

and procedural fairness. The Discipline and Integrity Monitoring Bureau is tasked with formulating the survey questions and coordinating the activities of the team in charge of analysing and compiling the results. This survey team is made up of private practitioners on the ground, mainly drawn from the Customs Brokers Association and its regional branches nationwide, based on the close Customs-business partnership already in place.

The survey questions, which are published on the websites of the GACC and the Customs Brokers Association, enable information to be obtained, not only on dishonest practices by traders and Customs officers, but also on the perceptions of traders with respect to Customs' performance and the effectiveness of its compliance instruments.

Way forward

China Customs is convinced that its latest initiatives to enhance Customs integrity and trader compliance are key to reducing information asymmetry, to combating corruption and to upholding the principle of "compliance for trade facilitation" in boosting business morale on a meritocratic basis. The initiatives being implemented send a clear message – that China Customs is committed to strengthening integrity and compliance awareness by every possible innovative means, as existing approaches could be manipulated by non-compliant traders and officials for illegal gain.

However, keeping an esprit de corps and fighting against Customs corruption is a long hard journey, particularly in the business context where large volumes of shipments are being cleared under more and more 'facilitated' measures, making it imperative for Customs officers to demonstrate high integrity and for trade practitioners to comply with the rules. These are two sides of the same coin in the course of building social trust, and in creating a working environment which is professional, ethical and fair.

More information

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EAC Regional AEO programme: a model for regional integration and trade facilitation

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Partner States of the East African Community (EAC) have developed a Regional Authorized Economic Operator (AEO) programme with the support of the WCO and in partnership with the EAC Secretariat. Under this scheme, regional AEOs will be mutually recognized in all Partner States and receive uniform benefits. By implementing this specific regional programme together with sound data management, EAC Partner States' Customs services will be able to provide what businesses operating in their respective States are looking for in the least burdensome way while reducing the cost of doing business.

THE EAC COMPRISES SIX countries, namely Burundi, Kenya, Rwanda, Tanzania, Uganda and more recently South Sudan, collectively representing a population of over 145 million. With the establishment in 2005 of a Customs Union, these States have been able to trade goods and some services with each other free of tariffs, in most cases. They have also synchronized and often reduced most of their external tariffs, which has lowered the transaction costs of international trade and decreased the likelihood of an East African nation engaging in a costly trade war with one or more of its neighbours.

During April 2012, EAC Partner States decided to set up a Single Customs Territory (SCT), described as a

stage towards full attainment of the Customs Union, which is achievable by removing restrictive regulations and/or minimizing internal border controls on goods moving between Partner States – ultimately realizing free circulation of goods. They also agreed in principle to adopt the 'Destination Model' for clearing goods, where assessment and collection of revenue is done at the first point of entry.

With this ultimate goal in mind and in order to secure and facilitate trade according to the provisions of the WCO SAFE Framework of Standards, which all EAC Partner States are committed to implement, several measures have been implemented by the Partner States' Customs services.

The benefits for the companies participating in the pilot were crystal clear: they reported savings ranging from 100 to 400 US dollars per consignment. This money is expected to be ploughed back into the companies' businesses, allowing them to expand and improve – leading to more jobs being created.

One of these measures is the deployment of AEO programmes at the national level – lest one forgets, under such programmes, economic operators receive various trade facilitation benefits, providing they can demonstrate that their Customs-related procedures and business practices are efficient and compliant, and that they meet minimum supply chain security standards.

In 2008, while working on the deployment of their national schemes, EAC Partner States also started developing a Regional AEO programme with the help of the EAC Secretariat and the WCO. Under the scheme, AEOs will be mutually recognized in all six Partner States, and receive uniform benefits.

The WCO has been providing support to EAC Partner-States under the Customs for Regional East African Trade (CREATE) Project. Funded by Sweden, as part of the WCO-Sweden Programme, the project aims at contributing to poverty eradication efforts in the East Africa region by fostering regional economic development through improved regional trade facilitation and more efficient controls.

Implementation steps

The Regional AEO programme was deployed in two stages. Under Phase I, which ran from 2008 to 2013, a team of experts from the EAC, supported by the WCO, undertook diagnostic studies and developed a Regional AEO pilot, which resulted in the accreditation of 13 AEOs from across the region.

The benefits for the companies participating in the pilot were crystal clear: they reported savings ranging from 100 to 400 US dollars per consignment. With more than 10,000 consignments being handled by these companies in a month, global savings estimates could be anything between 1 and 4 million US dollars per month.

