

AUTHORIZED ECONOMIC OPERATOR PROGRAMME



**JAMAICA CUSTOMS
AGENCY**

WCO SAFE Framework of Standards to Secure & Facilitate Global Trade

- The Authorized Economic Operator Programme is enshrined in the SAFE Framework of Standards
- The SAFE Framework of Standards has four (4) core elements

**HARMONIZING
ADVANCE
ELECTRONIC
CARGO INFO**

**EMPLOYING RISK
MANAGEMENT
APPROACHES**

**PERFORMING
OUTBOUND
INSPECTIONS**

**BENEFITS
CUSTOMS
PROVIDES TO
BUSINESSES**

Who is an AEO?

- AEO - is short for Authorized Economic Operator



"Embracing secure international trade... Opening new doors, creating new possibilities"

DEFINITION OF AEO

- *“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” (WCO SAFE FRAMEWORK).*

INTRODUCTION

Economic operator:

“A person who, in the course of his/her business, is involved in activities covered by Customs legislation”
(*WCO SAFE FRAMEWORK*), examples include

- Importers
- Manufacturers
- Exporters
- Freight forwarders
- Warehouse keepers
- Customs agents
- Carriers
- Port operators

THE AIM OF THE PROGRAMME:

Enhance client relations, trade facilitation and compliance with tax laws



Serve the international trade entities in a more professional & customer oriented manner



Reward compliant traders by making the clearance processes smoother & efficient



Encourage & develop a working partnership with the international trade entities.

Purpose of the Programme

- Align process flows with international best practices
- Mitigate risks along the supply chain, thereby deploying resources to high risk areas
- Possibility for signing Mutual Recognition Agreements (MRA) with other countries

STAKEHOLDERS OF THE PROGRAMME

EXPORTERS

**PORT
AUTHORITIES**

IMPORTER

SHIPPING LINE

MANUFACTURERS

CUSTOMS BROKERS

CARRIERS

**LOGISTICS
OPERATORS**

AEO PROGRAMME CRITERIA:

- Conducting business for a minimum of 3 years
- **Imports** a minimum of **six (6) full** containers per year
(importers)
- **Exports** a minimum of **one (1) full** container per year
(exporters)
- Compliant with Jamaica Customs Agency and all other Govt. Regulatory Agencies.
- Complete all the mandatory security requirements
- Sign Memorandum of Understanding

BENEFITS OF AEO PROGRAMME

Mutual Recognition Agreements: faster movement of goods through 3rd country Borders

