreements (MRA) negotiations, inclusion of other potential operators to benefit from the AEO scheme;
- Identify gaps and challenges facing both the government and trading community regarding the lack of regular trainings for evaluators on the proper methods of evaluation and validation, especially on determination of financial stability, IT policy, business continuity and information security measures; and
- Assist CAREC countries that do not have AEO programs in mapping their needs in each identified area.

WORKSHOP CONDUCT

AEO experts from CAREC member countries, development partners, and private sector will be invited to share their experiences in the development and implementation of a dynamic AEO program with the following themes:

	Theme	Variables
1	Application, verification, and authorization, including security and compliance requirements	Application, Verification & Authorization Procedures
		Self-Assessment Mechanism
		Compliance Requirements
		Physical Security Requirements
2	Partnership between Customs and the private sector	Partnership Initiatives and Benefits
		Certification Procedure
		365 Degree Feedback Mechanism
3	Partnership between Customs authorities	Partnership Initiatives and Benefits
		Mutual Recognition Arrangement
		Reciprocity and Comparable Benefits
		Replication of Reference Tables
4	Partnership between Customs authority and Trade Regulators	Partnership Initiatives and Benefits
		Inter-agency Data Sharing Arrangement
		Extending the AEO Program Benefits to Trade Regulator Clients
5	Synergy of the AEO Program with other Trade Facilitation Initiatives	Proactive Traders and Movers Compliance Scoresheet
		Integrated Risk Management

		Leverage the use of Modern Technology
		The National Single Window
6	Other Suggested AEO Schemes	AEO Scheme for E-Commerce Actors
		AEO Scheme for SMEs
7	The AEO Operations Manual	Rationale and Benefits

PARTICIPANTS

All CAREC Customs officials (Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, People's Republic of China, Tajikistan, Turkmenistan and Uzbekistan), transport operators' associations and development partners.

PROGRAMME OF ACTIVITIES

Day 1 – 31 October 2023 (Tuesday)	
09:00 – 09:30	Registration of Participants
09:30 – 09:50	<p>Welcome Remarks (10 minutes)</p> <p>Uzbekistan State Customs Committee (tbc)</p> <p>Opening Remarks (10 minutes)</p> <p>Ms. Kanokpan (Gem) Lao-Arya, Country Director, Uzbekistan Resident Mission, Asian Development Bank (tbc)</p>
09:50 – 10:00	Group Photo Session (10 minutes)
10:00 – 10:30	<p>Session 1: Value Proposition of the AEO Program and the 2021 WCO SAFE Framework (20 minutes)</p> <p><i>The WCO's initiative on Customs-Business partnership thru the Authorized Economic Operator (AEO) program (SAFE Framework) has emerged as the global Customs community's concerted response to threats to supply chain security, equally supporting facilitation of legitimate and secure cargo movement. It prescribes baseline standards that have been tested and are working well around the globe.</i></p> <p>Speaker: Mr. Dennis C. Pantastico, AEO Expert, ADB Consultant</p> <p>Q & A (10 minutes)</p> <p>Moderator: Ms. Zulfia Karimova, Principal Regional Cooperation Specialist, Regional Cooperation and Integration Unit, Central and West Asia Department</p>
10:30 – 11:00	Session 2 Korea's Experience on Business Process Re-engineering (Customs Modernization) (20 minutes)

	<p><i>The Korea Customs Service conducted business process re-engineering and information strategy planning way back in the early 2000s. The intent was to find a reasonable balance between reducing the customs procedures costs and maintaining the same level of Customs control using their single window platform.</i></p> <p>Speaker: Mr. Jung Jaeho, Director General of Customs Valuation and Classification Institute, Korea Customs Service</p> <p>Q & A (10 minutes)</p> <p>Moderator: Mr. Dennis C. Pantastico, AEO Expert, ADB Consultant</p>
11:00 – 11:20	Morning Coffee/Tea Break
11:20 – 12:10	<p>Session 3: Country Experiences on AEO Program’s Self-Assessment Questionnaire and On-Site Validation (50 minutes)</p> <p><i>To assist the Customs Authorities in evaluating the conformity with the WCO SAFE Framework, the WCO Secretariat has crafted a Self-Assessment checklist which provides a snapshot of the required elements in the Framework of Standards, these are:</i></p> <ul style="list-style-type: none"> • <i>Strategic Management</i> • <i>Resources</i> • <i>Legal Framework</i> • <i>Systems and Procedures</i> • <i>Information and Communication Technology</i> • <i>External Co-operation, communication and partnership</i> • <i>Integrity</i> <p><i>We invited speakers from PRC Customs and Indonesian Customs to share their self-assessment questionnaire, other elements or areas they added, including the detailed conduct of their on-site validation. This is to provide a more detailed understanding of the AEO Authorization process.</i></p> <p>Speakers:</p> <p>a. Mr. Liang Jun, Deputy Director General, Department of Enterprise Management and Audit-based Control, General Administration of Customs on PRC’s Experience on AEO Program’s self-assessment and on-site validation (20 minutes)</p> <p>b. Mr. Agus Sujendro, Section Head of AEO Certification, Directorate of Customs, Indonesian Ministry of Finance Customs Service - Indonesia Experience on AEO Program’s self-assessment and on-site validation (20 minutes)</p> <p>Q & A (10 minutes)</p>

