



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

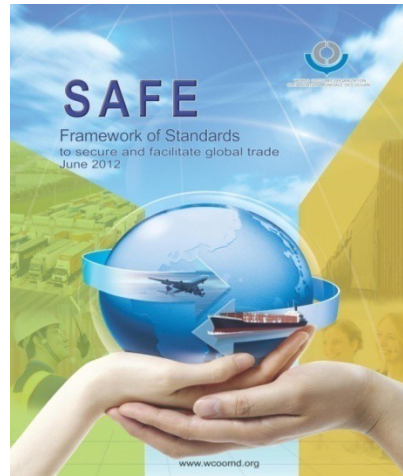
World Customs Organization

**The Authorised Economic Operator, the
Authorised Person and the Authorised
Operator**

**ADB- WCO National Workshop on RKC implementation
Thimphu, Bhutan, 10 June 2014**

The SAFE Framework of Standards : The Background

- SAFE adopted by WCO Council in June 2005



- 168 Members have signed letter of intent to implement the SAFE FoS (SAFE not a binding text)
- A progressively “phased approach” to implement the SAFE FoS is recommended

SAFE Framework of Standards to Secure and Facilitate Global Trade

The 4 Core elements

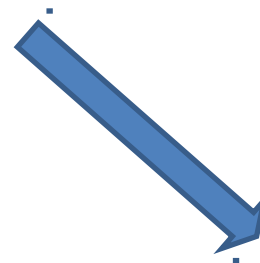
			
ADVANCE ELECTRONIC INFORMATION	RISK MANAGEMENT	OUTBOUND INSPECTION	BUSINESS PARTNERSHIPS
Harmonize the advance electronic information requirement on inbound, outbound and transit shipments.	Commit to employing a consistent risk management approach to address security threats.	Outbound inspection of high-risk consignments being exported, preferably using non-intrusive inspection methods.	Customs will provide benefits to businesses that meet minimal supply chain security standards and best practices.

The SAFE Framework of Standards :

The structure

Two Pillars

- 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).



Customs-Business Partnership:

AEO Programme as part of SAFE Pillar 2

➤ Definition:

The Authorized Economic Operator (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 administration as complying with WCO or equivalent supply chain security standards. AEOs may include manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders.

➤ Consistent with RKC

AEO requirements

SAFE Framework of Standards

Conditions and Requirements for Customs and the AEO (Annex 3, SAFE FoS, 2012 version)

- 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 Recover
- M. Measurement, Analysis and Improvement



AEO requirements (1)

SAFE requirements	Key aspects
A. Demonstrated Compliance with Customs Requirements	
<p><summary></p> <p>Requirements specified for the AEO and taken into account when customs considers qualifications of an applicant</p>	<p>- No (serious) infringement/ offence over a certain period of time</p>

SAFE requirements	Key aspects
B. Satisfactory System for Management of Commercial Records	
<p><summary> Recognises the importance of maintaining accurate commercial records by and AEO an their ready availability to customs</p>	<ul style="list-style-type: none">- Record of import/export- Give customs full access- Adequate information technology security measures

AEO requirements (3)

SAFE requirements	Key aspects
C. Financial Visibility (Solvency)	
<summary> Recognises the critical role to be filled by good financial standing in allowing an AEO to fulfill its commitments under the SAFE Framework	- Have good financial standing

SAFE requirements	Key aspects
D. Consultation, Co-operation and Communication	
<p><summary></p> <p>Establishes measures for both customs and the AEO aimed at fostering mutually beneficial working relationships</p>	<ul style="list-style-type: none">- Point of contact- Notify customs of unusual/suspicious cargo documentation/ abnormal request for information- Notify customs of illegal, suspicious or unaccounted cargo

AEO requirements (5)

SAFE requirements	Key aspects
E. Education, Training and Awareness	
<p><summary></p> <p>Recognises the importance of reinforcing in employees the necessity of learning proper procedures and dealing with anomalous situations</p>	<ul style="list-style-type: none"> - Educate personnel and trading partners - Keep record of education - Awareness of employees of procedures in place

AEO requirements (6)

SAFE requirements	Key aspects
F. Information Exchange, Access and Confidentiality	
<p><summary></p> <p>Provisions to secure information and to prevent its misuse or unauthorised alteration</p>	<ul style="list-style-type: none">- Ensure all information be legible, complete, accurate and protected against exchange, loss or introduction of erroneous information- Documented information security policy and procedures (firewall, password, etc.)- Back-up capabilities

AEO requirements (7)

SAFE requirements	Key aspects
G. Cargo Security	
<p><summary> Seeks to ensure that cargo integrity and access controls are maintained at the highest levels</p>	<ul style="list-style-type: none"> - Develop security policy manual - Written procedures to properly seal and maintain integrity of shipment/conveyance - ISO standard seal - Designated personnel to distribute seal - Inspection procedures for conveyance (7 point inspection) - No access for unauthorized persons to cargo - Verify identity of the carrier - Procedure to secure cargo during transport, loading and unloading

