



**National Workshop on the Enhancement and Sustainability of the Authorized Economic Operators (AEO) Program in CAREC**

**Session 4: Border Management Modernization and Trade Supply Chain**



# An important change

## Endless queues

- Until 2017, there was an unorganized queue of trucks stretching several kilometers long leading up to the large customs checkpoints. This situation significantly hindered the movement of tourists and local residents. At the same time, the relevant departments of the Ministry of Internal Affairs expended considerable resources in attempts to manage and regulate the queue effectively.
- To address the mentioned problem, a significant legislative change was introduced at the end of 2016. This change was made through an update to the joint order of the Minister of Internal Affairs of Georgia and the Minister of Finance of Georgia, originally dated **December 31, 2010, No. 985**, and revised by Resolution **No. 442 in December**. The update introduced the possibility of **managing truck queues** through organized parking lots and an electronic platform. Consequently, traffic congestion on the roads gradually shifted to parking lots within a 20-kilometer radius of the customs checkpoints (known as **Tir Parks**).





# Special parking lots

## Operating parking lots

- As of today, the system includes **28 parking lots** near the state borders of Georgia, where a total of **3,073** trucks can be parked simultaneously.
- Initially, the electronic truck queue management system was designed to incorporate the existing parking lots adjacent to the customs checkpoints at "Sarpi", "Red Bridge", and "Kazbegi". However, following updates to the joint order, additional customs checkpoints at "Lagodekhi", "Sadakhlo", "Guguti", "Vale", and "Kartsakhi" were also included in the system.





# Car registration in the parking lot

- When a vehicle enters the parking lot, its registration number is automatically identified by a special number recognition camera and recorded in the queue management system. A receipt is then issued to the driver through a technical device, which includes the vehicle's registration number, the date and time of entry, as well as the queue number and traffic information. The vehicle's status (ordinary or priority) is also reflected in the electronic system managing queues at the customs checkpoints of the Revenue Service.
- Based on the data from the electronic queue management system, the time for leaving the parking lot is determined. The driver is informed of this time via a special monitor installed in the parking lot and by an authorized employee.





# Procedure

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- When a vehicle is ready to exit the parking lot, its queue number is displayed on the monitor in the parking area.
- The vehicle is given a set time (no more than 30 minutes) to leave the parking lot. If the vehicle cannot exit within this time frame, an extension of up to 6 hours is possible. If the vehicle still does not leave within the extended period, it will be assigned a new queue number from the beginning.
- When the vehicle exits the parking lot, the exit is automatically recorded by the system using a special number plate recognition camera. Alternatively, the exit can be recorded manually by the parking lot operator.
- After the customs formalities are completed, the customs officer updates the vehicle's status to "exited" in the queue management system. This update triggers an automatic request for a new vehicle from the parking lot.



# Priority

In certain situations, trucks are processed with priority, allowing them to move towards the border crossing point within 2 hours of entering the designated parking lot. This expedited process is applied as necessary:

Export

Movement of AEO (Authorized Economic Operator) cargo trucks

Transportation of goods containing mass information and postal items

Carriage of substances of human or animal origin intended for therapeutic or prophylactic purposes

Transportation of organs for therapy

Live plants and animals, as well as goods specified in Annexes No. 2-I-01 and No. 2-I-02

**PRIORITY**



# Introduction about AEO

On the basis of the **ASSOCIATION AGREEMENT** between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, we are working on implementing of the Authorized Economic Operator (AEO) in Georgia.





# Authorized Economic Operator

Any entity (natural and legal) that is involved in activities covered by customs legislation and contributes to the supply chain security can become an AEO.

Such can be:

- Importers
- Exporters
- Carriers
- Freight forwarders







# Status of AEO

The status of authorized economic operator include two types of authorizations:

**AEOC** or **AEOS** or both types of authorizations may be held at the same time.



**AEOC** - Customs Simplification.

**AEOS** - Security and Safety.



# Simplifications

## Direct and indirect simplifications

Simplifications		AEOC	AEOS	AEOC+AEOS	
Fewer physical and document-based controls		√	√	√	<b>Direct Simplifications</b>
Examination of possessed goods at the point agreed in advance			√	√	
Using priority for related custom services		√	√	√	
Priority treatment of consignments on the border		√	√	√	
Simplified procedures	Released from submission of guarantee	√		√	
	Not submitting goods at control zone	√		√	
	Physical control at an agreed location	√		√	
	Temporary storage of goods at another place of storage	√		√	
Positive effects in various areas of operator's activity		√	√	√	<b>Indirect Simplifications</b>
Recognition as a secure and safe business partner			√	√	
Improved relations with Customs		√	√	√	
Mutual Recognition with third countries			√	√	



# Direct Simplifications

- ❑ Fewer physical and document-based controls (AEOC/AEOS)

Fewer physical and document-based controls Bearers of AEOC/AEOS are subject to fewer physical and document-based controls by customs authorities.



- Reduce
- Reduce
- Increase

*The validity of these benefits entirely depends on the risk profiles available in the respective software.*

*For example, if 20 out of 100 customs declarations could be identified as "red line", in the case of an authorized economic operator - 5 customs declarations can be determined.*

*Note: The above - mentioned numbers in the example are conditional;*



# Direct Simplifications

- ❑ Prior notification in case of selection for physical control (AEOS)

In case of presenting pre-information, before importing the goods to Georgia, the customs shall notify the authorization holder of the physical examination of the goods.





# Direct Simplifications

- ❑ advantage usage of custom services (AEOC/AEOS)

The authorization holder will be able to prioritize the clearance of owned goods.

Which consider:

- Priority use in order to obtain customs clearance, permits, certificates of origin or registration certificate.
- Priority for checking the declaration/goods when identifying goods in the yellow/red line.





# Direct Simplifications

- ❑ Priority treatment of consignments on the border (AEOC/AEOS)

The AEOC/AEOS status owner will be able to pass through Georgia in the following order:

- If the status holder is the owner of the consignment, will benefit from the queue at the TIR Park;
- If the status holder is a carrier, will benefit from the queue at the TIR Park, including in the case of an empty vehicle.



*Although exporting from Georgia is considered a priority, the status holder may additionally benefit from re-export, transit or other cases. For example, the holder of a status is a carrier that will transit goods through Georgia, in which case the TIR Park line will be given priority.*



# Direct Simplifications

- ❑ Not submitting goods at control zone (AEOC)

In the case of owned goods, the status holder may not submit the goods to the customs control zone.



*In other cases, the taxpayer must submit the goods at customs control zone, except for the submission of a preliminary customs declaration and at the same time the goods were released from the border.*



# Direct Simplifications

- ❑ Physical control at an agreed location (AEOC)

The AEO holder has possibility to request a specific place for customs controls



*Above mentioned could occur upon taxpayer request and with the consent of the customs authority.*





# *INTERACTION IS SIMPLE*

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*THANK YOU FOR YOUR ATTENTION!*

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