	Moderator: Mr. Dennis C. Pantastico , AEO Expert, ADB Consultant
12:10 – 14:00	Lunch Break
14:00 – 15:00	<p>Session 4: AEO Program Updates from CAREC Countries (5 minutes each)</p> <p>Azerbaijan Georgia Kazakhstan Kyrgyz Republic Mongolia Pakistan Tajikistan Turkmenistan Uzbekistan</p> <p>Q and A (15 minutes)</p> <p>Moderator: Ms. Zulfia Karimova, Principal Regional Cooperation Specialist, ADB</p>
15:00 – 15:20	Afternoon Tea/Coffee Break
15:20 – 16:00	<p>Session 5: Panel Discussion - Partnership between Customs Authority and Trade Regulators (40 minutes)</p> <p><i>This session will present the opportunities and challenges that focuses on the cooperation between Customs and partner government agencies (PGAs) in achieving a balance between trade facilitation and trade security control. The intent is to assist Customs in establishing an AEO Program, as a positive reinforcement in striving for more facilitation by leveraging the use of modern technology and attract more enterprises to apply as a trusted partner with the participation of the PGAs in extending the AEO benefits to their clients.</i></p> <p>Presenters:</p> <ol style="list-style-type: none"> a. Mr. Goro Suzuki, AEO expert, Japan Customs, Partner Government Agencies cooperation in supply chain security and facilitation and extending the benefits of the AEO program to PGA's clients (10 minutes) b. Mr. Jung Jaeho, Director General of Customs Valuation and Classification Institute, Korea Customs Service, on strengthening the coordination between Customs and PGAs in sharing the best practices in line with the WCO SAFE Framework Pillar 3 (10 minutes) c. Mr. Liang Jun, Deputy Director General, Department of Enterprise Management and Audit-based Control, General Administration of

	<p>Customs on inter-agency data sharing arrangement between Customs and Partner Government Agencies by automating the application of licenses and permits process. (10 minutes)</p> <p>Q and A (10 minutes)</p> <p>Moderator: Mr. Dennis C. Pantastico, AEO Expert, ADB Consultant</p>
16:00 – 16:10	<p>Summary and Wrap-Up of Day 1 (10 minutes)</p> <p>Uzbekistan State Customs Committee (tbc)</p>

Day 2 – 1 November 2023 (Wednesday)	
09:00 – 09:30	Registration of Participants
09:30 – 10:00	<p>Session 6: Paperless Trade (20 minutes)</p> <p><i>Paperless systems should increase clarity and streamline clearance processes for Customs Administrations. Government competence and capacities should be enhanced, and the trading community will experience time-saving and improved communication. In addition, trust should increase along with security and system integrity that will feed into the AEO program's underlying requisites in delivering tangible benefits for certified economic operators.</i></p> <p>Speaker: Mr. Aleksei Bondarenko, UN/CEFACT Vice Chair</p> <p>Q & A (10 minutes)</p> <p>Moderator: Ms. Zulfia Karimova, Principal Regional Cooperation Specialist, ADB</p>
10:00 – 10:50	<p>Session 7: Synergy between the AEO Program and the National Single Window program (50 minutes)</p> <p><i>The benefits in the use of a National Single Window (NSW) in AEO certification, evaluation, and validation are extensive. Prospective economic operators would be able to obtain, from one single source, all the information that the trading community may require in order to comply with regulatory obligations in relation to clearance of export, import or other customs regimes. This single source capability will benefit Customs and TRGAs in getting a full visibility in performing risk targeting activities.</i></p> <p><i>Customs should recognize the mandates of involved TRGAs (SAFE Framework Pillar 3) having different viewpoints, expectations and capabilities. The complexities on required essential legal areas that might arise need to be systematically factored, giving emphasis on the performance measure of</i></p>