AEO requirements (8)

SAFE requirements	Key aspects
H. Conveyance Security	
<summary> Secure and maintain transport conveyances	- When left unattended, check for security breach - Report actual/ suspicious incident

AEO requirements (9)

SAFE requirements	Key aspects
I. Premises Security	
<p><summary></p> <p>Requirements to implement programmes to secure buildings and to control and monitor perimeters</p>	<ul style="list-style-type: none"> - Building with materials which resist unlawful entry - Periodic inspection and repair of structure - Windows, gates, fences with locking devices - Control issuance of keys and locks - Adequate lighting - Gates manned, monitored or otherwise controlled - Parking in approved areas - Identified and authorised persons, vehicles and goods only - Peripheral and perimeter barriers - Procedures to challenge unauthorised persons - Security system e.g. alarm, access control system

AEO requirements (10)

SAFE requirements	Key aspects
J. Personnel Security	
<p><summary></p> <p>Elements regarding recruitment, security checks and personnel procedures</p>	<ul style="list-style-type: none"> - Precautions taken when recruiting new staff - Periodic background check on employees - Employee identification - Photo identification and sign-in registers for visitors and vendors - Remove identification, access to premise and IT for employees leaving the company

AEO requirements (11)

SAFE requirements	Key aspects
K. Trading Partner Security	
<p><summary></p> <p>Encourage AEO to conclude contractual provisions with partners in the supply chain to bolster their level of security commitment</p>	<p>- Language in contractual agreements to ensure meeting requirements</p>

AEO requirements (12)

SAFE requirements	Key aspects
L. Crisis Management and Incident Recovery	
<p><summary></p> <p>Encourages advance contingency planning for recovery from adverse incidents</p>	<ul style="list-style-type: none">- Contingency plan for emergency security situation/ disaster/ terrorist incident- Periodic training of employees

AEO requirements (13)

SAFE requirements	Key aspects
M. Management, Analysis and Improvement	
<summary> Seeks to foster consistency, security integrity and the identification of security system requirements	<ul style="list-style-type: none">- Assessments of security risks- Regular self-assessments

Customs-Business Partnership: AEO Benefits



AEO Benefits

- Competitive advantages provided to AEO companies
- Increase and improvement of efficiency of company's internal processes
- To be reliable partners for Customs



AEO benefits: Competitive advantages

- Reduction of number of controls and time needed for clearance
- Direct benefits from other countries in case of MRA
- Certification/logo as reliable, predictable and consistent partner
- Insurance in case of incident or terrorist act

AEO benefits : increase and improvement of company's internal processes

- Identification of inefficiencies and gaps in management of the company and the supply chain
- Implementation of best practices (e.g. better communications and cooperation between divisions)
- Reduction of theft and damage



AEO benefits : Recognition as reliable operator by Customs

- Consultation in the development process of Customs rules
- Access to information



Audit and application process

Definitions

AEO (Annex 1, SAFE FoS, 2012 version)

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

Validation (Annex 3, SAFE FoS, 2012 version)

'procedures whereby the supply chain of an AEO, and all relevant process employed by them to reach that status, are subject to full and transparent review by a Customs administration...'

