



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

13-14 August 2024, Astana, Kazakhstan



Session 6: Raising Awareness Campaign and the Impact of the AEO Program to a Regional or District Port's Operation

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Bureau of Customs, The Philippines

32



YEARS OF DIPLOMATIC RELATIONS | SINCE 19 MARCH 1992

REPUBLIC OF THE PHILIPPINES & REPUBLIC OF KAZAKHASTAN



112th

*Out of 211 export
partners of the
Philippines*

US\$14.7 MILLION

*PH-KZ total trade
(2022)*

PRESENTATION OVERVIEW

Part I: Raising Awareness on the Philippine AEO Program

- History, Components and Scope
- Accreditation Criteria and Process
- AEO Benefits
- AEO Office - Governance and Composition
- Creation of the Philippine AEO Manual and AEO Blueprint
- Awareness Campaign Activities

Part II: Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

Part I: Raising Awareness on the Philippine AEO Program

PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

History, Components and Scope



PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

History, Components and Scope

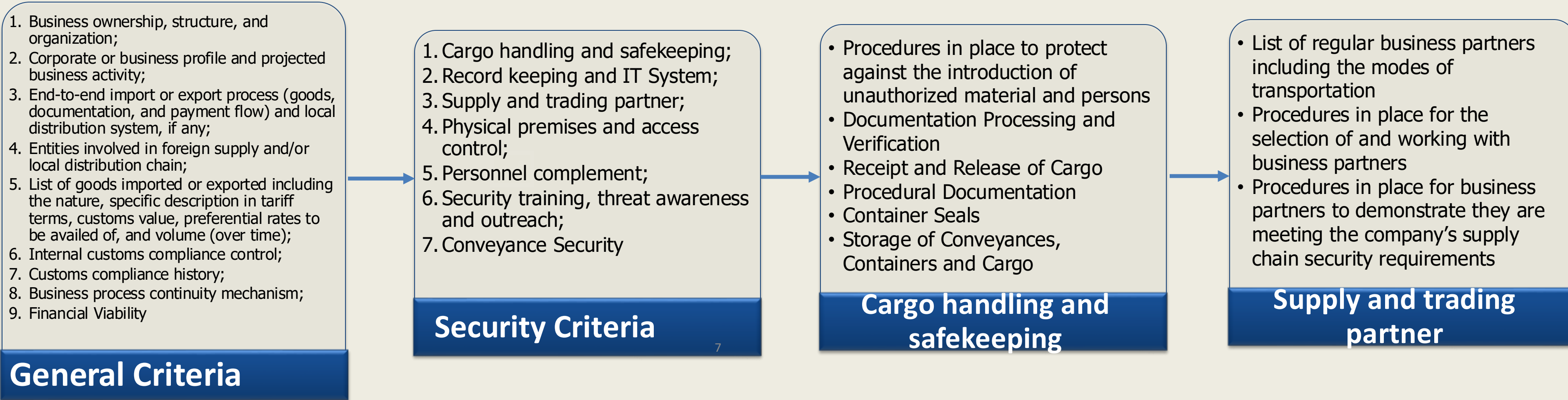


Philippine Customs Modernization and Tariff Act, *Section 102, Definition of Terms:*

*(g) **Authorized Economic Operator (AEO)** refers to the importer, exporter, customs broker, forwarder, freight forwarder, transport provider, and any other entity duly accredited by the Bureau based on the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade, the Revised Kyoto Convention (RKC), the WCO Supply Chain Management Guidelines and the various national best practices to promote trade facilitation and to provide a seamless movement of goods across borders through secure international trade supply chains with the use of risk management and modern technology;*

PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

Accreditation Criteria and Process



PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

Accreditation Criteria and Process

- Essential elements of your business processes that facilitate a full audit trail
- Procedures in place to maintain confidentiality and integrity of data
- Accountability
- Data Back-ups and Recovery Plans