This money is expected to be ploughed back into the companies' businesses, allowing them to expand and improve – leading to more jobs being created. For example, the savings enabled a plastics manufacturer to create a new production line, employing 10 more people, and to set up a plastics recycling line, which did not only create employment opportunities, but is also contributing to environmental protection.

Under Phase II, which began in 2014 and will run until 2018, EAC regional experts have worked on strengthening the foundations of the Regional AEO programme as well as expanding the number of AEOs across the region. So far, with WCO technical and advisory support, the EAC team has been able to:

- review and update the programme in terms of its benefits and criteria, aligning them with the EAC's regulatory framework and taking into account the establishment of the SCT;
- compile a regional Manual of Standard Operating Procedures that detail the AEO validation process and post-validation management;
- establish a regional AEO Working Group, comprising Customs and trade representatives;
- adopt a Regional AEO identifier code, enabling AEOs to be recognized by Customs' information technology (IT) systems;

- draft a Communication Visibility Plan to enhance awareness about the programme;
- initiate work on an AEO validation course, which will be based on WCO standards and integrated into the EAC Customs training curriculum as well as national training curricula;
- develop a strategic 'dashboard' to monitor the health and performance of the programme.

The regional dimension

As the AEO programme is a regional one, it has been mainstreamed by the EAC Secretariat and is now a standing item on the agenda of the EAC Committee on Customs. The management and implementation of the Regional AEO programme have been embedded in the work programme of the Partner States' Customs services.

Last but not least, the AEO Working Group consisting of Customs and trade representatives from the region acts as a consultative body and contributes as such to the administration of the Regional AEO programme. In addition, 'South-South Cooperation' was encouraged during the project, with support being received from WCO experts from India, South Africa and Swaziland.

Monitoring performance

Rolling out a regional AEO programme embeds many complexities. To support decisions at every stage of the scheme (validation/rejection process, and monitoring post validation compliance) and to enable its impact to be assessed, emphasis has to be placed on data analysis. For this reason, a regional strategic dashboard which provides a quick report on the different aspects of the programme was developed.

It goes without saying that the sharing of quality information and trade

data on AEOs among EAC Partner States is a critical pillar that supports the programme. Such an endeavour requires willingness, diligence and operational capacity. While willingness and diligence are matters that can easily be agreed on and handled by EAC Partner States, the capacity to collect and analyse data requires a supportive IT infrastructure.

Conclusion

Schemes like that of the AEO, which provide Customs administrations with some degree of certainty on actors in the supply chain, are seen as being part of the solution that enables Customs to offer trade facilitation benefits to reliable and compliant traders. By implementing a regional AEO programme that is supported by sound data management,

EAC Partner States' Customs services will be able to provide what businesses operating in their respective States are looking for: a transparent and predictable trading environment.

Even though it is still a relatively young programme, it has already generated some interesting results. Most telling is the fact that Regional AEOs now number 46 companies, accounting for about 5.6% of the transactions being made in the EAC in terms of value – about 1 billion US dollars per month. Another interesting fact is that inspections on AEO shipments or controls on their transactions have led to no contentious procedure so far.

Kenneth Bagamuhunda, the Director General of Customs and Trade at the EAC Secretariat, recently expressed his optimism towards the scheme: “The roll-out of the Regional AEO programme is one of the region’s priority Customs modernization initiatives, and has been fully mainstreamed into the EAC Strategic Plan. Based on the results obtained so far, I believe that the programme will be meaningful, and provide real improvements and facilitation gains to companies across the region.”

More information

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Overview of the "dashboard" developed to monitor the health and performance of the programme

2017	Country
AEO - Profile	
Importers / Exporters	
Customs Brokers	
Warehouse Operators	
Transporters	
Nr. of regional AEOs	
Regional AEO Programme - Trade and Revenue Impact	
Volume of trade (nr. of transactions) in %	
Value of trade (value of transactions) in %	
Overall volume of trade in USD	
Value of revenue collected in %	
Regional AEOs - Compliance Levels	
Nr. of regional AEOs that committed an offence/infringement	
% of compliant regional AEOs	
AEO on-going accreditation process	
Nr. of new regional AEO applicants	
Nr. of regional AEO applicants put forward for accreditation	
% of applicants put forward for accreditation	
AEO Programme - Benefits	
Nr. of regional AEOs with a regional AEO identifier	
% of regional AEOs with a regional AEO identifier	
Regional AEO - Average Clearance Time - Road Consignments	
Regional AEO - Average Clearance Time - Maritime Consignments	
Regional AEO - Average Clearance Time - Air Consignments	
AEO Working Groups - Engagement	
National AEO Working Groups - Nr. of sessions	
Regional AEO Working Groups - Nr. of sessions	