



**Asia-Pacific
Economic Cooperation**

2010/SOM1/SCCP/006

Agenda Item: 5(i)

Draft Action Plan on the Development of AEO Programs in APEC Economies

Purpose: Consideration
Submitted by: AEO Working Group



JAPAN 2010

**First Sub-Committee on Customs Procedures
Meeting
Hiroshima, Japan
3-5 March 2010**

Draft Action Plan on the Development of Authorized Economic Operator (AEO) programs in APEC Economies

1. Background:

In August 2009 the Sub-Committee on Customs Procedure (SCCP2) endorsed the TOR of the AEO Working Group (AEO-WG) with the objectives of assisting APEC economies in the establishment of AEO programs to secure and facilitate trade, and creating instruments that will assist in harmonizing elements of AEO programs. The formation of this WG is both a response to a call from industry to provide clarity and harmonization to AEO program requirements, and a response to the increasing number of economies entering into bilateral mutual recognition discussions.

In November 2009 APEC Ministers and Leaders reaffirmed the importance to establish and recognize AEO programs to gain mutual benefits to facilitate trade and trade recovery. The WG will respond to APEC Ministers' instruction for the SCCP to address the development of AEO programs among APEC economies in alignment with the WCO SAFE FoS.

With respect to the call from industry, ABAC expressed that concrete steps shall be identified to build towards the creation of "an APEC-wide AEO system with a mutual recognition scheme" to avoid a spaghetti bowl of AEO schemes, in the 2009 ABAC report to APEC economic leaders. In the report ABAC recommended "an appropriate APEC sub-forum to undertake a study on the creation of an AEO scheme with mutual recognition which applies standardized and harmonized security criteria" and also to "provide capacity building in order to assist economies in the region to establish and implement AEO scheme at the same level".

This Action Plan addresses the APEC Ministers' instruction and also the ABAC recommendations by showing clear steps toward the goal of establishing AEO programs with the same level in the APEC economies and mutual recognition between the interested economies. Mutual recognition arrangements, following the establishment of the same level of AEO programs, will contribute to the significant cost reduction in the business sector.

2. Scope of the Action Plan

The Action Plan sets out a phased approach toward the goal of enjoying an array of AEO programs and mutual recognitions in the region: (1) Development of the "AEO Best practices", and (2) Capacity building activities. The first phase helps establishment of AEO programs with the same level by providing the Best Practices as referential materials. The Best practices also identify needs for capacity building. Completion of the two phases suffices the prerequisite for the final goal of forming a network of mutual recognition between the APEC economies.

The Action Plan is composed of individual activities to materialize the outputs stipulated in the TOR of the AEO-WG and an implementation schedule. A "Compendium of AEO programs" and a set of "AEO Best Practices", which are envisioned as deliverables of the individual activities, will be utilized as referential materials when APEC economies develop AEO programs.

The "AEO Best Practices" show collective information including the results of the process to harmonize AEO programs, including the minimum security requirements. The "AEO Best Practices" will hereby assist establishing AEO programs by member economies and, in turn, it will support building mutual recognition arrangements among APEC economies.

3. Individual Activities:

- (1) To assist with the comprehensive understanding of the various AEO programs in the APEC region, a compendium of the AEO programs will be developed by the each Working Group member and other economies which have interests in the objectives of the Working Group. A questionnaire will be circulated to conduct a survey on the status of each AEO programs. The compendiums will be disclosed through APEC web-site and/or booklet. The compendium consists of the following chapters:

Chapter 1: Background

Chapter 2: Outline of the AEO Program

1. Scope of the AEO program
 - Importer
 - Exporter
 - Warehouse operator
 - Customs broker
 - Manufacture
 - Carriers
 - Consolidators
 - Freight Forwarders
2. Legal framework

Chapter 3: Application, Verification and Authorization

1. Application, verification and authorization procedure
2. Self-assessment mechanism

Chapter 4: Security and compliance criteria

1. Overview of the security and compliance requirements
2. Physical security requirements

Chapter 5: AEO Post-authorization Audit scheme

Chapter 6: Customs Organizational Structures for AEO program and their major roles