International trade contributes to economic growth & encourages investment

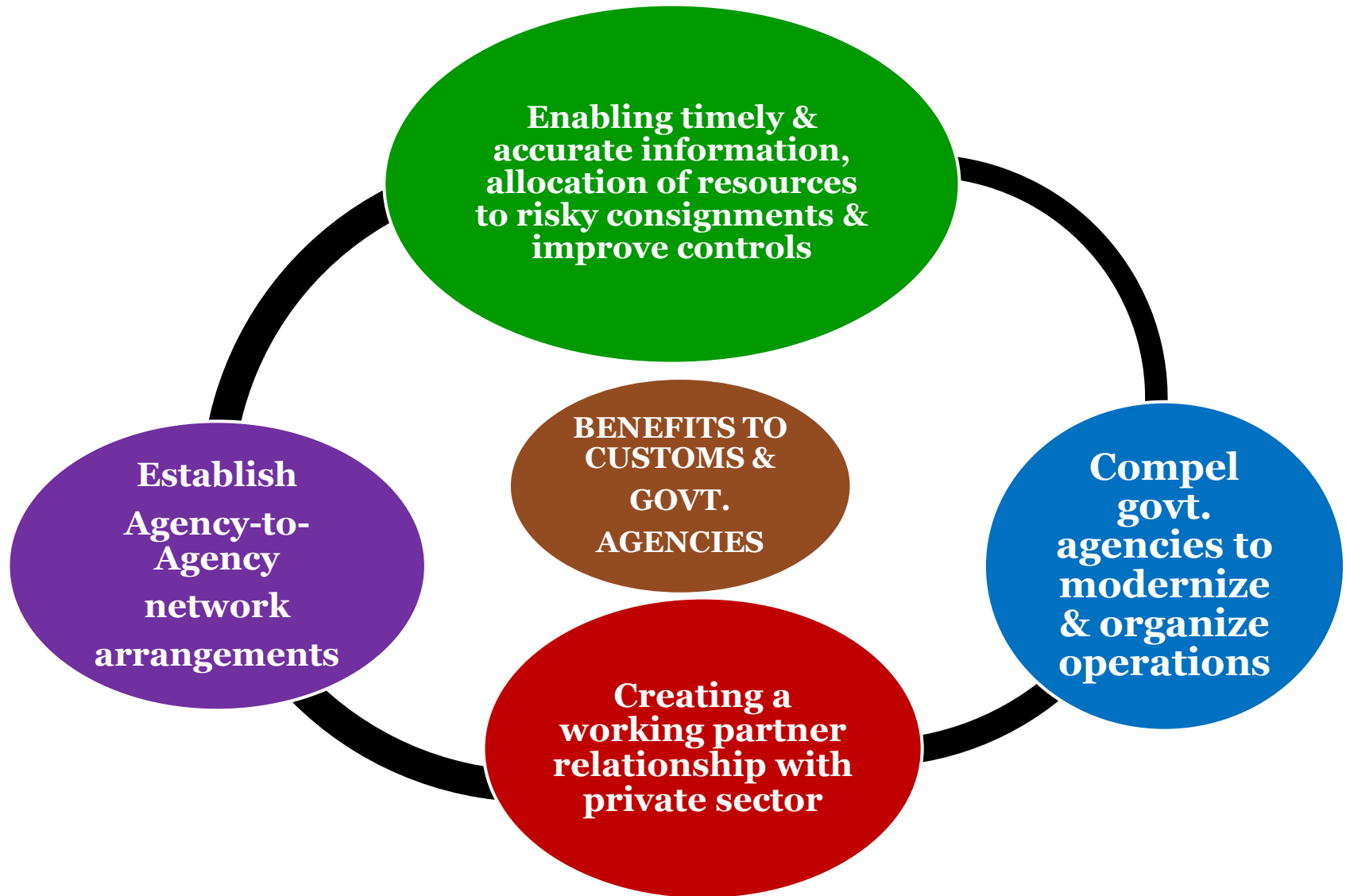
Encourages cooperative arrangements between Customs and other Gov't. agencies

Exposure to other markets to improve competitiveness

Support economic and social protection

Secure and facilitate global trade

BENEFITS TO CUSTOMS & GOVT. AGENCIES



EXPECTATIONS OF AEO

- Declare Accurate Values
- Secure their Business Premises
- Comply With revenue payments
- Comply with ALL Government Agencies – Revenue, Health and Safety etc.
- Provide Documents to JCA & all Govt. Agencies and access to premises when required
- Work with Post Clearance Audit to create a level playing field
- Sign a memorandum of understanding (MOU) agreeing to certain terms and conditions and fulfilling certain obligations.

BENEFITS OF THE AEO

- Reduced theft and losses;
- Reduction in Demurrage
- Fewer delayed shipments;
- Improved planning;
- Improved customer loyalty;
- Reduced security and safety incidents;
- Reduced crime and vandalism;
- Improved security and communication between supply chain partners

BENEFITS OF THE AEO

- Just in time inventory
- Direct access to Customs & Trade Regulatory bodies
- Expedited processing at Customs & Trade Regulatory Bodies
- International certification stamp of approval

BENEFITS OF THE AEO

- Certification may be viewed as a fundamental part of managing supply chain risks, and gives companies a competitive edge by demonstrating their commitment to managing risks;
- Preparing for AEO means
 - taking an end-to-end look at your business, connecting otherwise disparate departments to integrate supply chain processes and identify strengths and weaknesses with the ultimate goal to streamline workflows and increase efficiency,
 - introduce best practise procedures and solutions,
 - and achieve comprehensive supply chain transparency, security and compliance

Committees introduced as a result of AEO:

- AEO Committee
- Private Sector Committee (PSC)
- Inter-Agency- Committee (IAC)