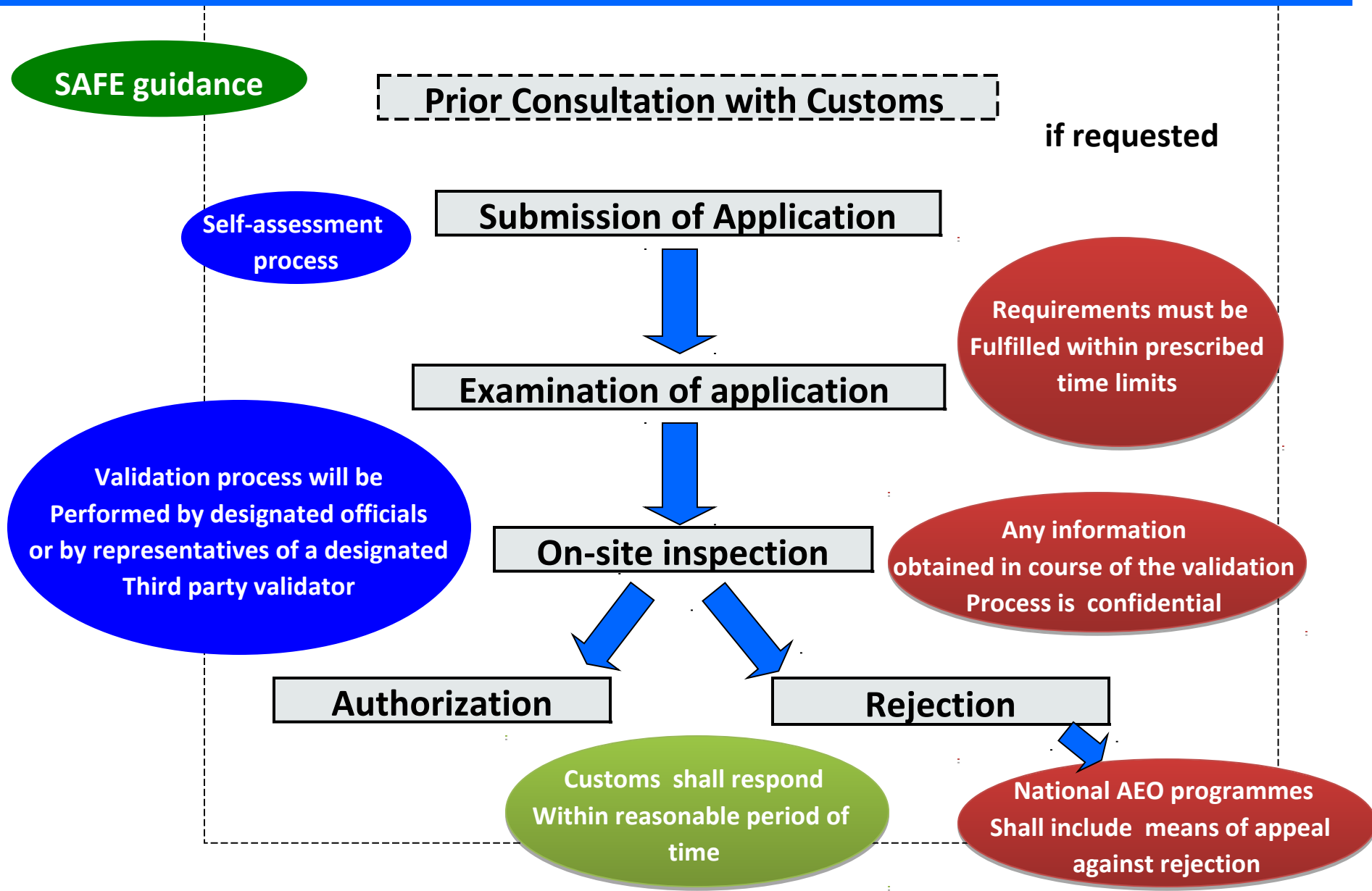
Authorization (Annex 3, SAFE FoS, 2012 version)

'recognition of AEO status in an AEO programme, based on a structured methodology that includes such processes as **review of an applicant's submitted documentation, physical worksite assets and security processes, in order to determine compliance with the core international standards of the SAFE Framework.**

Customs role to verify whether an applicant complies with the requirements in SAFE, as are provided nationally

Line-by-line check of fulfillment of SAFE criteria A – M (Annex 3), through documents and physical visit of applicant's premises

