



# China's Experience on Customs to Business Partnerships and AEO



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Department of Audit-based Control and Risk Management of GACC



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# Background





# Two Main challenges

- 1. Increasing of trade volume but not enough of human resource.**
- 2. Requirements of supply chain security and facilitation of legitimate trade.**





# Key Settlement to the Challenges

- Customs to Business Partnership
- Win-win relationship:
- To Customs: increasing management efficiency by focusing on high risk companies and goods.
- To traders: getting benefits from Customs by being a trusted trader



# ■ China's Experience



# 1. Implement AEO program

Chinese national regulation

AEO

Concept

Standard

Essential  
requirement

Facilitation  
measures

Verification  
procedure

Security



# 1. Implement AEO program

National legislation about AEO Program

I. Legislations:

A. Measures on Classified Management of Enterprises (MCME, Decree No. 170 of GACC, April 1st, 2008)

B. Revised MCME, Decree No. 197 of GACC, January 1<sup>st</sup>, 2011

II. Bulletin of GACC NO.78 of 2010, Annexes of MCME

III. Customs internal documents

A. Measures Catalog for MCME, April 1st, 2008

B. Operating rules for MCME, January 1st, 2011

C. Working Standards of verification Audit, July 1st, 2010







# 1. Implement AEO program

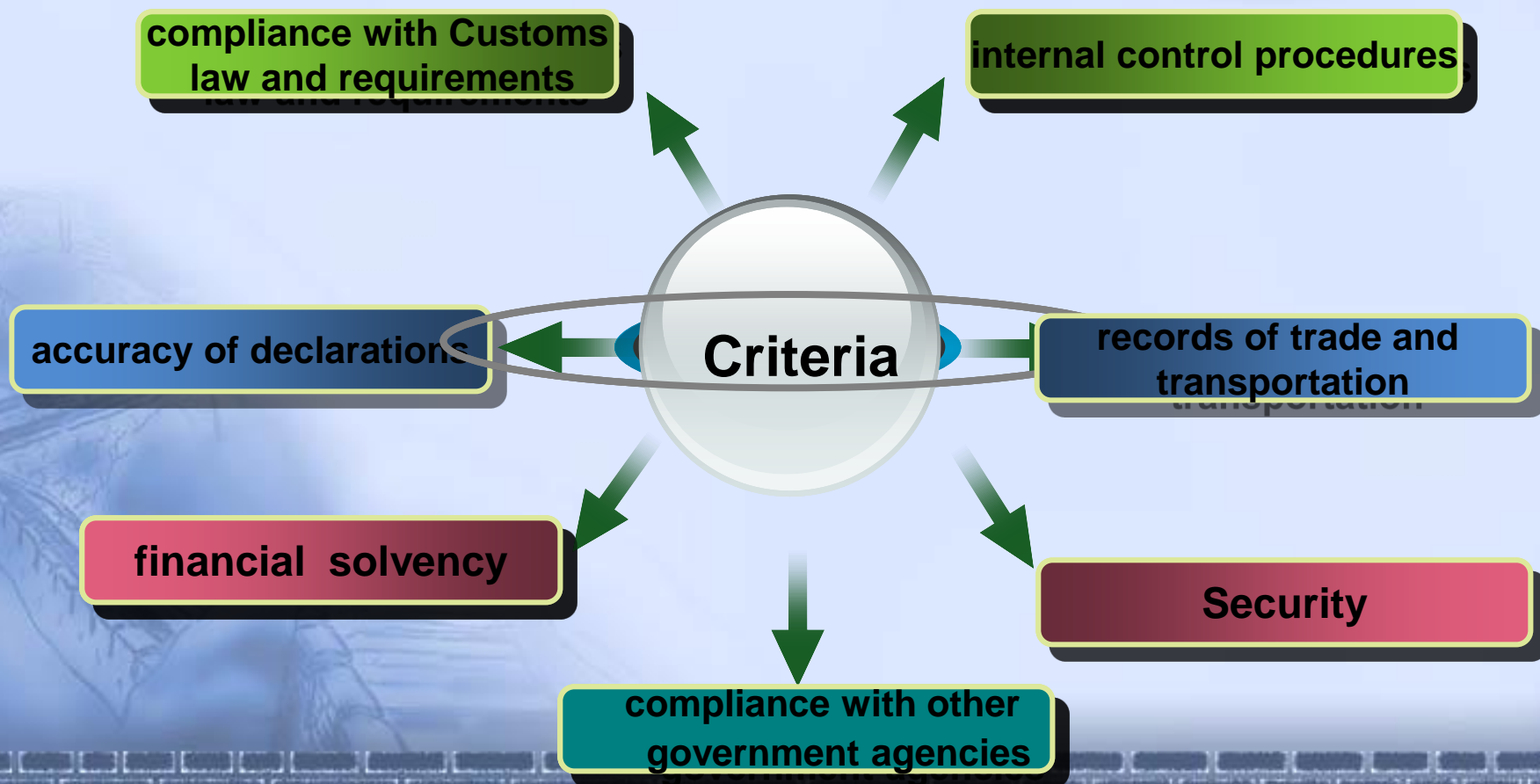
## Enterprise categories

- **Class AA: highly trusted class, AEO of China Customs**
- Class A: trusted class, preliminary AEO
- Class B: normal class
- Class C: untrusted class
- Class D: highly untrusted class



# 1. Implement AEO program

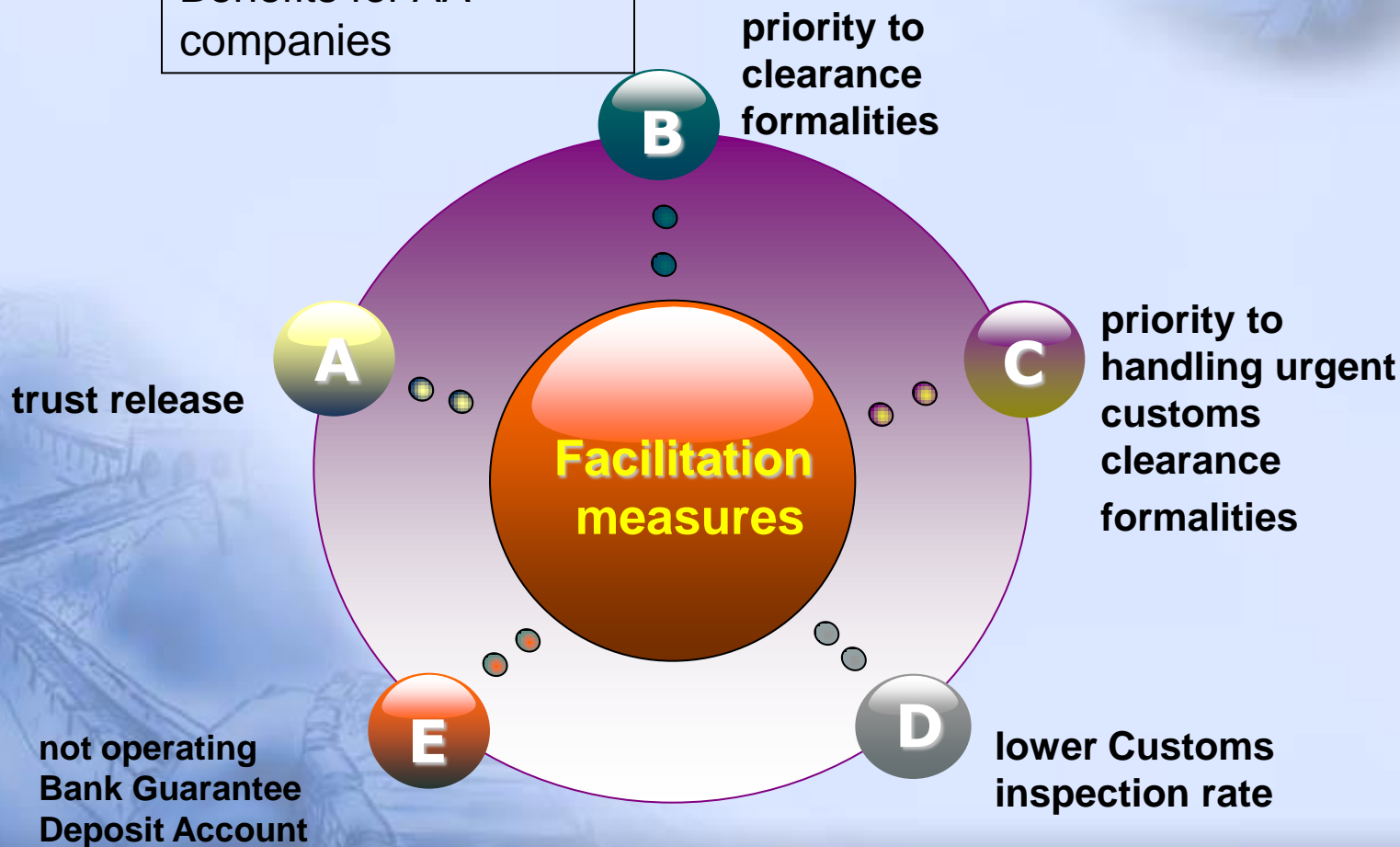
Class AA enterprise must meet criteria based on the enterprise's current business situation:





