



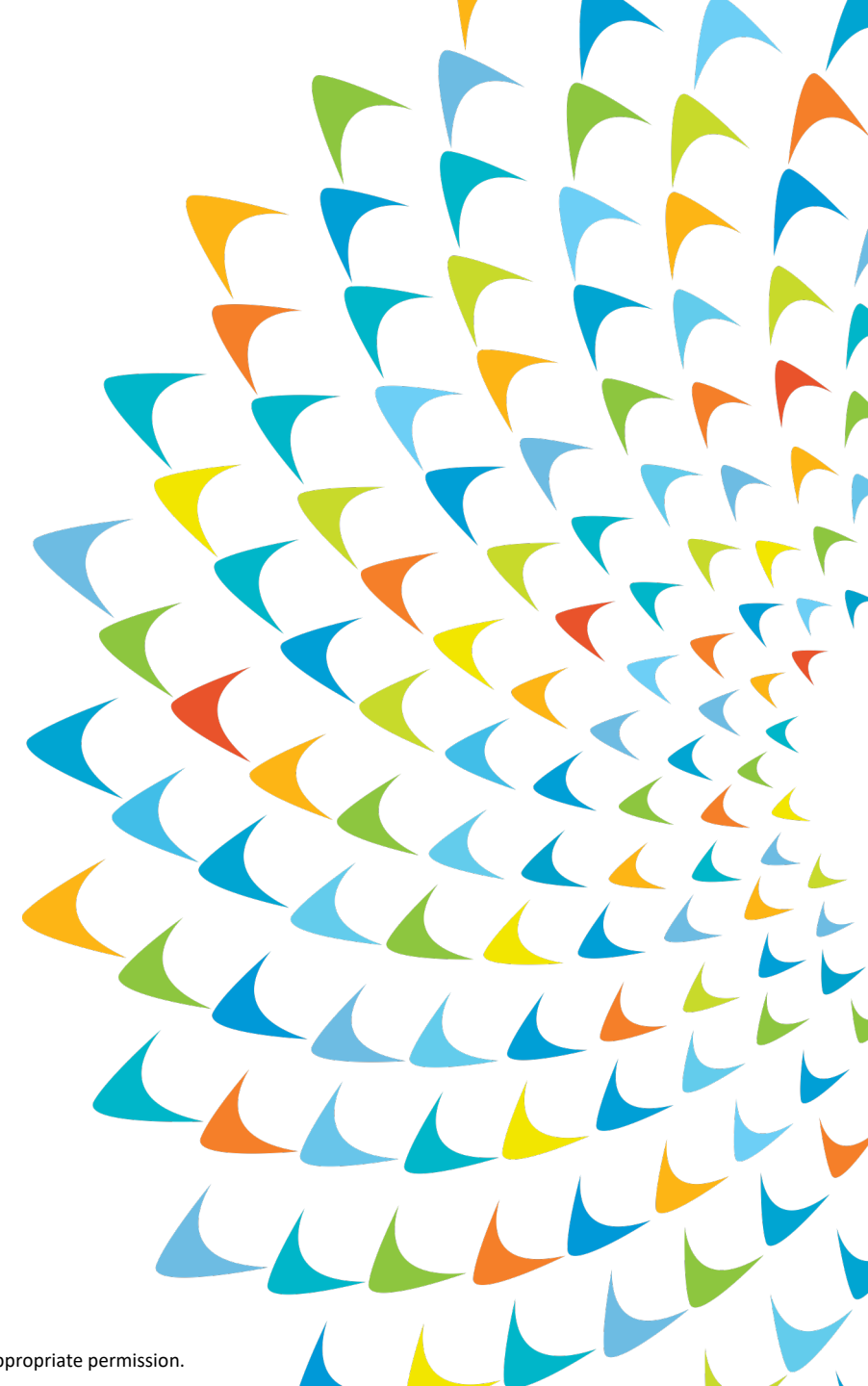
ENHANCE AND ACCELERATE THE IMPLEMENTATION OF THE AEO PROGRAM IN MONGOLIA

**In-person Workshop on Authorized
Economic Operator (AEO) Program**

**Session 2: Transitioning an AEO Program to a
Fully Operational Trusted Partnership Program**

Dennis Capistrano Pantastico

29-30 April 2024





AEO Program Design Principles

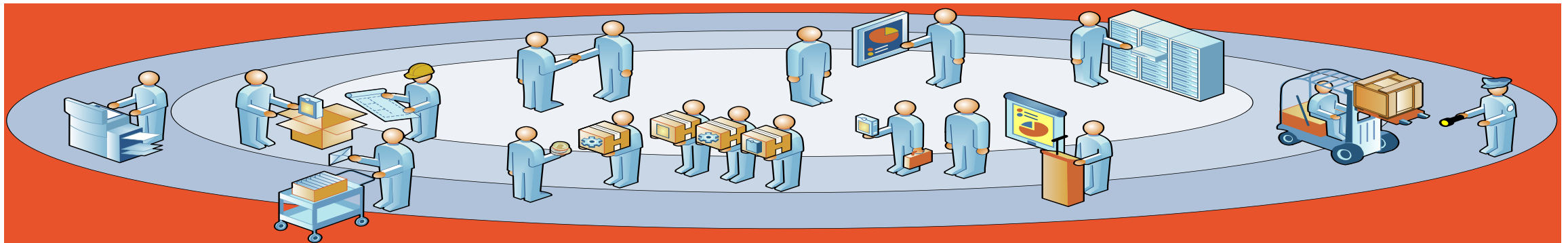
Mandate from the Top	Obtain support from the highest levels of the Customs administration
Compliance with International Standards	Ensure commitment to international standards
Professionalism, Integrity and Strategic Direction	Ensure commitment to professionalism, integrity, and continuous training of key staff
Customs-Business Partnership	Strengthen Customs-to-Business partnership
Customs-Partner Government Agencies Partnership	Strengthen coordination between Customs and partner government agencies (PGAs)



Mandate from the Top

The management of an AEO program requires a coordinated effort at both the centralized executive level and regional offices, where key actors will play crucial roles.