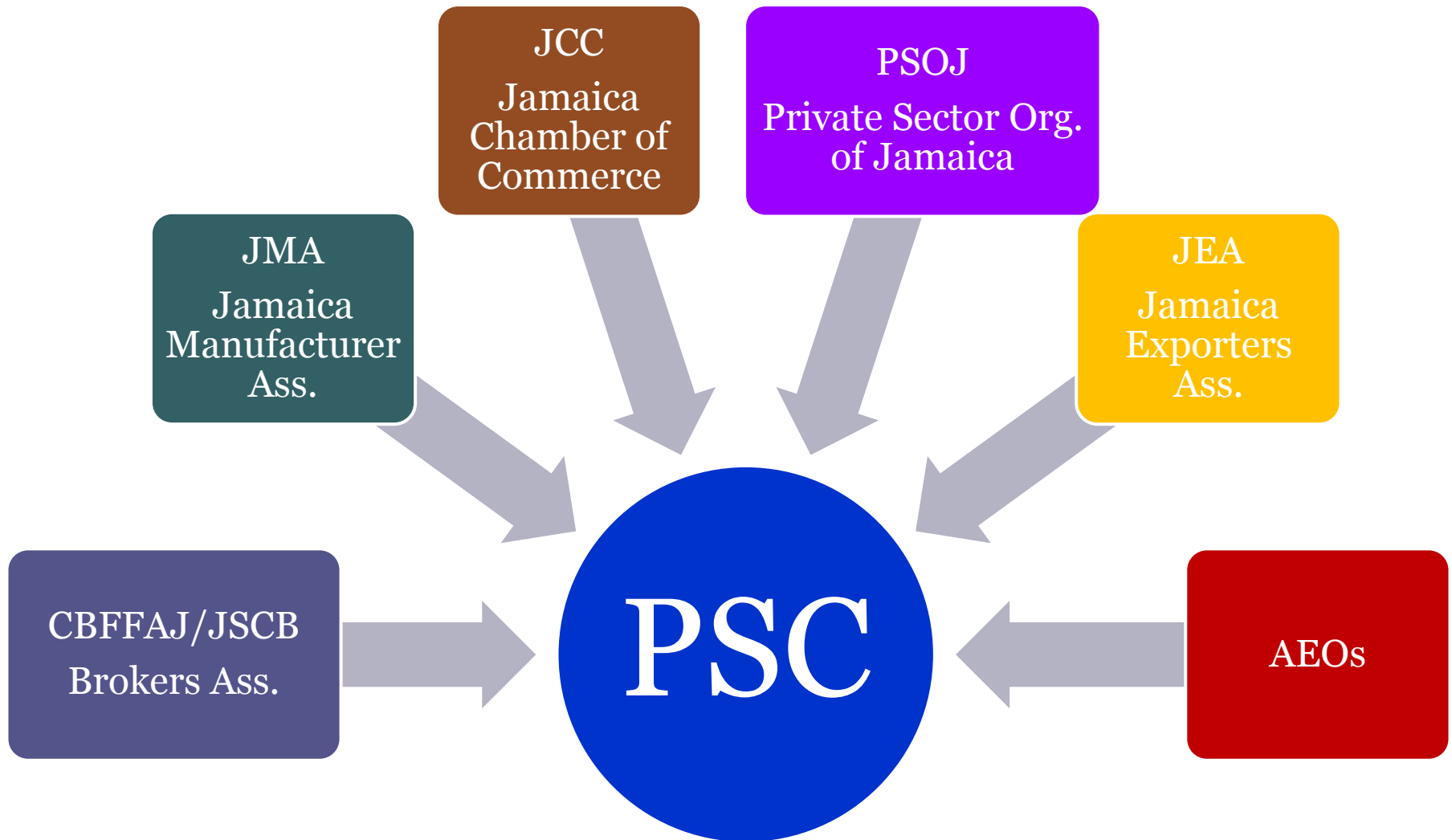
AEO Committee

Governing of the AEO Programme

Recommendations regarding application

Recommendations regarding status

Private Sector Committee



Inter-Agency Committee(IAC)

The Inter-Agency Committee previously called the Public Sector Inter Institutional Committee is comprised of Government Trade Regulatory Agencies; who are involved in the international trade. The agencies are involved in the issuance of permits, product compliance and standards, examination of animal products, fruits & vegetables and live animals, and involves:

- Coordination between Agencies to facilitate first in line for AEO's
- Acting as a Point of contact for the respective Agency
- Improving Risk Mgt. through exchange of information
- Enhancing controls due to expertise of each member

Inter-Agency Committee (IAC)

- Ministry of Health (MOH)
 - Public Health Division
 - Pharmaceutical Division

Ministry of Industry Commerce Agriculture & Fisheries (MICAF)

- **BSJ – National Compliance & Regulatory Authority**
- Food Storage & Prevention of Infestation
- Plant Quarantine / Produce inspection
- Veterinary Services
- **JAMPRO – Jamaica Trade & Investment**
- **Trade Board Ltd**

Santions for none compliance:

- Suspension
Temporary removal from the Programme
(1 -12 months)
- Revocation
Termination of AEO status.

Suspension or Revocation of AEO Status

- Disallowing a JCA officer / Regulatory officer from:
 - Entering premises
 - Examining a container
 - Examining books and records
- Breach of either the JCA or other Govt. Agency Act or Regulations
- Not fulfilling the AEO security requirements and obligations as per the MOU

AEO Account Officers

- Each AEO is assigned an Account Officer who serves as the main point of contact with Customs and other trade regulatory bodies.
- Conducts validations and monitoring
- Assists the AEO with compliance issues

AEO PROGRAMME: VALIDATION

The validation exercise is the process which establishes:

- Whether or not there is congruence between an organizations documentation and their processes;
- Whether or not an applicant is eligible for receiving the AEO status