	<p><i>the strategic effectiveness of the AEO program through digitalization by bringing reforms in the governance system in line with international best practices.</i></p> <p><i>Pakistan recognized the single window's ability to transcend borders, serving as a vital bridge between trading partners. It is a powerful tool that can enable the exchange of cross- border AEO-related data in real-time, reducing trade barriers and promoting transparency on a global scale.</i></p> <p>Presenters:</p> <ol style="list-style-type: none"> a. Mr. Irfan ur Rehman, Director General, Input Output Coefficient Organisation (IOCO), Pakistan Federal Bureau of Revenue on its use of the Pakistan Single Window (PSW) is increasingly being recognized as an emerging success story in the national and international trading community. Thus, it is interesting to know the interoperability features between their PSW and AEO program (20 minutes) b. Mr. Jung Jaeho, Director General of Customs Valuation and Classification Institute, Korea Customs Service on Customs work with PGAs in establishing, promoting and adopting a single window system for the benefit of AEOs in line with the WCO SAFE Framework (20 minutes) <p>Q & A (10 minutes)</p> <p>Moderator: Ms. Zulfia Karimova, Principal Regional Cooperation Specialist, ADB</p>
10:50 – 11:10	Morning Coffee/Tea Break
11:10 – 11:40	<p>Session 8: WCO Guidelines on Negotiating Mutual Recognition Agreements (20 minutes)</p> <p><i>The WCO Guidelines on MRA provides a set of activities to be undertaken by Members to reach the pre-defined goals in terms of planning, negotiating and implementing MRAs with partner Customs Administrations. It sets out some of the key enablers that are required for a successful MRA negotiation and implementation with working examples and best practices.</i></p> <p><i>MRA guiding principles are the following:</i></p> <ul style="list-style-type: none"> • <i>Reciprocity so that AEOs are recognized by the other Customs Administration and are entitled to receive reciprocal benefits</i> • <i>Use of modern technology to support, maintain and implement AEO programs and their MRA relationships.</i> • <i>Transparency, coordination and vision.</i> <p>Speaker: Mr. Goro Suzuki, AEO expert, Japan Customs</p> <p>Q & A (10 minutes)</p>



	Moderator: Mr. Dennis C. Pantastico , AEO Expert, ADB Consultant
11:40 – 12:30	<p>Session 9: Moldova Experience on AEO Program - boosting capacity of Moldovan products to the EU market (50 minutes)</p> <p><i>In November 2022, Moldova’s Authorized Economic Operators were recognized by all 27 EU Member States boosting export capacity of Moldovan products to the EU market and of vital interest to businesses. This means simplified procedures for customs release, less time spent at the border and less queues at the border.</i></p> <p><i>It is interesting to know Moldova’s approach in working with the European Union on mutual recognition of trade partnership and customs control, including equivalent trade facilitation measures, Features of the trade partnership agreement include real-time transmission of up-to-date information of AEO safety and security data between Moldova and EU Member States in providing benefits to mutually recognized economic agents and priority border crossings and reduced controls.</i></p> <p>Presenters:</p> <ul style="list-style-type: none"> a) Ms. Kang Minju, Korea Customs Service in sharing their experience on how the AEO program boosted their exports (20 minutes) b) Ms. Natalia Calenic, Vice President – Chamber of Commerce and Industry of the Republic of Moldova in negotiating their MRA with the European Union boosting export capacity of their products (20 minutes) <p>Q & A (10 minutes)</p> <p>Moderator: Mr. Dennis C. Pantastico, AEO Expert, ADB Consultant</p>
12:30 – 14:00	Lunch Break
14:00 – 15:00	<p>Session 10: Panel Discussion – Technical Features of the AEO Program in relation to Risk Management (60 minutes)</p> <p><i>A lower risk score should be incorporated into the risk management system but the level of reduction of security and/or customs control can vary depending on the role and responsibility of the trusted partner (AEO certified) in the particular supply chain.</i></p> <p><i>It will help the prospective AEO applicants minimize their regularoty risks and take steps to improve their compliance score.</i></p> <p><i>A proactive trader’s compliance score module will allow Customs to monitor the compliance score of existing clients in navigating the complex underlying requisities of an AEO program by assigning scores to the following risk areas:</i></p> <ul style="list-style-type: none"> • <i>Updated trade compliance manual – without these guidelines, potential AEO applicants are vely likely to get lost along the way</i>



