



**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

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

Get our Newsletter

About Border Services Core Values Services Experiences

Welcome to KGH Border Services
- We build the future

Contact Us > Take the Tour >

Lars Karlsson @CapacityNow
I believe that a happy person is not a person in a certain set of circumstances, but rather a person with a certain set of attitudes.

Lars Karlsson @CapacityNow
Campinas, Brazil. The place to be. pic.twitter.com/4qwoHcFKA7

WORD FROM THE PRESIDENT PRESS ROOM NEWS

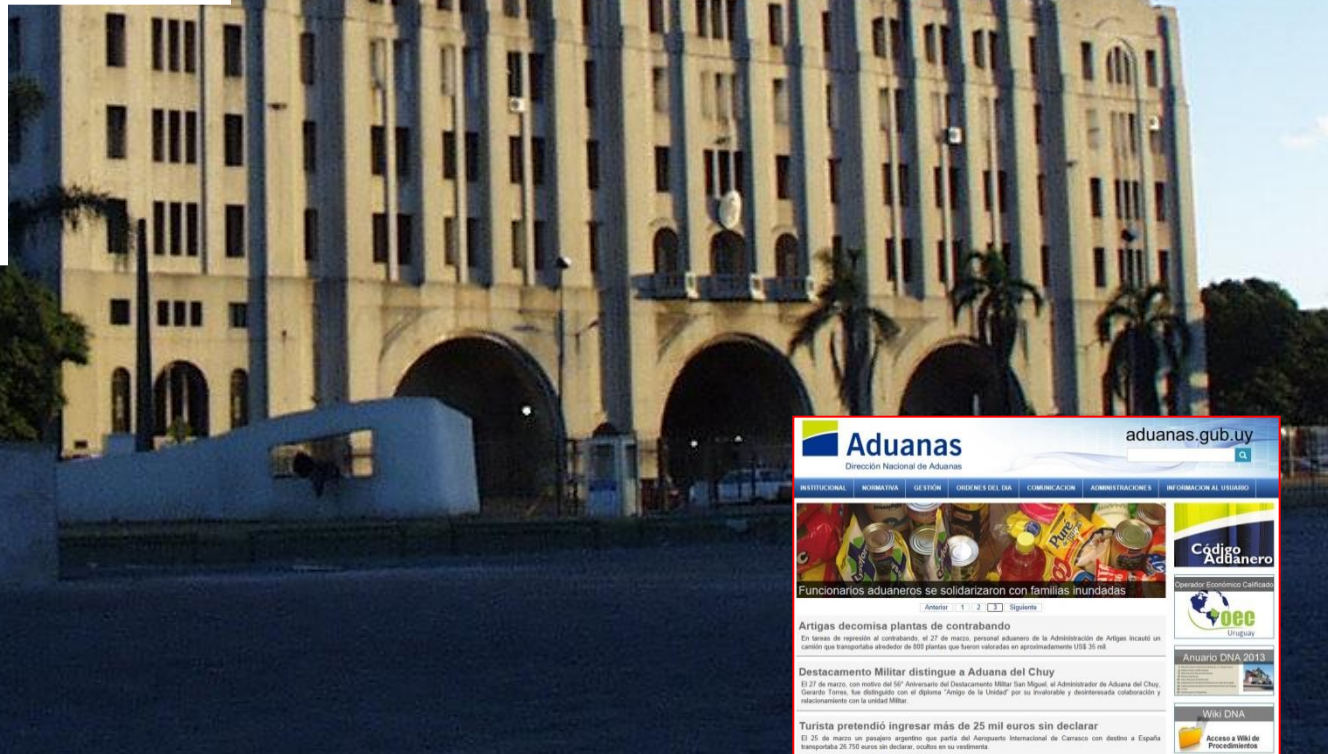
MANAGEMENT TEAM CONTACT INFORMATION

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

Congrats

WE BUILD THE FUTURE

Congratulations !




Our aim

A screenshot of the Aduanas website. The header includes the logo and the text "Aduanas Dirección Nacional de Aduanas" and "aduanas.gub.uy". Below the header is a navigation menu with links for "INSTITUCIONAL", "NORMATIVA", "GESTION", "CREDITOS DEL DIA", "COMUNICACION", "ADMINISTRACIONES", and "INFORMACION AL USUARIO". The main content area features several news articles with images and headlines, such as "Funcionarios aduaneros se solidarizaron con familias inundadas", "Artigas decomisa plantas de contrabando", "Destacamento Militar distingue a Aduana del Chuy", and "Turista pretendió ingresar más de 25 mil euros sin declarar". On the right side, there are sidebars for "Código Aduanero", "Aduario DNA 2013", and "Wiki DNA".