AEO programs will likely need to change the mind-sets of officials across several government agencies that traditionally have focused on security issues and cross-border crime



There is also likely to be a need to overcome a culture where regulatory agencies do not trust the private sector

It is sometimes difficult to address internal politics and culture where some agencies do not want to give up control over the release of exports, imports, and transit goods.



AEO Program Design Principles

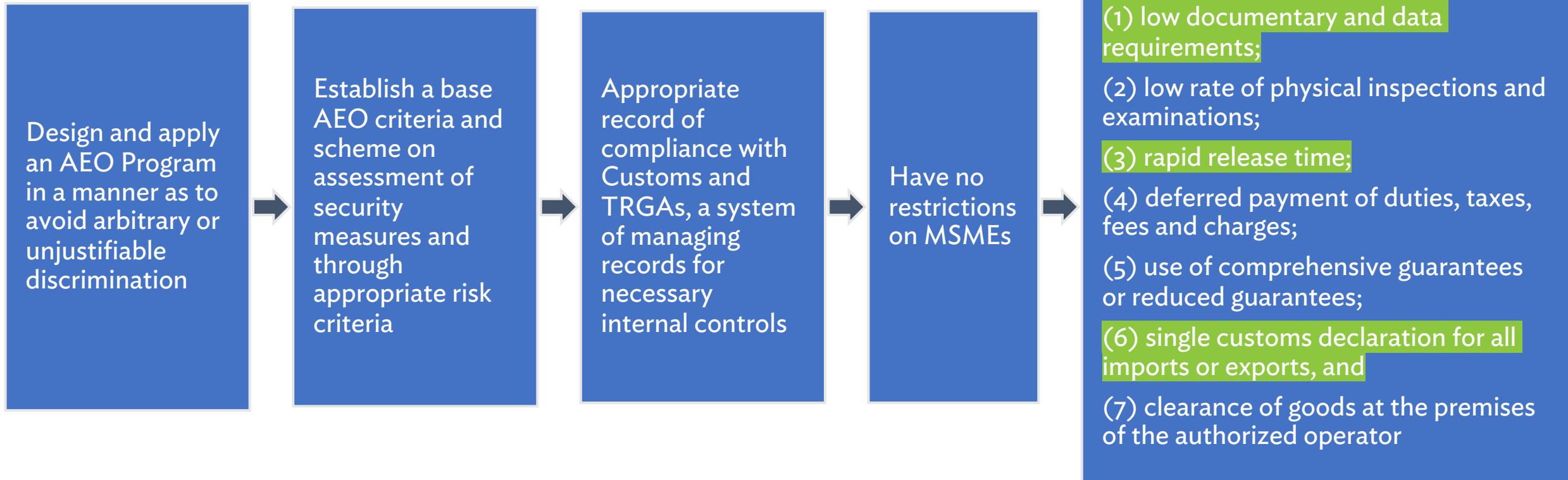
Mandate from the Top	Obtain support from the highest levels of the Customs administration	Check
Compliance with International Standards	Ensure commitment to international standards	
Professionalism, Integrity and Strategic Direction	Ensure commitment to professionalism, integrity, and continuous training to key staff	
Customs-Business Partnership	Strengthen Customs-to-Business partnerships	
Customs-Partner Government Agencies Partnership	Strengthen coordination between Customs and partner government agencies (PGAs)	