Record keeping and IT System

- Pre-Employment Verification and Background Checks
- Periodic Background Checks / Reinvestigations for Current Personnel
- Resignation and Termination of Personnel
- Temporary personnel security standards
- External Services

Personnel complement

- Perimeter Fencing
- Gates and Gate Houses
- Building Structure
- Locking Devices and Key Controls
- Alarm systems and video surveillance cameras
- Security Personnel and Organization
- Access Controls for Employees, Visitors and Vendors / Contractors

Physical premises and access control

- Procedures in place to educate your personnel with regard to the risks associated with movements of goods
- Training on the identification of potentially suspect cargo
- Reporting of suspicious incidents.
- Training provided for employees in crisis management and any drill conducted for the contingency plan

Security training, threat awareness, and outreach

PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

Accreditation Criteria and Process

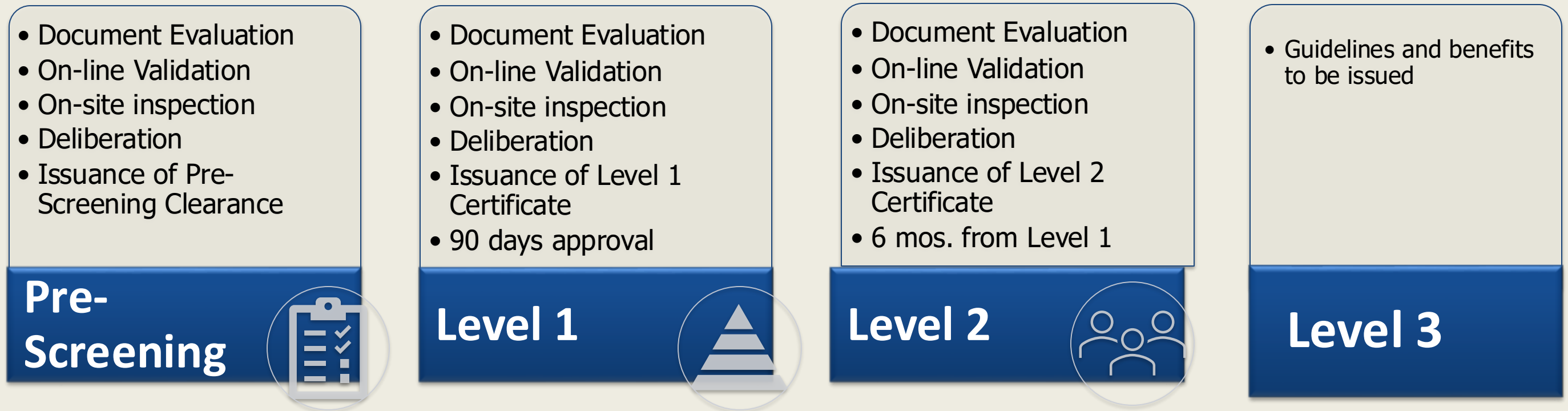
- Procedures in place to consider potential places of concealment on conveyances
- Procedures in place to train drivers on subjects such as:
 - Inspection of conveyance;
 - Confidentiality of load, route and destination;
 - Policy on keys, parking area, refuelling and unscheduled stops, etc.
 - Reporting for accident or emergency;
 - Reporting of any irregularity in loading, locking and sealing; and
 - Testing of security alarms and tracking devices, if any