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

norm Stamp
May 1928

För mänstrappan.

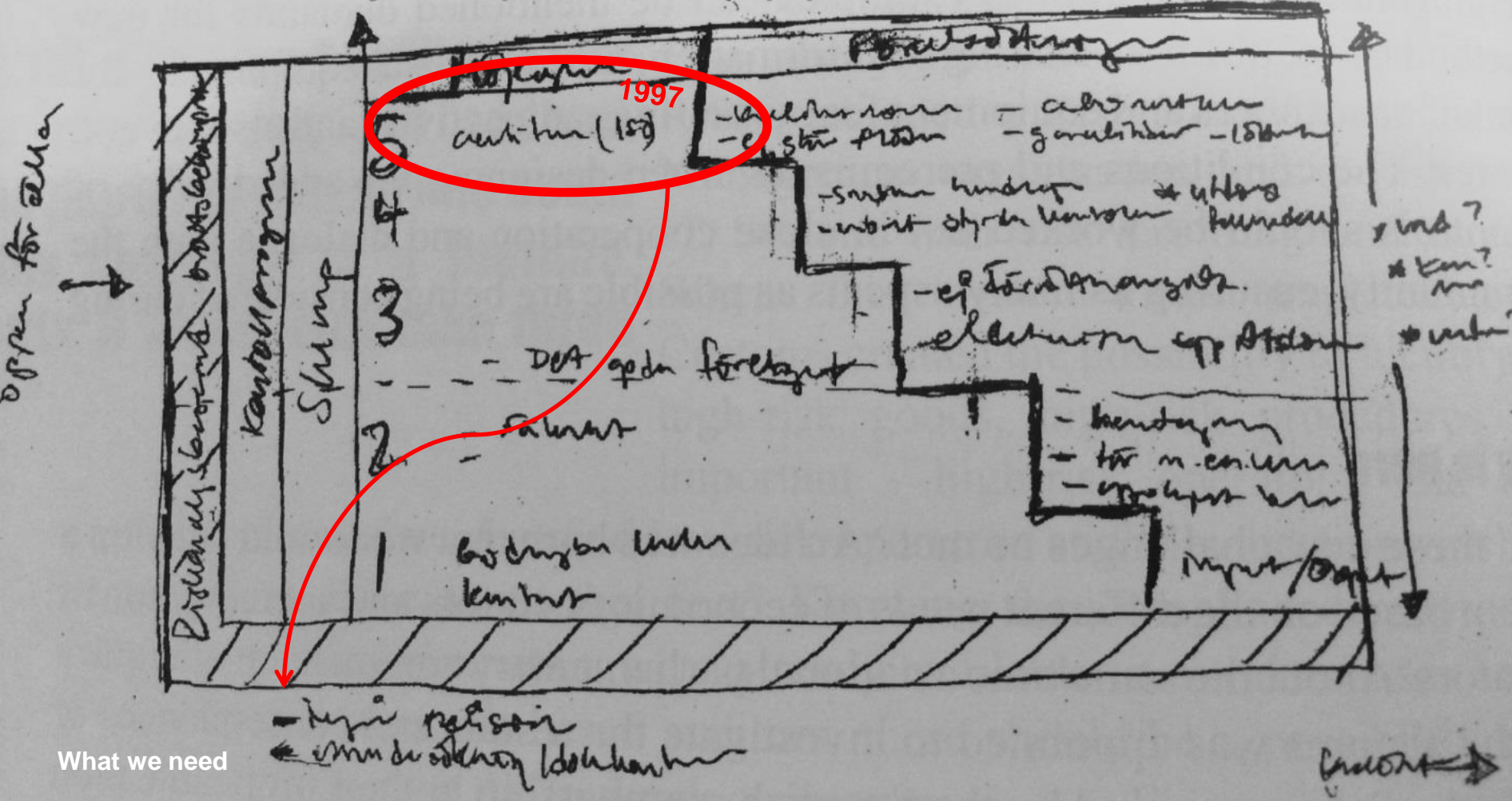
* Uppgräddning

[Importen / Exporten]

open top
for outside

* One man of type work

The Swedish Stairway Concept, first concept paper



What we need

What we need in an 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

Today

Authorized Economic Operators (AEO)

Our history. Where we come from.