NOTE: AS PER SURVEY, THERE IS A SENIOR LEVEL SUPPORT AND BUY-IN IN ENSURING CONTINUED SUPPORT AND NECESSARY FUNDING FOR THE DEVELOPMENT AND IMPLEMENTATION OF THE AEO PROGRAM



Compliance with International Standards

WCO Sets Out Obligations to AEO Program





Compliance with International Standards

WTO Trade Facilitation Agreement

WTO TFA Article 7 addresses the release and clearance of goods. Article 7.7 requires members to publish authorized operator qualification criteria, to base their authorized operator programs on international best practices, and to offer other WTO members the possibility of MRAs



As AEO programs are voluntary, Article 7.7 is the only provision of the WTO TFA that does not automatically apply to all traders



WTO members provide operators that meet specified criteria with lower scrutiny of inspection, including a reduction in time and documentation; that the criteria to qualify as authorized operators are related to compliance; and that the information is easily accessible



AEO Program Design Principles

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Compliance with International Standards	Ensure commitment to international standards	Check
Professionalism, Integrity and Strategic Direction	Ensure commitment to professionalism, integrity, and continuous training for key staff	
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Professionalism, Integrity and Strategic Direction

PREVIOUS MINDSET	EMERGING MINDSET
Private sector = adversary	Private sector = strategic partner + force multiplier
Focus on control	Balance between facilitation and control
Physical inspection by default	Intervention by exception
Focus on goods	Focus on data
Limited pre-arrival processing	Decisions before arrival of goods and post-clearance controls
Focus on identifying non-compliance and punishment	Focus on incentivizing compliance
Individual approach to security	Collaborative approach to security



AEO Program Design Principles

Mandate from the Top	Obtain support from the highest levels of the Customs administration	Check
Compliance with International Standards	Ensure commitment to international standards	Check
Professionalism, Integrity and Strategic Direction	Ensure commitment to professionalism, integrity, and continuous training for key staff	Ongoing Development of Training Materials
Customs-Business Partnership	Strengthen Customs-to-Business partnerships	
Customs-Partner Government Agencies Partnership	Strengthen coordination between Customs and partner government agencies (PGAs)	

NOTE:



Customs – Business Partnership

STANDARDS	DESCRIPTION
Partnership	AEOs will engage in a self-assessment process, measured against pre- determined security standards and best practices
Security	AEOs will incorporate pre-determined security best practices into existing business practices
Authorization	Customs, together with representatives from the trading community, will design validation processes or quality accreditation procedures that offer incentives to businesses through their status as AEOs
Technology	All parties will use modern technology to maintain cargo and container integrity
Communication	Customs administrations will regularly update Customs-to- Business partnerships to promote minimum security standards and supply chain security best practices
Facilitation	Customs administrations will work cooperatively with AEOs to maximize security and facilitate the international trade supply chains originating in or moving through their Customs territory