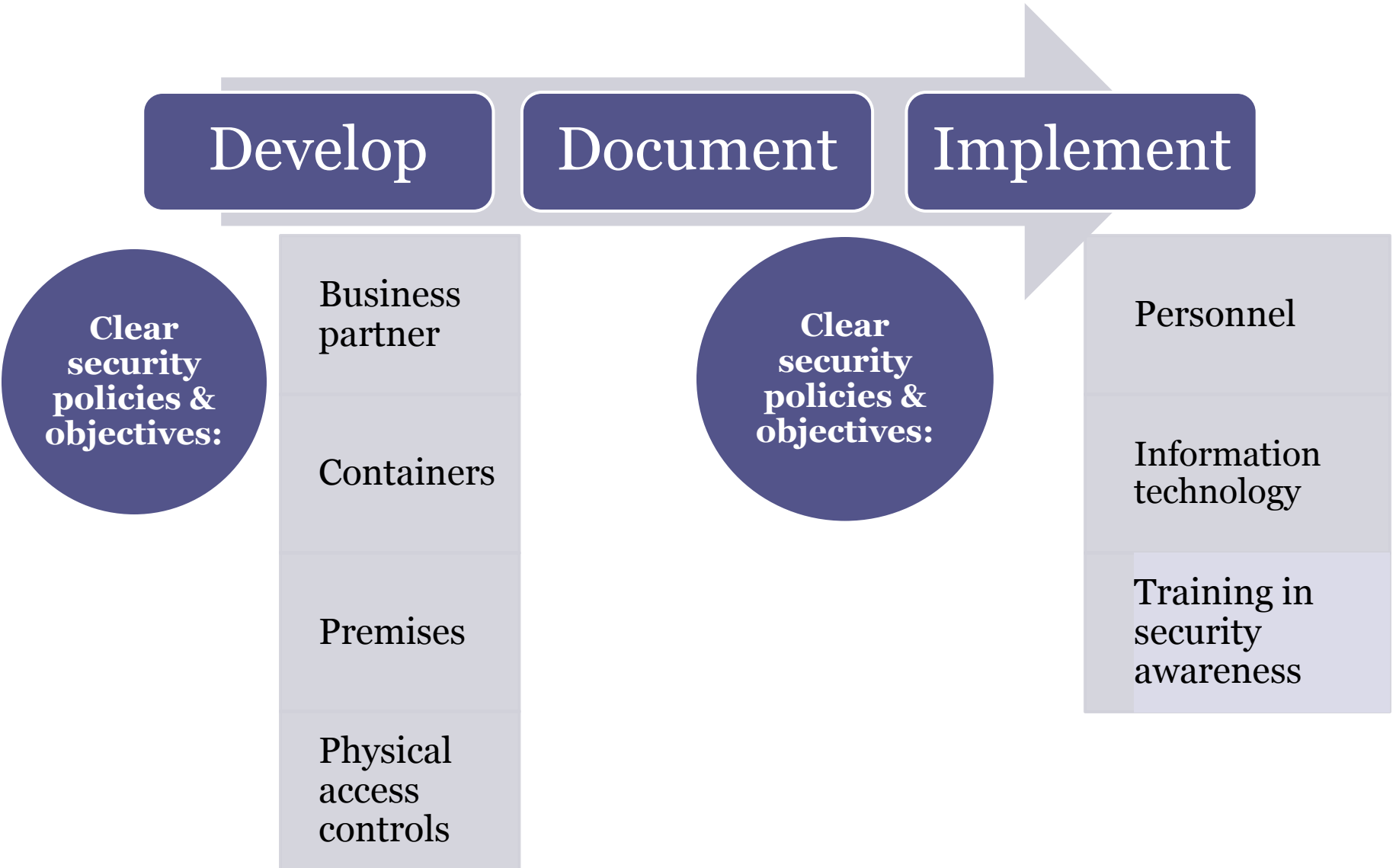
STEPS IN THE VALIDATION PROCESS

- Initial Validation
- 60 dy. validation follow-up
(60dys after the initial findings meeting)
- 90dy validation follow-up
(30 dys after the 60dy follow-up)
- Final report prepared for AEO Committee recommendation & Commissioner's approval
- Signing of Memorandum of Understanding by the AEO Co and JCA, certified by a Justice of the Peace

AEO PROGRAMME: SECURITY REQUIREMENTS

- Designated officer to over see AEO Programme requirements
- Business Partner Security & Risk Assessment
- Container Security
- Personnel Security
- Information Technology Security
- Physical Access Security
- Storage and control of Raw Materials **(Manufactures)**

Management and Administration of AEO Programme



Business Partner Security

A Business Partner is the person/organization providing a service or commodity to the AEO, and whose activities have the potential to affect the security of the supply chain

Risk Assessment of Business Partners

- Risk Assessment is the analysis of external threats against the company procedures to identify where vulnerabilities exist and what procedures can be implemented or improved to reduce such risks, this may include developing a new policy or updating a current policy

Risk Assessment of Business partners

- A risk assessment should include how security procedures are affected by natural and man made disasters, how backup systems will address the vulnerabilities.

Threat Assessment of Supply Chain

- This includes the identifying threats to a supply chain within a country or region, that are external and outside the control of the Business Partners.
- The AEO should be aware of the potential threats such as drug smuggling, corruption and terrorist.

Threat Assessment of Supply Chain

- Threat can be assessed in following way:
 - Low Risk =1 - No recent activity/intelligence information
 - Medium Risk =2 - No recent incidents/some intelligence/ information on possible activity
 - High Risk =3 - Recent incidents and intelligence/information

* Recent is representative of 5 years

Threat Assessment of Supply Chain

Partner: ABC Freight Forwarders

Location: Florida

Country /Region: United States of America

Threat Risk Factor	Risk Rating	Activity	Source of Information
Terrorism (Political, Bio, Agro, Cyber)	2	Threats posed by terrorism within USA.....	USA Intelligence Service

The Five Step Risk Assessment Process

1. Mapping Cargo/Data Flow & Control and identifying Business Partners
2. Conducting a Threat Assessment
3. Conducting a Vulnerability Assessment in accordance with the AEO security criteria
4. Prepare a written Action Plan to address vulnerabilities
5. Documenting the Procedure for how Risk Assessments are conducted to include reviewing and revising the companies procedures periodically

Vulnerability Assessment

- This Assessment identifies weaknesses in a company's security procedures and supply chain.
- These can be identified through internal audits of the company via annual security profile review and site visits.

Identifying Business Partners

Supply Chain Step	Type of Service Provided	Details of Business Partner	Issues to consider
Freight Forwarder	Processes paper work for cargo export	ABC Shipping 123 Jake Park Way Malaysia	Eligible for AEO, country has an AEO Programme
Manufacturer	Supplies packaging Materials	West Wood Blvd. Japan	Not eligible for AEO country has no AEO Programme however Partner has security procedures in place and conforms to ISO

Business Partner Security: Manufacturer

- The manufacturer in the supply chain is responsible for ensuring a safe and secure manufacturing process for its products
- Safe delivery of its products to reduce or eliminate any compromise of the goods.