Photo: Korea Customs Service

History

History

- WCO Revised Kyoto Convention(RKC)
- Partners in Protection (PIP)
- The Stairway Concept/StairSec
- US C T-PAT
- US-SE compability study
- WCO SAFE Framework of Standards
- SE-NL COMPACT model
- EU AEO
- US-NZ MRA

Thanks to US

Year	Key Driver	Supply Chain Security Initiative
2001	USA	Customs and Trade Partnership Against Terrorism (C-TPAT): a voluntary partnership programme open to US based businesses and invited businesses located in Mexico and Canada which trade with the USA, focused on ensuring the security of commercial supply chains in exchange for preferential treatment at the border.
2002	IMO	International Ship and Port Facility Security (ISPS) Code places obligations on port and ship operators to implement minimum security measures and maintain a security management system. The ISPS Code applies to all signatories to the SOLAS Convention.
2005 (revised in 2007, 2010 and 2012)	WCO	SAFE Framework of Standards (SAFE) aims to establish globally applicable customs control standards to increase supply chain security while facilitating legitimate trade and promoting certainty and predictability. Apart from requirements for advance cargo reporting and measures to help collaboration between customs administrations, much of its focus is on the AEO partnership model with the private sector.
2005/06	EU	Safety and Security Amendment to the Customs Code (EC Regulation 648/2005) and its implementing provisions (Regulation 1875/2006) introduced pre-arrival/pre-departure reporting requirements for shippers/transport companies to the EU; the AEO concept; and a framework for the electronic sharing of customs data between EU customs authorities.
2011	ICAO	Annex 17 to the Chicago Convention: Security "Safeguarding International Civil Aviation Against Acts of Unlawful Interference" , incorporates the Regulated Agent and Known Consignee concepts among its Standards and Recommended Practices for international aviation security.
2013 (expected to commence in 2014)	WTO	Draft Ministerial Decision – Agreement on Trade Facilitation: establishes a new 'Authorized Operator' concept for WTO members. AO schemes are required to meet certain prescribed criteria and offer trade facilitation measures selected from a menu of benefits. AO is not cross-referenced to IMO, ICAO or WCO efforts.

U.S. Leadership in development




Commissioner Robert C. Bonner and Director General Kjell Jansson

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

Basic principles

Necessary
components



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?

A green arrow-shaped sign pointing to the right, with the word "Benefits" written in large, white, sans-serif capital letters. The sign is mounted on a wooden post and has two metal bolts visible at the bottom. The background shows a blue sky with white clouds and a blurred landscape.

Benefits

Example

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



OPPORTUNITIES	REQUIREMENTS	Quality Pgrm
<ul style="list-style-type: none"> • No interruptions in international flow of goods 	<ul style="list-style-type: none"> • Certification for internet trade 	<ul style="list-style-type: none"> Operator's
<ul style="list-style-type: none"> • Fully automatic clearance • No interruptions in flow of goods • Certificate of Quality 	<ul style="list-style-type: none"> • All internet, road, rail, sea, air, and inland waterway trade certified • Customs €9 Op 	
<ul style="list-style-type: none"> • Interruptions in flow of goods only if routines are not quality assured 	<ul style="list-style-type: none"> • At least one customs route • Paperless declarations 	
<ul style="list-style-type: none"> • To be a credit holder • Use of different customs procedures requiring permits • Automatic clearance • In joint, export and transit • Basic level of service 	<ul style="list-style-type: none"> • Credit permit • Relevant permits for the different customs procedures • Permit to submit paperless declarations • Declarations of acceptable quality 	



Global developments

AEO or not AEO? That's the question.

It is not the question anymore...