Conveyance Security



PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

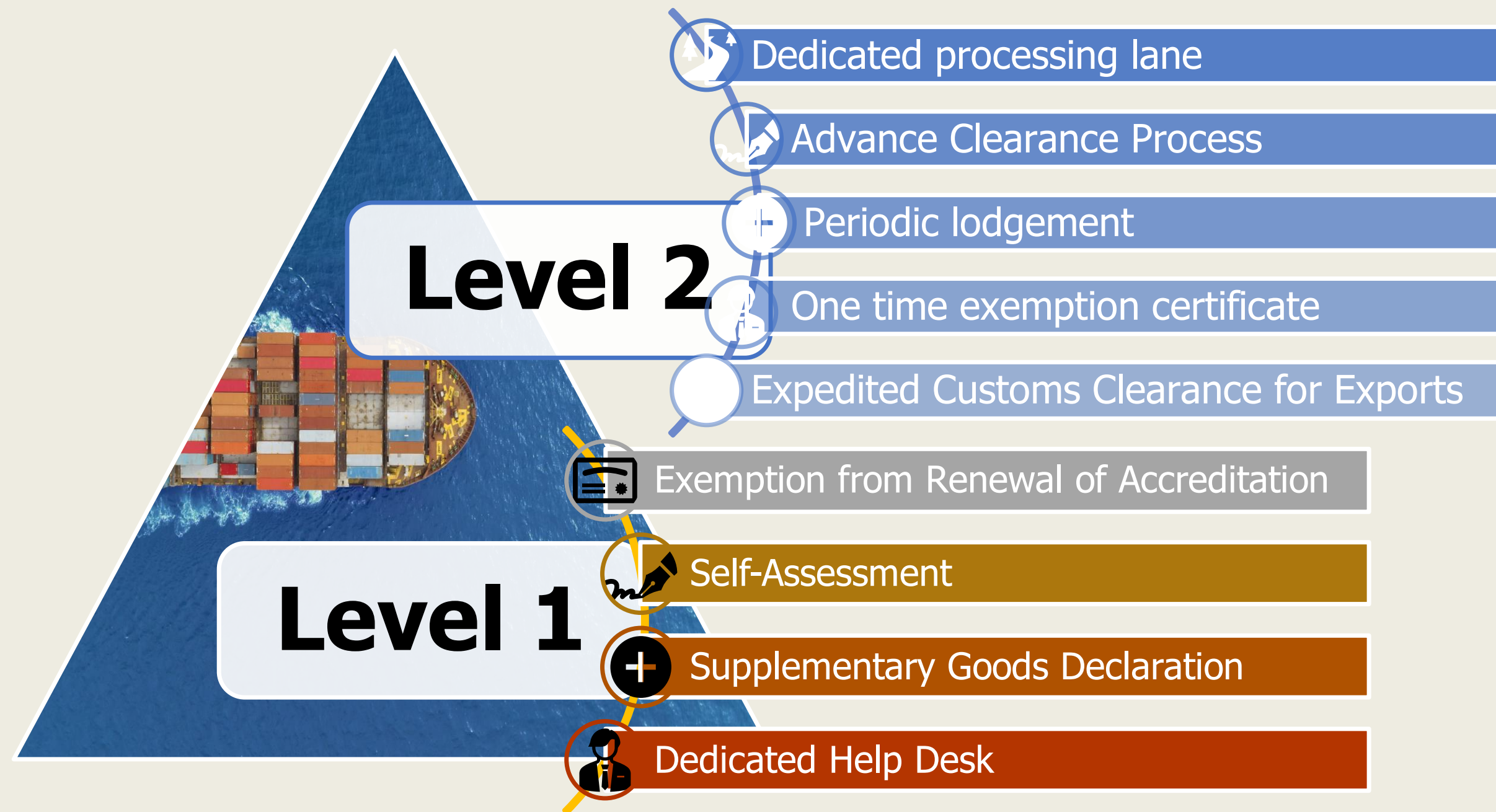
Accreditation Criteria and Process



- The “screening and evaluation” process is conducted by the members of the AEO Accreditation Unit during the pre-screening led by an Account Manager who shall have overall supervision of all the activities of the Team.
- Prepares the validation plan, Evaluation Report and shall notify the applicant in writing of his accreditation as Level 1 AEO member

PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

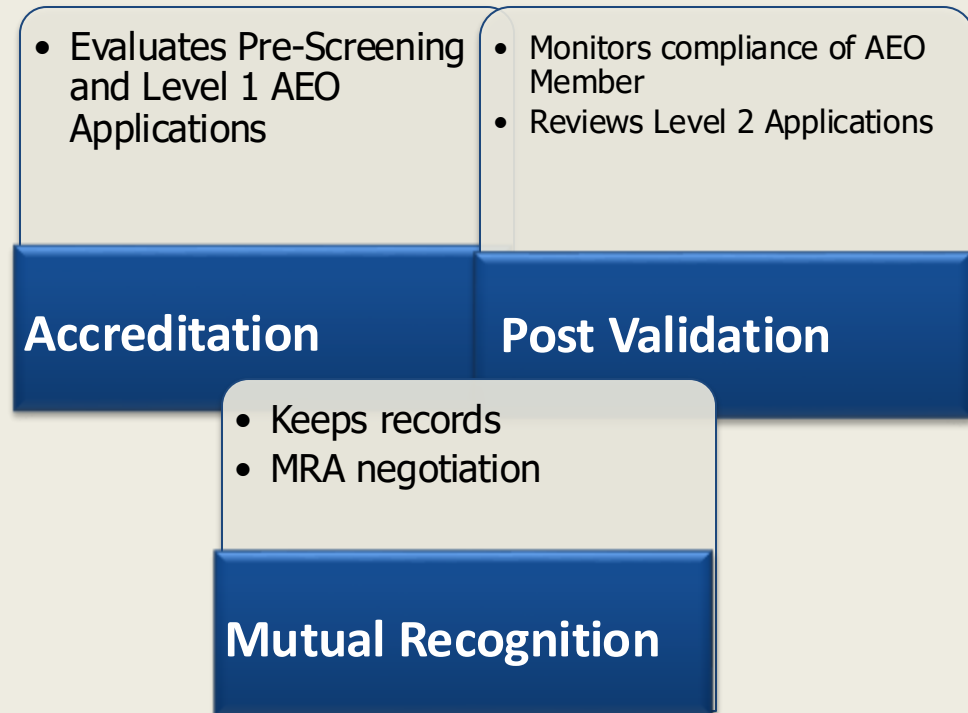
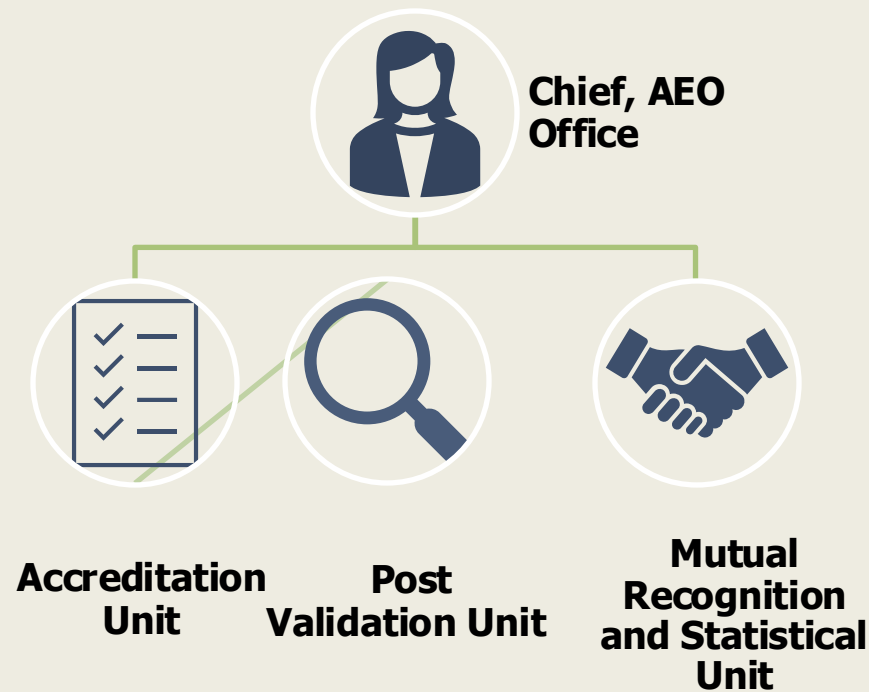
AEO Benefits



PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

AEO Office - Governance and Composition

- Interim AEO Office was created under Customs Memorandum Order (CMO) 9-2020.
- Personnel are designated through Customs Special Order 68-2023
- Currently composed of 55 personnel as of August 2023



PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

Creation of the Philippine AEO Manual and AEO Blueprint



This project is funded by the European Union

BUREAU OF CUSTOMS AUTHORIZED ECONOMIC OPERATOR (AEO) OPERATIONS MANUAL

ARISE PLUS PHILIPPINES – UN ITC

February 2024



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ARISE PLUS PHILIPPINES

DEVELOPMENT OF THE BUREAU CUSTOMS' AUTHORIZED ECONC OPERATOR'S FRAMEWORK

DRAFT AEO DSEIGN FRAMEWORK (BLUEPRINT)

August 2022

Prepared by: Mr. Dennis Capistrano Pantastico
ITC National Lead - AEO

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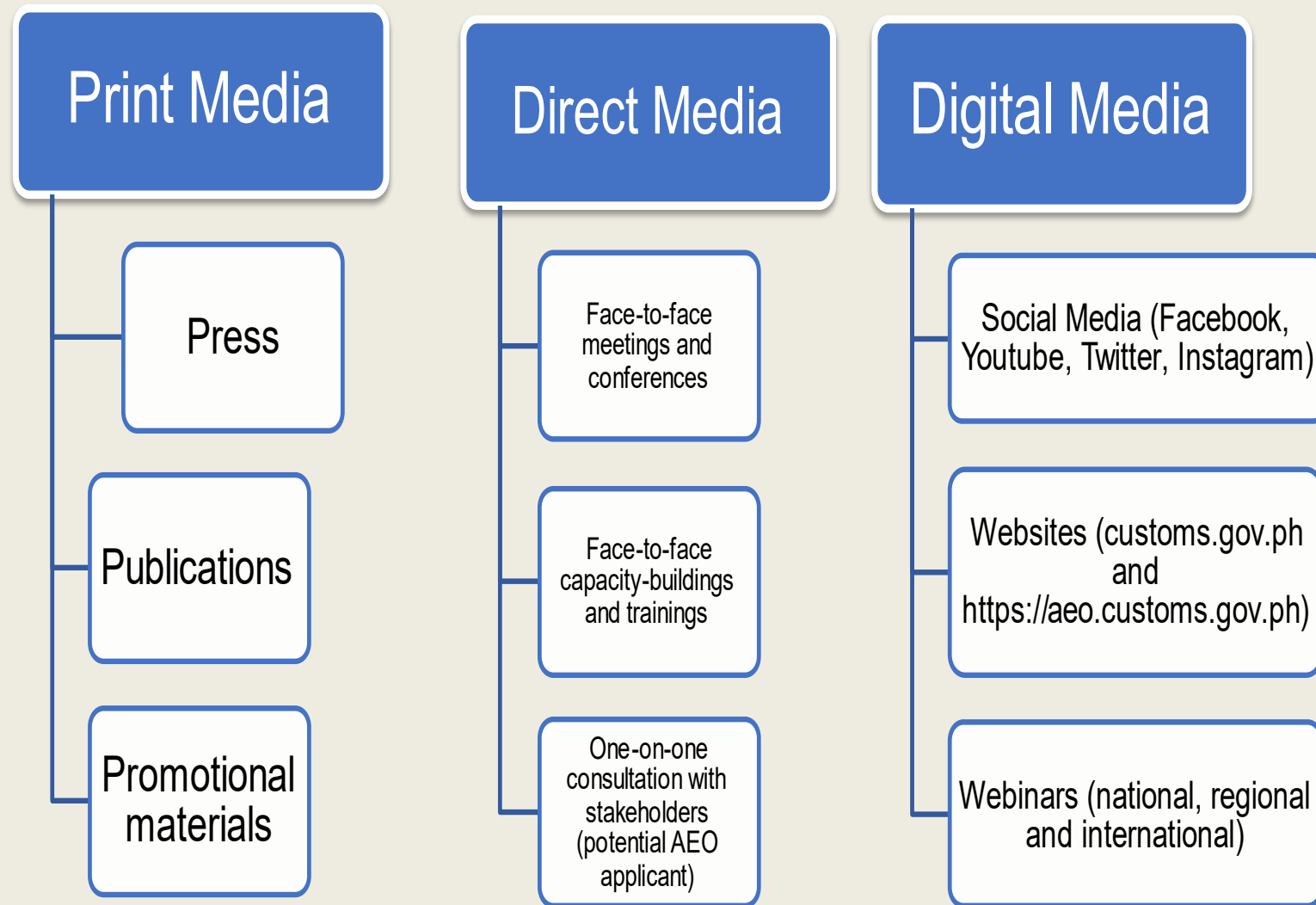