Chapter 7: Partnership between Customs and private for implementation on AEO program

Chapter 8: Benefits for AEO companies

Chapter 9: Other (Mutual recognition)

- (2) Based on the compiled compendium, elements of the AEO program will be divided into two groups, which are:
 - Elements suitable for harmonization (including security criteria)
 - Elements not suitable for harmonizationA comparative table will be created for the elements not suitable for harmonization. With respect to the elements suitable for harmonization, work will be undertaken to agree on minimum criteria. The comparative table and the agreed minimum criteria will be compiled as the "APEC AEO Best Practices".
- (3) Identify capacity building needs for establishing AEO program by individual economy.
- (4) Endeavor to create a new CAP (SCCP Collective Action Plan) on "Facilitate developing AEO programs and promoting mutual recognition arrangements"

4. Schedule of Actions in the Phase 1 (for the year 2010 and 2011):

Within 2009:	Discussion on this draft Action Plan and parallel development of the format of the compendium among the WG members
Early 2010:	Draft of the Action Plan as well as the format of compendium will be circulated to the SCCP members
March 2010:	Discussion and approval of the Action Plan and format for the development of compendium at the SCCP1
By June 2010:	Develop the compendium by collecting information from WG members and other voluntary economies
SCCP2 2010:	Japan and the United States report the result of the WG activities and submit the compendium to the SCCP members for endorsement. The SCCP members discuss how to proceed harmonization activities. Members also agree on creating a new CAP on AEO
End-2010:	WG members agree on elements suitable for harmonization and start harmonization works. Members also develop a comparative table for elements not for harmonization.
SCCP1 2011:	Discussion on the harmonization of elements among the SCCP members
SCCP2 2011:	Approval of the APEC AEO best practices comprised of agreed minimum criteria and comparative table

5. Actions in the Phase 2 (2012-)

Capacity building activities follows the approval of the APEC AEO Best Practices. Individual capacity building programs will be formulated and implemented upon requests from APEC economies who intend to develop their own AEO program in line with the best practices including the harmonized security criteria.

As AEO programs with same level prevail in the region, mutual recognitions will be proceeded between the interested economies.

Information Sharing Form on AEO to Develop Compendium

Chapter I. Background

1. Name of the AEO Program

Name of the AEO programme:	
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2. Background

<p>Please describe background of development of the AEO programme or other related programme(s). This may include background of considering, introducing, implementing or developing AEO programme or other related programmes in your Administration vis-à-vis the evolvement of the WCO SAFE Framework of Standards including the AEO Guideline, or it may in conjunction to domestic circumstances.</p>
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Chapter II. Outline of the AEO Programme

1. Scope of the AEO programme

Please describe scope and types of operators of your AEO programme, by checking below items.

Scope of the AEO programme

- Covers import only
- Covers export only
- Covers both import and export
- Freight forwarder

(Remarks: (plan to expand the scope etc.))

Types of the operators

- Importer (number of AEO importers:)
- Exporter (number of AEO exporters:)
- Customs broker (number of AEO customs brokers:)
- Warehouse operator (number of AEO warehouse operators:)
- Logistics operator (number of AEO logistics operators:)
- Manufacturer (number of AEO manufacturers:)
- Terminal operators (number of AEO terminal operators:)
- Others (please specify:)

(Remarks)

- total number of AEOs:
- plan to expand the types of the operators:
- other

2. Legal framework /Documentation

Please describe legal framework and/or other documentation of your AEO programme.

Is there any legal and/or other framework which provides for the AEO programme of your Administration? In this form 'legal and/or other framework' means laws, regulations, ordinances, manuals, guidelines and/or any other norms which provide for your AEO

programme.

Yes

No (If there is any plan to establish legal and/or other framework, please describe targeted date in the below remark column.)

(Remarks)

Please describe your legal and/or other framework by explaining the names of the laws, regulations, ordinances, manuals, guidelines and/or any other norms. Please also explain briefly what elements of your AEO programme are stipulated in which framework.