# 1. Implement AEO program

Benefits for AA companies





# Import and Export Statistics (by Dec 2013)

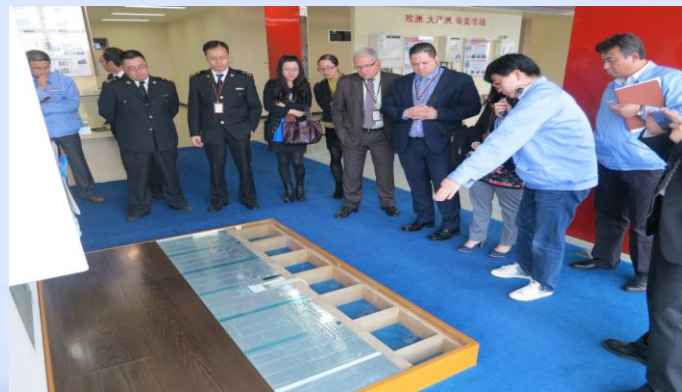
Item	Number	Number of Declarations (ten thousand)				Value of Import and Export ( USD 100 billion)				Duty Levied (RMB 100 billion)	
		Import	Export	I & E	%	Import	Export	I & E	%	I & E	%
AA	2910	500	579	1079	15.92	9581	6896	16477	27.95	5911	34.33
A	33950	840	1628	2468	36.42	10245	10935	21180	35.93	5894	34.23
B	546935	806	2410	3216	47.45	8865	12254	21119	35.83	5335	30.99
C	1069	6	8	14	0.21	99	56	155	0.26	73	0.42
D	412	0.3	0.8	1.1	0.02	4	9	13	0.02	5	0.03
Total	569762	793	3532	4325		28794	30150	58944		17218	





## 2. Other Measures

- Establish daily communication mechanism for Customs-Business Partnership.
  - Seminars
  - On site visit





## 2. Other Measures

- Establish daily communication mechanism for Customs-Business Partnership.
  - Website communication platform
  - Hotline of Customs Service “12360”



## 2. Other Measures

- Establish Account Manager System
  - To provide Tailor-made service for AEO companies;
  - To monitor AEOs to ensure they meet the criteria continuously;
  - To cultivate potential companies to become AEO.



## 2. Other Measures

- Cooperation with other government agencies and exchange credit data of companies
  - Industrial and commercial bureau,
  - Tax bureau
  - Bank
  - Foreign exchange bureau
  - Quarantine bureau





### 3. AEO MRA Negotiation

- MRA signed:
  - Singapore, June 2012
  - Korea, June 2013
  - Hongkong China, October 2013
- Under negotiation:
  - EU
  - USA
  - Chinese Taipei





# 3. AEO MRA Negotiation

- MRA benefits:
  - Reduce inspections rates;
  - Simplify verification of declaration documents;
  - Prioritize clearance of cargo;
  - Designate customs officials in charge of communication in order to resolve problems encountered by authorized companies during customs clearance;
  - Prioritize measures in urgent cases.



# ■ Future Plan



# Future Plan

- 1. Improve AEO program
- Streamline Criteria, simplified authorization procedures, expand benefits, to make the AEO program more feasible, and effective.
- Ensure the facilitation measures can be really implemented, especially automatically implemented by computer.





# Future Plan

- 2. Sign more MRAs with other trade partners
  - EU, USA, Chinese Taipei, Kazakhstan, Israel, India, Switerland...



# Future Plan

- 3. Establish AEO Annual Conference mechanism
- To introduce latest Customs policies and legislations, and provide different training courses, and receive consultation from potential AEOs.



- 4. Improve Account Manager System
  - To train more Customs Account Managers
  - To found an expertise center to support the Account Managers.



- 5. Introduce third parties to help improve the level of compliance and security of the companies for customs.
  - Accounting firms,
  - Law firms
  - Authorization firms





THANK YOU  
FOR YOUR ATTENTION



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