	<ul style="list-style-type: none"> • <i>Product classification – many companies incorrectly select the harmonized tariff schedule with the lowest duty rates.</i> • <i>Related party transactions</i> • <i>Post-entry audits</i> • <i>Records management</i> • <i>Supply chain security</i> • <i>Audit readiness</i> • <i>Others</i> <p>Presenters:</p> <ol style="list-style-type: none"> a. Georgia Revenue Service on Proactive Trader’s Compliance Scoresheet <i>(15 minutes)</i> b. Mr. Liang Jun, Deputy Director General, Department of Enterprise Management and Audit-based Control, General Administration of Customs on Synergy of the AEO program and the Integrated Risk Management system and on 365 Degree Feedback Mechanism <i>(15 minutes)</i> c. Uzbekistan State Customs Committee on Technical Reference Modeling, including replication of AEO reference tables between trading partners <i>(15 minutes)</i> <p>Q and A <i>(15 minutes)</i></p> <p>Moderator: Mr. Dennis C. Pantastico, AEO Expert, ADB Consultant</p>
15:00 – 15:20	Afternoon Tea/Coffee
15:20 – 16:00	<p>Session 11: Panel Discussion – Proposed AEO Scheme for SMEs <i>(30 minutes)</i></p> <p>Many Customs Administrations recognized that SME involvement in their AEO programs play a crucial role in achieving balanced economic growth and that they represent an important role as part of the supply chain. However, there are some prevailing challenges, these are:</p> <ul style="list-style-type: none"> • SMEs don’t have large trade volumes, their participation in the AEO certification program may not be attractive from the standpoint of current trade related KPIs in relation to the costly stringent requirements for compliance. • SMES have limited access to financing and resources, which restricts their ability to spend time and money on meeting the AEO requirements and costly operational systems required to implement the program. • SMEs are waiting for a customized SME-specific AEO program requirements that is suitable to their low volume and indirect support services, which makes the certification unattractive. <p>We can learn from our speakers on how they were able to address the prevailing challenges in crafting their AEO schemes for SMEs.</p>

	<p>Presenters:</p> <ul style="list-style-type: none"> a. Mr. Liang Jun, Deputy Director General, Department of Enterprise Management and Audit-based Control, General Administration of Customs on AEO Scheme for SMEs <i>(15 minutes)</i> b. Kazakhstan State Revenue Committee on AEO Scheme for the e-Commerce Actors (Freight Forwarder, NVOCC, consolidators, deconsolidators, carriers, truckers, etc.) <i>(15 minutes)</i> <p>Q and A <i>(10 minutes)</i></p> <p>Moderator: Mr. Dennis C. Pantastico, AEO Expert, ADB Consultant</p>
16:00 – 16:20	<p>Summary and Wrap-Up of Day 2 <i>(10 minutes)</i></p> <p>Uzbekistan State Customs Committee <i>(tbc)</i></p>
16:20 – 16:30	<p>Closing Remarks <i>(10 minutes)</i></p> <p>ADB</p>

Day 3 – 2 November 2023 (Wednesday)	
08:30 – 09:00	Arrival of Guests at the State Customs Committee (SCC) of Uzbekistan
09:05 – 09:15	<p>Greetings <i>(10 minutes)</i></p> <p>State Customs Committee of Uzbekistan</p>
09:15 – 09:30	<p>Presentation: Building of the Digital Customs Complex <i>(15 minutes)</i></p> <p>Presentation by SCC</p>
09:30 – 09:50	<p>Introduction of the Data Center <i>(20 minutes)</i></p> <p>Presentation by SCC</p>
09:50 – 10:20	<p>Introduction to the Central Post of Remote Electronic Declaration <i>(30 minutes)</i></p> <p>Presentation by SCC</p>
10:20 – 10:40	<p>Visit to the Targeting Center <i>(20 minutes)</i></p> <p>Related Presentation by SCC</p>
10:40 – 11:00	Demonstration of the canine center <i>(20 minutes)</i>
11:00 – 11:20	<p>Visit to the Central Laboratory <i>(20 minutes)</i></p> <p>Related presentation by SCC</p>

11:20 – 11:50	Departure to the Customs Post of Ark Bulak
11:50 – 12:00	Arrival of Guests at Ark Bulak
12:00 – 12:50	Visit to the Ark Bulak customs post <i>(50 minutes)</i> Related presentation by SCC
12:50 – 14:00	Lunch
14:00 – 14:30	Back to the Hotel