One small step for man, a giant leap for Customs
OEC

Operador Económico Calificado
The Uruguay AEO programme

AEO/OEC Globally and in Uruguay
My observations

Lars Karlsson
President KGH Border Services
Montevideo, April 3rd 2014

KGH
What is KGH Border Services?

- Swedish Company
- Government/Private
- 695 Customs Experts
- 32 offices in 8 countries
- + 14,000 private sector clients
- + 50 Government clients
- Projects in all regions
- Reform & modernization

AEO, MRA, Single Window, One-Stop-Shop, IT System & Technology integration, Risk Management, Border management & efficiency

WE BUILD THE FUTURE
Congratulations!
Where do we aim with AEO programmes?
Mutual Recognition Arrangements (MRA)
The ultimate benefit

Recognizing the status of an AEO and the controls already performed
The Swedish Stairway Concept, first concept paper

What we need
What we need in a non-secure world after the Global Financial Crises is a fast and predictable Global Supply Chain promoting growth of international trade.

Predictability & Speed
Secure trade lanes
No Red Tape
Regardless reasons
AEO and MRA
A Trust Based Strategy based on a partnership
Authorized Economic Operators (AEO)

Our history. Where we come from.
- WCO Revised Kyoto Convention (RKC)
- Partners in Protection (PIP)
- The Stairway Concept/StairSec
- US C T-PAT
- US-SE compatibility study
- WCO SAFE Framework of Standards
- SE-NL COMPACT model
- EU AEO
- US-NZ MRA

Thanks to US
U.S. Leadership in development

Commissioner Robert C. Bonner and Director General Kjell Jansson

Key principles
MY 10 Basic AEO Principles

- AEO is voluntary
- AEO provides benefits
- AEO is building on trust
- AEO is based on risk management
- AEO should develop a compliance culture
- AEO provides a new control strategy
- AEO is a move from transaction to system controls
- AEO is a management tool
- AEO practices self-assessment
- AEO includes all parties of the supply chain
12 Necessary components/building blocks you MUST have before launching an AEO programme

- Legal Framework
- An attractive benefit package
- Organization with dedicated resources
- Application process
- Quality Assurance Routines for requirements
- A Certification Programme
- An Operational Management Model
- A Monitoring and Evaluation process
- System Support
- Communication Plan
- Education/Training Programme
- Measurement System/Key Performance Indicators

For successful implementation
What are the benefits of AEO/OEC?
THE STAIRWAY
STAIRSEC

1997-1999 Phase 1
2000 Pilot
2001 Launch
- 12 months: 32 %
- 24 months: 44 %
2001-2002 Phase 2

Today 68 % of the total flow AEO

KPI:
- Save 20 % of costs
- Better results for Customs

The result:
- 38-55 % savings
- All 27 indicators for Customs improved

When we started Sweden was ranked #1 country in the world in the WB Doing Business Review
AEO or not AEO?
That’s the question.

It is not the question anymore…
<table>
<thead>
<tr>
<th>Country</th>
<th>Program</th>
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<th>Type of Operator</th>
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Plus 3 regional programmes

MRAs
### MUTUAL RECOGNITION

#### MRA process
- Identify partner
- Mutual diagnosis
- Compatibility study
- Negotiations
- Signing
- Operationalize arrangement
- Monitoring & Evaluation

<table>
<thead>
<tr>
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Reported under preparation
- Korea-Indonesia
- Canada - EU
- EU - Korea
- EU - New Zealand
- EU – Singapore
- Hong Kong, China – Japan
- Hong Kong, China - Malaysia
- Hong Kong, China – New Zealand
- Hong Kong, China - Taiwan
- Hong Kong, China - Thailand
- Rwanda - other East African Community (EAC) countries[^5]
- Japan – Vietnam

What are the drivers
International terrorism – A security crisis

Oil and food crises – A commodity and market crises

Global Financial Crises – A finance system crisis

The Euro crises – A political crisis?
Uruguay OCE/AEO programme and the Secure Supply Chain Uruguay-Brazil

What I have found
What I have found regarding the Uruguay OEC/AEO:
All building blocks for a successful programme is in place

1. The Uruguay AEO/OEC programme is solid
2. The Legal Framework is in place
3. Benefits Programme based on a valid set of requirements
4. The Certification process is excellent
5. You have an Operational Management Model
6. You have an AEO organization
7. Education and Training programme in place
8. Impressive Communication Plan
9. The Advisory Committee
10. The development is a school book example
11. MRA is the key.

U.S. is a good partner for MRA and Uruguay-Brazil Secure Supply Chain project is an excellent way to use the platform.

Now you need operational experience and verification!

And maybe to take the next steps...(some questions).
Some questions to consider:

1. What are the next steps of the OEC/AEO programme?
2. Do you need more system support?
3. Do you have the right key performance indicators to measure development?
4. Have you fully explored the management aspects of the programme?
5. Have you optimized the new control strategy?
6. Are there possibilities to develop new and more advanced benefits?
7. How do you get as many MRA:s as possible with suitable trade partners?
“The year 2018 Uruguay will have one of the best AEO programme in the world and its highest ranking ever in the WB Doing Business Review”