AEO Program Design Principles

Mandate from the Top	Obtain support from the highest levels of the Customs administration	Check
Compliance with International Standards	Ensure commitment to international standards	Check
Professionalism, Integrity and Strategic Direction	Ensure commitment to professionalism, integrity, and continuous training for key staff	Ongoing Development of Training Materials
Customs-Business Partnership	Strengthen Customs-to-Business partnerships	Check
Customs-Partner Government Agencies Partnership	Strengthen coordination between Customs and partner government agencies (PGAs)	

NOTE:



Customs – Partner Government Agency Partnership

STANDARDS	DESCRIPTION
Partnership	Since the development of the SAFE Framework, the importance of cooperation between Customs and other government and inter-government agencies involved in international trade and supply chain security has increased
Coordinated Border Management	Cooperation across various agencies, especially coordinated border management and is essential at the national level.
Single Window Platform	Cooperation across various agencies in utilizing the single window provides interoperability and dynamic business rules for inter-agency data sharing and support targeting and profiling activities
Effective Cooperation	Given the nature of the global supply chain, particularly with respect to how AEOs function, such effective cooperation needs to be promoted both bilaterally and multilaterally between and among organizations



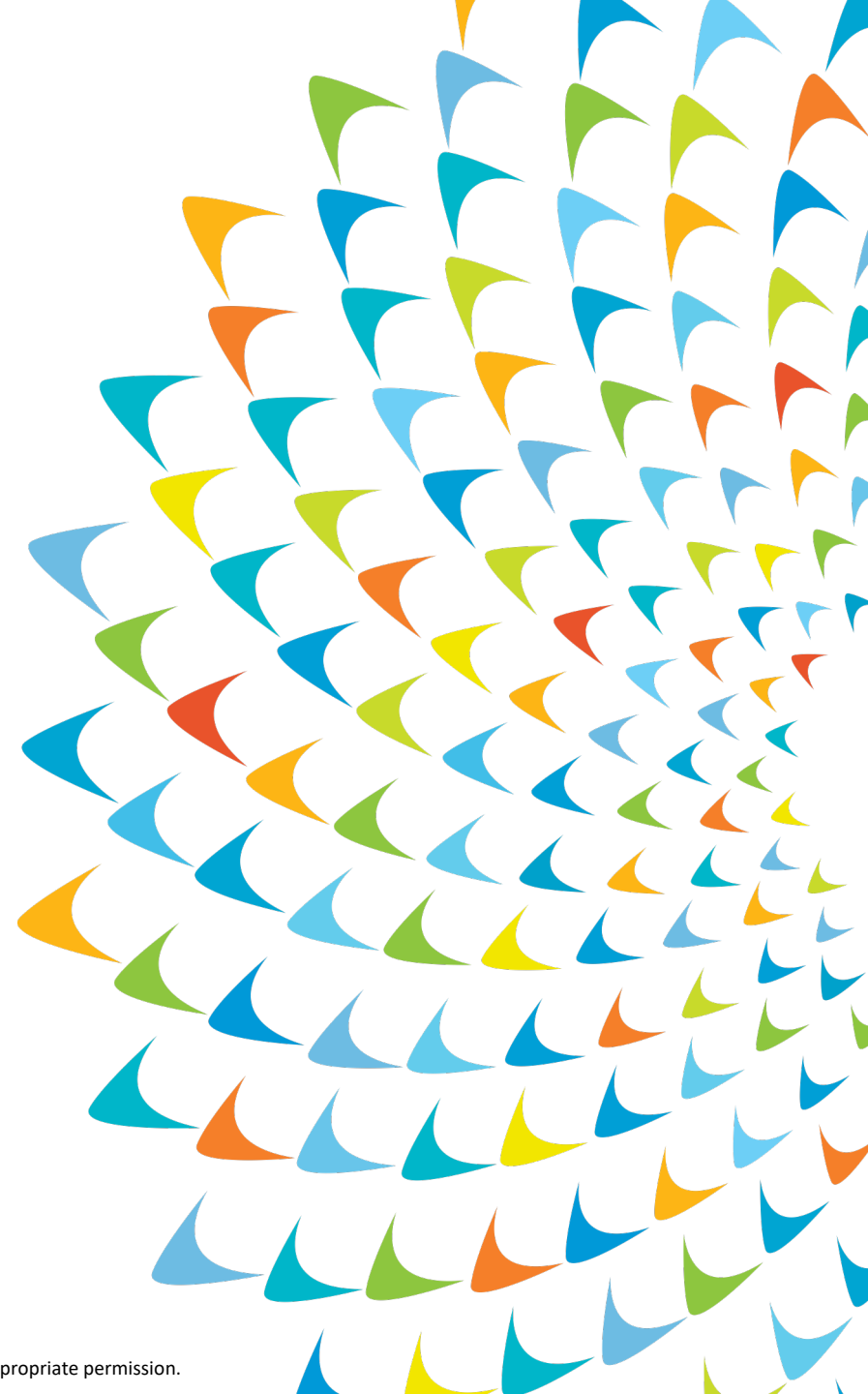
AEO Program Design Principles

Mandate from the Top	Obtain support from the highest levels of the Customs administration	Check
Compliance with International Standards	Ensure commitment to international standards	Check
Professionalism, Integrity and Strategic Direction	Ensure commitment to professionalism, integrity, and continuous training for key staff	Ongoing Development of Training Materials
Customs-Business Partnership	Strengthen Customs-to-Business partnerships	Check
Customs-Partner Government Agencies Partnership	Strengthen coordination between Customs and partner government agencies (PGAs)	Partial Compliance

NOTE:



AEO Organizational Design





Strategic Policy and MRA Policy

RESPONSIBILITIES	POTENTIAL POSITION
AEO program policy development- change in objectives, outcomes, organization	Manager for AEO Strategic Policy Supervisor for AEO Strategic Policy Senior Officer for AEO Strategic Policy IT Technical Staff Administrative Staff
Strategic Risk Management	
Strategic policy-border and supply chain regulatory framework and overall compliance model	
MRA negotiation and management	Manager for MRA Supervisor for MRA Senior Officer for MRA IT Technical Staff / Administrative Staff