AEO



Charles Sturt
University

Review of Accredited Operator Schemes

IBM Sales and Distribution
Thought Leadership White Paper

Beyond the single window
Paving the way to collaborative border management

Centre for Customs and Excise Studies
Charles Sturt University
March 2014

IBM

IBM

AEO

63

Plus **3** regional programmes

MRAs

Country	Program	Launch/latest version	Scope	Type of Operator	No. of Operators
Algeria	AEO	2012	Import/export	Importers, Exporters	Unknown
Andorra	AEO	Unknown	import/export	Unknown	Unknown
Argentina	Customs System of Reliable Operator (SAOC)	2006	import/export ¹⁷	Postal service and couriers	5
Canada	Partners in Protection (PIP)	1995, 2008	import/export	importers, exporters, carriers, customs brokers, couriers, warehouse operators, freight forwarders, shipping agents	1480
	Customs Self-Assessment (CSA)	2001	import	Importers and carriers	Unknown
China	Classified Management of Enterprises	2008	import/export	importers, exporters, customs brokers	AA (AEO): 2,174 A: 25,582 B: 423,944
Colombia	AEO	2011	import/export	First stage: exporters of determined sectors. Second phase: all export sectors Third phase: to be determined	Unknown
Costa Rica	Customs Facilitation Program for Reliable Trade (PROFAC)	2011	Export	Exporters; maritime, air and land carriers	1
Dominican Republic	AEO-DR	2012	import/export	importers, exporters, brokers, port and warehouse operators, shipping companies, freight forwarders, truckers, express carriers	2
Ethiopia	AEO	Unknown	import/export	All economic operators	Unknown
EU (28 Members)	AEO	2008	import/export	Anyone with customs dealings	12,101
Guatemala	AEO-GT	2010	import/export	Importers, exporters, customs brokers, carriers, port authorities, logistic operators	Unknown
Hong Kong, China	AEO	2012	import/export	All local operators engaging in the international supply chain activities	5
India	AEO	2011	import/export	Importers, exporters, service providers	Unknown
Indonesia	AEO	2010	import/export	Importers, exporters	Unknown
Israel	AEO	2011	import/export	Importers, exporters, custom brokers and international freight forwarders.	14
Jamaica	AEO	2009 Re-launch 2014	Import	Importers	270
Japan	AEO	2007	import/export	Importers, exporters, warehouse operators, customs brokers, logistic operators, manufacturers	482
Jordan	Golden List Program	2005	import/export	Importers, exporters, carriers, shipping agents, customs brokers, couriers, warehouse operators, freight forwarders	37
Kenya	AEO	2010	import/export	Importers, exporters, carriers, transporters/shippers, clearing agents	64
Korea	AEO	2009	import/export	Importers, exporters, customs brokers, freight forwarders, transporters, carriers, ground handlers, warehouse operators	292
Malaysia	AEO	2010	import/export	Importers, Exporters	32
Mexico	New Program of Certified Companies (NECC)	2012	Export	Manufacturers with export operations from all sectors excluding Textiles and Footwear	3
New Zealand	Secure Exports Scheme (SES)	2004	Export	Exporters (responsible for security from point-of-pack to the port of loading including all intermediaries and service providers)	117
Norway	AEO	2009	import/export	Whole supply chain	28
Peru	AEO	2013	Export	Exporters, customs brokers, warehouse operators	5
Rwanda	AEO (pilot)	2013	import/export	Trader, transporter, clearing agent	3 (pilot)
Singapore	Secure Trade Partnership (STP)	2007, 2008	import/export	All supply chain operators based in Singapore	88
Switzerland	AEO	2011	import/export	Whole supply chain	9
Taiwan	AEO	2009	import/export	Importers, exporters, service providers	General: 963 Security: 225
Tanzania	AEO	2013	Import	Importers, clearing agents, transport companies	Unknown
Thailand	AEO	2013	import/export	Importers, exporters, customs clearance agents	Unknown
Turkey	AEO	2013	import/export	Importers, Exporters	Unknown
Uganda	AEO	2013	import/export	Individuals, business entities and government departments	10
Vietnam	AEO	2013	import/export	Importers, exporters	14
Uruguay	Qualified Economic Operator	2014	import/export	Importers, exporters, customs agents, carriers, free zone and warehouse operators	0
USA	Customs-Trade Partnership Against Terrorism (C-TPAT)	2001	Import	Whole supply chain, excluding warehouse operators, but including ports and foreign manufacturers	10,702
Zambia	Customs Accredited Clients Program (CACCP)	2008	Import	Any Client that meets the requirements for the program.	12