Chapter III. Application, Verification and Authorisation

1. Application, verification and authorisation procedures

Please describe the application, verification and authorisation procedures for your AEO programme including types of documents to be submitted. If applicable, please also indicate timeframe of each step in such procedures.

2. Self-assessment mechanism

If your AEO programme has the mechanism for self-assessment, please describe it including major elements to be self-assessed.

Chapter IV. Security and Compliance Requirements

1. Overview of the security and compliance requirements

Please describe overview of the security and compliance requirements of your AEO programme. List of requirements can include requirements such as compliance record of the applicant, financial integrity, and compliance programme including security requirements.

2. Physical security requirements

Please describe physical security requirements of your AEO programme. List of such requirements can include ones for cargo, conveyance and/or premises security, such as use of seal, restricted area, identification of employees and visitors, gate, gateman, keys, fence, surveillance camera, etc.

Chapter V. Post-authorisation Audit / Re-validation, Suspension and Revocation

1. Post-authorization audit/Re-validation

Please describe post-authorisation audit / re-validation of your AEO programme.

Does your AEO programme provide for scheme of post-authorisation audit or re-validation? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> under consideration (targeted date:)
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If 'Yes' in the above question, how often are AEOs subject to post-authorisation audit / re-validation, and how is this conducted? Please describe procedures, method, and points to be examined of such scheme.
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2. Suspension and revocation

Please describe procedure and factors for suspension and revocation of the AEO status in your programme.
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Chapter VI. Customs Organisational Structures for AEO Programme and their Major Roles

1. Organisational structures for implementation of AEO programme

Please describe overview of organisational structures of your Administration for implementation of AEO programme.

A. Planning and design of the AEO programme

- Headquarters
- Regional customs which has the central unit for AEO operations
- Regional customs
- Other (please specify: _____)

B. Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO operations
- Regional customs
- Other (please specify: _____)

C. Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO operations
- Regional customs
- Other (please specify: _____)

D. Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO operations
- Regional customs
- Other (please specify: _____)

E. Office(s) which authorise(s) AEOs, including suspension and revocation of the AEO status

- Headquarters
- Regional customs which has the central unit for AEO operations
- Regional customs
- Other (please specify: _____)

F. Office(s) which conduct(s) post-authorisation audit / re-validation

- Headquarters
- Regional customs which has the central unit for AEO operations
- Regional customs
- Other (please specify: _____)

(Remarks)

2. Role of each organisation

Please further describe the above-mentioned structure, by mentioning for instance division of responsibilities among organisations and tasks of each organisation.

3. Consistency of operations

Please describe how your administration brings conformity of operations among different customs offices concerning the AEO programme. This may include, for instance, use of customs manual, secondment of customs officers to different customs offices, and help desk within your administration.

4. Training of customs officers

Please describe training activities for customs officers of your administration.

Chapter VII. Partnership between Customs and Private Sectors for Designing and Developing AEO Programme

Please describe any partnership initiatives between customs and private sectors for designing and/or developing your AEO programme. This can include any partnership activities prior to and/or subsequent to introduction of your AEO programme.

Chapter VIII. Benefits for AEOs

Please describe benefits for AEOs under your programme. Should the benefits differ according to the types of the operators, please describe them by types. If such benefits are same as described in "Compendium of Authorized Economic Operator Program" compiled by the WCO, please inform as it is.

(Those which are common to all types of the operators (importers, exporters, etc.))

(Those which are unique to types of the operators; please describe by types)

Chapter IX. Mutual Recognition

Please describe current status for mutual recognition.

- Signed Mutual recognition agreement(s)
(Name(s) of the other Administration: (Month/Year:)
- Under consultation
(Name(s) of the Administration(s))
(Targeted date(s):)
- Studying the AEO programme
(Name(s) of the Administration(s))
- Other (Please specify)

(Remarks)

Thank you for your contribution in completing this form.

Draft Schedule of APEC AEO Action Plan