Business Partner Security: Exporter

- The exporter is responsible to ensure that export declarations are correct
- Ensure a secure & safe supply of the goods to the carrier or freight forwarder.

Business Partner Security: Freight Forwarder

- The Freight forwarder is responsible for ensuring that there are security measures in place to ensure the safe packing of containers
- That the applicable transport formalities are adhered to
- Safe delivery and transportation of the goods
- Requisite declarations are done in accordance with legislation or regulations

Business Partner Security: Warehouse Keeper

Ensures that while the goods are in a Customs warehouse or temporary storage:

- They are not removed without authorization
- Abide by the rules of temporary storage as per legislation or regulations
- Provide protection of the storage area against external intrusion, unauthorized access to, substitution of and tampering with the goods

Business Partner Security: Customs Broker

- Apply the necessary provisions in accordance with the Customs legislation and regulations specific for the type of representation, for placing the goods under a Customs procedure.
- Ensure their data and their clients information are secured and controls who has access to this information

Business Partner Security: Carrier

Being responsible for the transportation of the goods, the Carrier is to:

- Ensure a safe & secure transportation, avoiding unauthorized access to & tampering with the means of transport and the goods being transported.
- Provide the requisite transportation documents and abide by the requisite marine and Customs legislations and regulations

Business Partner Security: Importer

The responsibility of the importer in the international trade is to ensure that:

- Correct import declarations are submitted
- Ensure the safe receipt of the goods avoiding unauthorized access to and tampering with the goods.

Container Security

- ✓ Seals must meet or exceed the standard for high security seals **PAS ISO 17712 HIGH SECURITY SEALS**
- ✓ Containers must be properly inspected and the report documented

Personnel Security

Recruitment & other HR policies must be in place to mitigate risks that may be faced by the company, and which could threaten the security of the supply chain

Information Technology Security

Policies must be in place to secure electronic data and information management systems; and to guard against or treat with misuse/abuse

Physical Security

- Proper Fencing /Wall
- Log of Entrances and Exits
- Safe & secure Building structures
- Control of locks and keys
- Security system
- Lighting
- Parking and lockers

Security Training & Awareness of Threats

Employees must be made aware of the policies & procedures governing the company and who and how to report suspicious activities to relevant authorities

Suspension or Revocation of AEO Status

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Mutual Recognition Agreements

- A MRA refers to the signing of a formal document between two or more Customs administrations outlining the conditions in which AEO programmes are recognized and accepted between the signing parties.
- MRA sets out the process to implement, evaluate, monitor and maintain mutual recognition.
- It defines the benefits mutually provided to the AEOs by the participating Customs Administrations and arrangements enabling the participating Customs Administrations to provide those benefits.

Benefits of a MRA

Through mutual recognition, AEOs should be expected to benefit from:

- Improved economic efficiency through reduced time and costs associated with cross-border Customs controls due to priority treatment.
- Reduced costs and time delays through priority inspections when cargo is selected facilitating just-in-time deliveries.
- Improved predictability and precision in moving goods from one's own territory to the territory of the trading partner whilst improving competitiveness of business.
- Reduced cargo theft and pilferage by improving the security of the bilateral supply chain.
- Target examinations so as to allow non-selected cargo belonging to the same trader to proceed without delay to destination to the extent possible.
- Reciprocal or comparable compliance benefits whenever equivalent programmes are provided

Application Process

1. <https://www.jacustoms.gov.jm>
2. Click **AEO** Tab in menu bar ***or***
3. Click Division in menu bar then select AEO
4. Review information about the programme
5. Click **AEO Application**

Please note the application is lengthy, and requires participation of all the Managers of the Co., if unable to complete ***click button on the lower portion of the screen to save and return later.***

Once application is completed and documentations uploaded, click **submit** and you will receive an email notifying you or the receipt of your application, thereafter the company will be contacted by the assigned AEO Account Officer

LAYERS OF SECURITY

