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Peru and Andean Trade Capacity Building (PATCB) Project

Summary Report – Authorized Economic Operator (AEO) Workshops

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Summary Report – Authorized Economic Operator (AEO) Workshops - Lima

1. Background

International agreements and guidance on supply chain security, such as the *Framework of Standards to Secure and Facilitate Global Trade* (SAFE Framework) of the World Customs Organization (WCO), provide guidelines facilitating trade and securing supply chains through customs-to-customs and customs-to-business partnerships. AEO programs reward businesses that comply with WCO or equivalent supply chain security standards and strengthen those partnerships.

USAID | Facilitando Comercio supports Peruvian Customs and other government agencies by promoting implementation of an AEO suitable model. The project presented the Spanish version of the AEO handbook (produced by USAID's TCBoost project) to the attendees of the three workshops. This handbook offers practical guidance, examples of best practices, and tools for key counterparts in partner countries and technical assistance providers. The handbook was developed in cooperation with the World Customs Organization (WCO) and provides "Best Practice" examples of AEO programs, 11 detailed steps for program implementation, and examples from developing for establishing an AEO program.

USAID | Facilitando Comercio organized three (3) workshops, led by an international customs expert, to present the AEO handbook and discuss program implementation. The workshops were provided to (i) the Customs Authority, (ii) representatives of other public agencies involved in foreign trade-related procedures, such as Ministries of Foreign Trade, Agriculture and Transport and (iii) the private sector such as local chambers of commerce, trade unions, Customs broker organizations, and others. Representatives from the Customs Authority attended all three workshops.

2. Activity Description

In addition to stressing the importance of developing an AEO program and explaining the implementation process, these workshops also presented an opportunity to launch the handbook and distribute them to public officials and private sector representatives.

Workshop 1 – Customs Authority at Callao Customs Office

Peruvian Customs has taken preliminary steps towards implementation of an AEO program. However, the implementation team does not have a clear idea of how to proceed and the concept of developing the program in partnership with the trade had not been considered. An effective Customs AEO program implementation team should have representatives from risk analysis, human resource management, policy and procedure development, post clearance audit based controls, information technology, legal and policy advice and public information. The team can have both full-time, part-time, and ad hoc members.

During the Workshop, the USAID AEO Program implementation handbook was discussed and Customs indicated that they plan to use the 11 steps explained in the handbook as their guide. The team expressed confusion over whether they needed to address the entire supply chain in order to comply with USA C-TPAT requirements. The technical advisor (TA) explained that it is best to start small. Address one aspect of the supply chain that has the greatest impact on Peru's economy, for example exports. Pilot the requirements and application process for exports, make adjustments as necessary and when satisfied expand to other links of the supply chain.

Customs expressed their concern over how to secure the transportation link for exports. The TA offered two suggestions, first, for Customs to develop a solution to this potential problem with

the exporters participating as an AEO to utilize transporters who agree to also meet security and safety standards, and second to utilize high security seals on the containers.

Customs must work with the private sector to develop a common understanding of the conditions and the requirements of AEO status. As a first step, there must be a clear understanding of the tangible benefits to be realized by participation in the SAFE framework and the AEO program. Clear and tangible benefits will provide an incentive for private sector participation.

To assist Customs in developing an AEO program, an action plan is included as part of this report.

It is critical that Customs NOT skip Steps three and four of the USAID Handbook. The time and effort expended to define the project and develop an implementation plan will deliver benefits in the long term. Continued technical assistance should be provided to Customs as they develop the requirements, benefits and application process for their AEO program.

Workshop 2 – Private Sector at AmCham

Approximately 50 representatives from both the private and public sectors attended the workshop. In addition to the presentation on the USAID AEO Handbook and an introduction to AEO programs by the TA, presentations were made by the IDB and Colombia DIAN.

Attendees expressed their interest in participating in an AEO program, however with reservations regarding a past history of mistrust between Customs and the trade. In response, Customs stated that the next step they intended to take was to invite the private sector to assist in developing an AEO program following the steps outlined in the USAID handbook.

Workshop 3 - Public Sector at SUNAT Headquarters

General introduction and overview of AEO was provided to approximately 50 representatives from the public sector. In addition to the presentation on the USAID AEO Handbook by the TA, presentations were made by the IDB and Colombia DIAN. An open discussion followed and consensus was reached on using the USAID handbook, starting small and considering perishable exports for the pilot, and the importance of a public/private sector alliance.

In conclusion, developing an AEO program is specific to the needs and requirements of country. What is applicable to Peru may, or may not be appropriate to another nation. However, we can learn from the experiences of our neighbors. The USAID Handbook and the WCO SAFE Framework offer general guidance for designing and implementing AEO programs while providing enough flexibility to accommodate different needs and perspectives. The Customs officers of Peru are the experts on Peruvian imports and exports. To develop and implement a successful AEO program, they must remember to start small and to work in partnership with the private sector.