MUTUAL RECOGNITION

23

A. Operational

B. Under Negotiation

Date	Countries	Countries
June 2007	New Zealand-USA	China-EU (pilot since 2009)
May 2008	Japan-New Zealand	China-Japan
June 2008	Canada-USA	Japan-Malaysia
June 2008	Jordan-USA	China-Korea
June 2009	Japan-USA	Hong Kong, China-Korea
July 2009	EU-Norway ⁵¹	India-Korea
July 2009	EU-Switzerland ⁵²	Israel-Korea
June 2010	Canada-Japan	Norway-Switzerland
June 2010	Canada-Korea	Singapore-USA
June 2010	Canada-Singapore	Switzerland-USA
June 2010	EU-Japan	Israel-USA
June 2010	Korea-Singapore	Mexico-USA
June 2010	Korea-USA	China-USA
January 2011	Andorra-EU	Hong Kong, China-Singapore
May 2011	Japan-Korea	Israel-Taiwan
June 2011	Korea-New Zealand	India-Taiwan
June 2011	Japan-Singapore	Singapore-Taiwan
May 2012	EU-USA	China-Taiwan
June 2012	China-Singapore	New Zealand – Singapore ⁵³
November 2012	Taiwan-USA	Japan-Switzerland
July 2013	Singapore-Taiwan (pilot)	
October 2013	China-Hong Kong, China	
November 2013	India, Hong Kong, China	

- MRA process*
- Identify partner
 - Mutual diagnosis
 - Compability study
 - Negotiations
 - Signing
 - Operationalize arrangement
 - Monitoring & Evaluation

- Korea-Indonesia Reported under preparation
- 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) countries⁵⁵
- Japan – Vietnam

12

20

What are the drivers



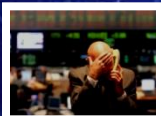
International terrorism
- A security crises



Oil and food crises
- A commodity and market crises



Global Financial Crises
- A finance system crises



The Euro crises
- A political crises?





PSY - GANGNAM STYLE (강남스타일) M/V

officialpsy · 61 videoklipp · 1 916 789 149

Premerera 6 888 983

8 156 260 991 276



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).

LESSONS

LEARNED.

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?

football



Authorised Urugayan Football Expert (AUFE)



Thank you



lars.karlsson@kghcustoms.se

“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”

Thank you for your attention!

LARS KARLSSON
-My Customs Capacity Building Weblog

ABOUT WEBLOG CV MORE 10 POINTS LINKS CONTACT

WEBLOG

STATEMENT
"Customs Capacity Building has never been more important than now. We have been talking about capacity building for a long time. Now, for the first time, we have moved from words to action"

2011-09-23
Global trade is the engine of growth
Michael Duster, president of UPS Nordic countries, is convinced. Global trade is The Key. In an article he witnesses about what he considers to be the most important parameter for development. This year is the 124 years since the 12-year-old Jim B. Carey started the courier service that the American Messenger Service in Seattle. The young entrepreneur used his little brothers and their friends as to deliver the package to the town's businesses. 84 years later it was time for the small courier company, which then grew to the international logistics-legend UPS to establish themselves in Sweden. When Jim started his company saw a wine growing demand in his hometown, among the local companies. When UPS took the plunge into Sweden, we did it because we saw that there was a clear need for small- and medium-sized businesses to help with package deliveries worldwide. With its long history and global presence could UPS provide this expertise. So what trade opportunities and challenges ahead of UPS and logistics industry? We at UPS believe that global trade is the engine that drives economic growth and development worldwide. We are not alone. Governments on every continent are looking to manufacture and export as a source of sustainable growth and job creation in the medium and long term. Logistics is the glue that binds trading nations together, so our industry has an important role to play in facilitating this growth. Increasingly involves supply chain strategy of research and development, production, components manufacturing, final assembly, marketing and distribution is placed where the best resources available, and where most value can be added to the final product. Today's leader in supply chain is focused on "time-in-trade" - to ensure that each part of the value-chain come to exactly the right place at the right time, in good condition and for the most competitive costs. For us in the logistics industry it is also important that we become better at understanding our

2011-09-23
Global trade is the engine of growth
Michael Duster, president of UPS Nordic countries...

2011-09-23
All roads leads to...Stockholm
I met with an dear old friend in Stockholm yesterday...

2011-09-23
What is wrong with Stockholm?
Nothing...
By Brendon Francis Neumann, CNN, Travel reporter. #Lead_story

Nothing

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Eva Sweda (@evaweda)

Lars Karlsson (@CapacityNow)
For me there is only one way to live life. As a learning experience. To always try to become better. To learn. From every day, from everyone.

Lars Karlsson (@CapacityNow)
I met with an dear old friend in Stockholm yesterday.

Lars Karlsson (@CapacityNow)
My dear south African friends once introduced me to Ahmed Kathrada. One of the people that were really close to Madiba on Robben Island.

[CapacityNow/Twitter.Com](https://twitter.com/CapacityNow)

The Stairway

FLYING ELEPHANTS
Lars Karlsson

Customs Leadership & Management in a Globalized world
Lars Karlsson

Authorized Economic Operators (AEO) The Handbook
By Lars Karlsson

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