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PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

AEO Awareness Campaign Activities



What is an AEO?

Refers to:
 ✓ Importer, exporter, customs broker, forwarder, freightforwarder, transport provider, and any other entity
 ✓ 'Duly accredited by the Bureau of Customs based on the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade, the Revised Kyoto Convention (RKC), the WCO Supply Chain Management Guidelines and the various national best practices
 ✓ To promote trade facilitation and to provide a seamless movement of goods across borders through secure international trade supply chains with the use of riskmanagement and modern technology.

Who May Apply?

Pursuant to Customs Memorandum Order (CMO) 9-2020, the implementation of the AEO Program shall only cover Importers and Exporters. The roll-out of implementation of AEO for other stakeholders shall be upon the issuance of subsequent regulations.

Implementing Rules and Regulations:
 • Customs Administrative Order (CAO) 5-2017
 • Customs Memorandum Order (CMO) 9-2020

Kindly visit <http://customs.gov.ph/aao-philippines/> to download all forms needed for the Application of AEO

**DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS**

www.customs.gov.ph
 South Harbor, Gate 3,
 Port Area, Manila 1099

Email: aao@customs.gov.ph Facebook: Bureau of Customs PH

ACCREDITATION PROCESS

LEVEL 1: APPLICATION (No days from application)

LEVEL 2: REVALIDATION (One year from accreditation)

LEVEL 3 (Two (2) years from effectivity of CAO 5-2017)

DOCUMENTARY REQUIREMENTS

- Notarized Pre-Screening Form (Annex A);
- Notarized Self-Assessment Questionnaire (Annex B);
- Risk Evaluation Sheet (Annex C);
- Notarized Undertaking (Annex D);
- Financial Documents (e.g. Annual BSR Returns, Financial Report, etc.)
- SEC/DTI Registration, as applicable;
- Mayor's Permit and/or Certificate of Registration (i.e. BOL, PEZA, SSHA, etc.), as applicable; and
- General Information Sheet (GIS)

PRE-SCREENING

AEO Office assigns Account Manager to review criteria and assist candidate.

AEO candidate files forms and submit documentary requirements to the Office of Deputy Commissioner, AEOC.

If approved, applicant is accredited as Level 1 Member.

If disapproved, applicant may re-apply after one year from initial application.

AEO Office evaluates document submissions and conducts on-site inspection of facility.

Level 1 Benefits:
 ✓ Exemption from Release of Association
 ✓ Self-Assessment
 ✓ Supplementary Goods Declaration
 ✓ Dedicated Help Desk
 ✓ Other benefits consistent with RKC.

GENERAL CRITERIA

Business integrity, structure and information
 Corporate or business profile and projected business activities
 Full-fledged import or export process and local distribution system, if any.
 Entities involved in foreign supply chain and local distribution chain.