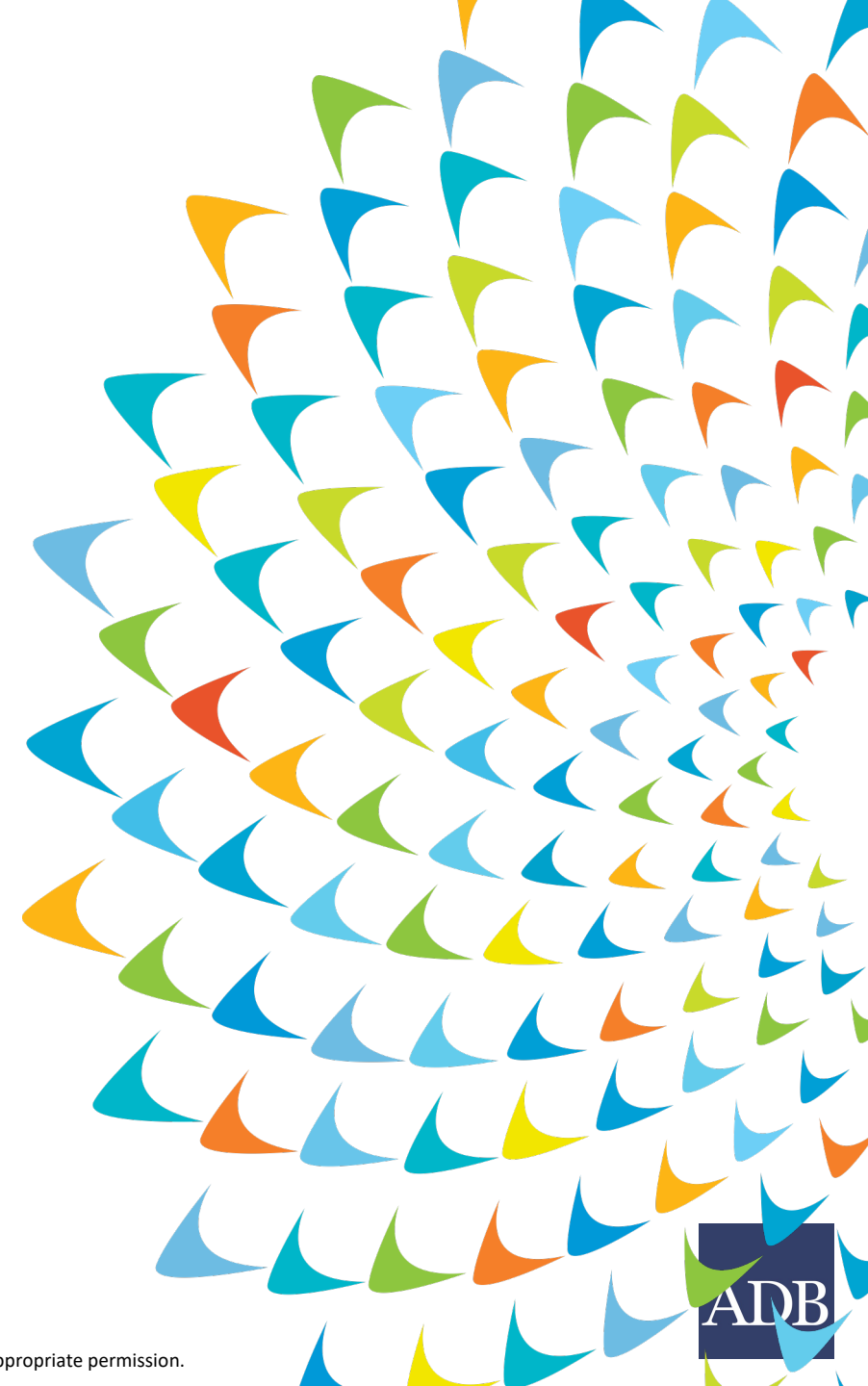


AEO Program Operational Support

RESPONSIBILITIES	POTENTIAL POSITION
Learning and development	Manager for Operational Support (AEO) Operations Support Officer AEO Manager Accounts Manager Validator IT Technical Staff Administrative Staff
Recruitment, retention, succession planning and management of the program	
Executive briefings, evaluation and reporting, audit	
Program process improvement, documentation and governance in consultation with the field offices	
Operational Risk Management	
Accreditation process and account management	



Piloting the AEO Program





Piloting the AEO Program

Test and Refine	Test and refine the systems, processes, procedures, and documentation supporting the AEO program
Engage the Pilot Partner Businesses	The AEO team identifies the importers, exporters and logistics actors with the most import and/or export declarations (volume), the highest Customs value, and revenue contribution
Test the Benefits	Test operationally the benefits delivered under the AEO program
Perform MRA base work	Perform base work for the establishment of an MRA with a priority trading partner country
Test the IT System	Determine whether the IT system can support the risk management component of the program



Preconditions in selecting Pilot Companies

Start with a **small number** of pilot companies

Consult and inform pilot companies of the content of the draft AEO program (eligibility criteria, benefits, validation process) and invite their voluntary participation in the pilot

Assign a contact officer to each pilot company for advice and assistance during the certification process

Provide necessary training on the AEO program to the managers and staff of the pilot companies

Limit the pilot period of testing to a defined time frame

Document all stages of the certification process with clear objectives, milestones, and performance indicators

Evaluate the pilot results properly, which means involving internal and external pilot participants

Deliver a detailed report at the end of the pilot phase to Customs management and involved stakeholders



Maturity of the AEO Program



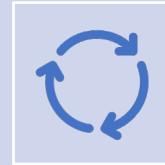
Once the AEO program has become fully operational, the execution of all activities is generally the responsibility of the regional or district offices



AEO policy and final decision making remain the responsibility of Customs executive management, with supporting departments maintaining responsibility for the sustainability of the program components



A structured quality monitoring and measurement system should be put in place to ensure the progress and expected outcome (quantity and quality) of the AEO processes



In case of any deviation, a procedure is needed for analyzing and improving the process.



Thank you