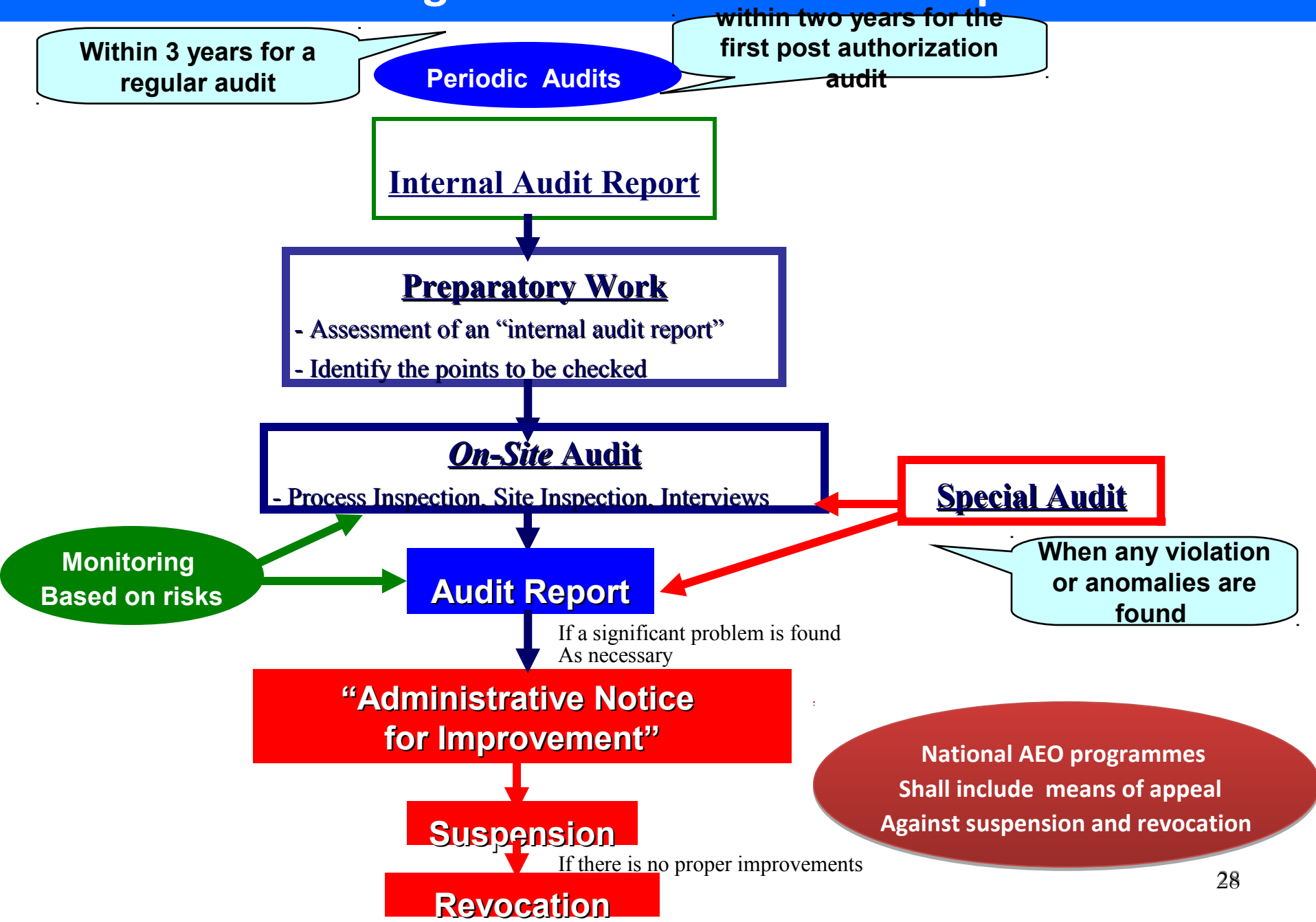
Authorization Process



After the Authorization Process

- The AEO authorization should be valid unless it is revoked, withdrawn or suspended for a material failure to abide by terms and conditions of the Authorization
- Regular communication and joint reviews between Customs and AEO will be carried out in order to maintain the level of compliance and, where feasible, to identify possible measures to be improved.

Monitoring and Post- Authorization process



The Authorized Person Concept under the RKC (GA Standard 3.32)

REMINDER !



The RKC Authorised Person

Customs



Provide
Benefits



Authorized Persons

who meet criteria
pre-established
by 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

- ✓ Good Compliance
- ✓ Commercial Records

AEO a super Authorised Person ?

	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-Annex III)
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 record 	Compliance requirements+ Security requirements <ul style="list-style-type: none"> • Premises security • Employee security • Cargo security etc
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.

The Authorised Operator under the WTO Agreement on Trade Facilitation (Article 7.7)



What is the WTO Agreement on Trade Facilitation

The WTO Agreement on Trade Facilitation (ATF) contains 13 Articles regarding Trade Facilitation in Section I and special and differential (S&D) treatment for developing countries and Least-Developed Countries in Section II. It deals almost entirely with Customs-related topics but foresees cooperation with other agencies (CBM).

Section I

- Art.1 Publication and availability of information
- Art.2 Consultation
- Art.3 Advance ruling
- Art.4 Appeal/Review procedures
- Art.5 Other measures for transparency etc.
- Art.6 Fee and Charges
- Art.7 Release and Clearance of goods
- Art.8 Border Agency Cooperation
- Art.9 Movement of goods intended for import
- Art.10 Formalities
- Art.11 Transit
- Art.12 Customs cooperation
- Art.13 Institutional Arrangement
(TF Committee)

Section II

Special and Differential Treatment for Developing Countries and Least Developed Countries

- Rules about Categories A, B and C
- Assistance for Capacity Building
- Information to be submitted to the TF Committee
- Final provision

Criteria required may include:

- A) an appropriate record of compliance with Customs and other related laws and regulations;
- B) a system of managing records to allow for necessary internal controls;
- C) financial solvency, including, where appropriate, provision of a sufficient security/guarantee; and
- D) supply chain security

The Authorised Operator (WTO ATF, Article 7.7)

Conclusion:

The Authorised Operator may be regarded as an:

- Authorised person and/or
- Authorised Economic Operator

But the AEO benefit from :

- A more structured approach
- A much wider dimension
- Possible Mutual Recognition Agreements



Thank You For Your Attention

Georges Cantone, Technical Attaché

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