A operation for at least one (1) year.
 AEO Office shall evaluate and discuss basic related customs laws and procedures and/or trade controls laws for violation of any Philippine laws and regulations within three (3) year term.

Must have a dedicated office or unit in the Philippines.
 Must have a dedicated office or unit in the Philippines to ensure the applicant's compliance.

SECURITY CRITERIA

Physical premises and access control
 Security training, threat awareness, and outreach
 Conveyance Security
 Revocation of security measures and apply chain security practices of Level 1 member (e.g. site visit)

LEVEL 2: REVALIDATION

Revolution of security measures and apply chain security practices of Level 1 member (e.g. site visit)

Level 2 Benefits:
 ✓ Expedited processing line
 ✓ Advance Clearance Process
 ✓ Periodic Judgment
 ✓ One-time exemption certificate
 ✓ Expedited Customs Clearance for Exports
 ✓ Other benefits consistent with RKC.

LEVEL 3

The Commissioner, subject to the approval of the Secretary of Finance, shall designate appropriate criteria and benefits to validated Level 3 members.

**PORT OF BATANGAS
LATEST UPDATES ON
CUSTOMS POLICIES AND PROCEDURES**

WEBINAR ON AUTHORIZED ECONOMIC OPERATOR (AEO)
via Zoom

April 5, 2022 | 2:00 p.m.

WATCH US LIVE JOIN THE FORUM REGISTER

ATTY. MA. RHEA M. GREGORIO
District Collector

ATTY. MARIA YASMIN OBILLOS-MAPA
Director, Legal Service, RCMG / Chief, AEO Office

GENILYN MINARDO
Account Manager, AEO Office

TOYOTA MOTOR PHILIPPINES CORP.
First Philippine AEO

Bureau of Customs PH

April 5 at 7:05 AM

#BOCNewsToday | The delegation from the Bureau of Customs (BOC) Philippines comprises of key officials responsible for Authorized Economic Operator (AEO) matters, engaged in a Joint Validation Visit (JVV) with Hong Kong Customs which aims in advancing mutual recognition arrangements and bolstering trade facilitation efforts.
 Full story: <https://customs.gov.ph/boc-engages-in-joint-validation-.../>
 Photo Courtesy of HK AEO Programme

Kyle Ablat, Karren Noronio – Gabion and 89 others
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PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

AEO Awareness Campaign Activities



Outreach, advocacy, and capacity-building sessions with private stakeholders, other government agencies, and international partners

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PHILIPPINE TRADE FACILITATION COMMITTEE ROADMAP 2022 - 2028 : MEDIUM-TERM ACTIVITIES

Outcome	Performance Indicators	Means of Verification	Baseline	Target
<ul style="list-style-type: none"> Streamlined trade procedures and reduced processing time for permit issuance and clearance time, and Harmonized rules and conditions for securing regulatory permits / clearances 	No. of accredited AEO	AEO Accreditation issued	1	Increase by 10% per year
	No. of MRAs on AEO recognition	MRAs signed	None	2 MRAs by 2028
<ul style="list-style-type: none"> Increase access of MSMEs to trusted trader schemes 	No. of MSMEs accredited as trusted traders schemes (BOC)	AEO Accreditation issued	None	2 MSMEs and increase to 50% yearly
	No. of approved MRAs for AEO	MRAs signed	None (one MRA negotiated with ASEAN)	2 MRAs by 2028

CATEGORY A MAKABAGONG A MATATAG NA EKO

- Article 6.2** Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation
- Article 6.3** Penalty Disciplines
- Article 7.1** Pre-arrival processing
- Article 7.3** Separation of Release from Final Determination of Customs Duties, Taxes, Fees, and Charges
- Article 7.4** Risk Management
- Article 7.6** Establishment and Publication of Average Release Times
- Article 7.7** Trade Facilitation Measures for Authorized Operators



PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

AEO Awareness Campaign Activities

The introduction of **VOLUNTARY COMPLIANCE** is generally based on three principles:

- In the performance of its tasks, **Customs seeks to improve compliance** with the relevant laws.
- **Voluntary compliance by operators (importers, exporters) with their Customs obligations** has a dual effect (win-win for the Customs administration and for businesses)
- The WCO defines voluntary compliance as a strategy that...*”aims to improve the level of voluntary compliance of traders and creating the conditions necessary to facilitate voluntary compliance as the most cost-effective and efficient approach.”*

AEO Program Criteria

- 1. REGULATORY COMPLIANCE**
2. Business records management
3. Financial viability
4. Security
5. Crisis management and incident recovery
- 6. COMMUNICATIONS AND TRAININGS**

Source: SAFE Framework.

PHILIPPINE IMPLEMENTATION OF THE AEO PROGRAM

AEO Awareness Campaign Activities - Building Trusted Traders

1. Establishing transparency on Customs rules and procedures

- WTO TFA Article 1: Publication and Availability of Information
- Creation of **dedicated Customs Care Centers** in all ports of entry

2. Strengthening coordination between Customs and other government agencies

- Clearance of certain commodities are covered by regulatory government agencies other than Customs
- Work collaboratively with the **Philippine National Trade Repository (PNTR)** of the Department of Trade and Industry (DTI) to develop a comprehensive trade portal that provides detailed information to the trading community
- Conduct of a **National Time Release Study** to identify bottleneck in the supply chain

3. Building effective working relationships with the private sector

- To raise the awareness of the private sector on the importance of and the benefits associated to the effective implementation of trade facilitation measures
- **Customs Industry Consultative and Advisory Council (CICAC)**

4. Trainings on supply chain management principles

- Having an **efficient supply chain management**, which includes processes beyond Customs control, has a significant impact on business operations and trade compliance.

Part II:

Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

Observed Impact of the AEO Program to a Regional or District Port's Operation: The Philippines

Enhanced Security and Compliance

Efficiency Gains

Increased Competitiveness

Cost Reduction

Stronger Trade Relationships

Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

➤ Enhanced Security and Compliance

- Ports that engage with AEO-certified operators benefit from **streamlined customs procedures**, leading to quicker processing times and reduced bottlenecks.
- The AEO program requires participants to adhere to stringent security and compliance measures, reducing the risk of smuggling, fraud, and other illegal activities at the port resulting to **improved risk management** .





Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

➤ Efficiency Gains

- AEO-certified companies often enjoy priority treatment, meaning their **goods are cleared faster** than non-certified ones, which can significantly enhance the overall efficiency of port operations.
- Ports may see a **decrease in the need for physical inspections of goods** from AEO-certified traders, allowing resources to be allocated more effectively elsewhere.

Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

➤ Increased Competitiveness

- Ports that can handle AEO-certified goods more efficiently may **attract more business**, as traders seek the benefits of faster clearance and reduced costs.
- Ports associated with the AEO program might be seen as more secure and reliable, **enhancing their reputation and competitiveness** in the global trade arena .



Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

➤ Cost Reduction

- The simplified procedures associated with AEO can **reduce the administrative burden** on port authorities, leading to cost savings.
- **Fewer delays in processing** can translate to reduced costs for port operations and for businesses using the port.

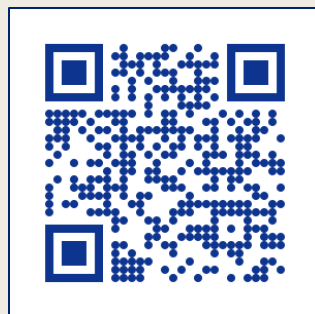


Sharing of the Impact of the AEO Program to a Regional or District Port's Operation

➤ Stronger Trade Relationships

- Participation in the AEO program can help align a port's operations with international trade standards, **fostering stronger relationships with global trading partners.**
- Ports may benefit from **Mutual Recognition Agreements (MRAs)** between customs administrations, leading to further facilitation of trade.





To know more, visit:

<https://customs.gov.ph/aeo-philippines/>