



Report on Authorized Economic Operator (AEO) Cooperation Scheme among Customs Administrations in support of Greater Tumen Initiative (GTI) Member States

Greater Tumen Initiative (GTI) Secretariat
Tayuan Diplomatic Compound 1-1-142,
No.1 Xindong-lu, Chaoyang-qu,
Beijing, 100600, P.R. China
[www. tumenprogramme.org](http://www.tumenprogramme.org)
Tel: +86-10-6532-5543
Fax: +86-10-6532-6465

©2018 by Greater Tumen Initiative

The views expressed in this paper are those of the Customs Administrations of the GTI Member States and do not necessarily represent GTI Secretariat or the author.

GTI does not guarantee the accuracy of the data included in this publication and accept no responsibility for any consequence of their use.

Report on Authorized Economic Operator (AEO) Cooperation Scheme among Customs Administrations in support of Greater Tumen Initiative (GTI) Member States

Prepared by ROH Chanhho

Sponsored by the Ministry of Strategy and Finance of Republic of Korea

Table of Contents

Table of Contents	i
List of Abbreviations and Acronyms	iii
1. Background	1
2. AEO Working Group Meetings	6
2.1. Summary of the 1 st AEO Working Group Meeting	6
2.2. Summary of the 2 nd AEO Working Group Meeting	7
2.3. Summary of the 3 rd AEO Working Group Meeting	7
2.4. Summary of the 4 th AEO Working Group Meeting	8
3. Information Sharing on AEO Systems for the GTI Member States	9
3.1. Current Status of China's AEO System.....	10
3.2. Current Status of Mongolia's AEO System.....	12
3.3. Current Status of Korea's AEO System.....	18
3.4. Current Status of Russia's AEO System	26
4. Way Forward.....	29
References.....	33
Appendix 1: Mutual Recognition Arrangement of Authorized Economic Operator programs among the Customs Administrations of the Greater Tumen Initiative (GTI) Member States	34
Appendix 2: Agenda for the 1st GTI AEO Working Group Meeting	40
Appendix 3: List of Participants for the 1st AEO Working Group Meeting	41
Appendix 4: Agenda for the 2nd GTI AEO Working Group Meeting.....	42
Appendix 5: List of Participants for the 2nd GTI AEO Working Group Meeting.	44
Appendix 6: Agenda for the 3rd GTI AEO Working Group Meeting	45
Appendix 7: List of Participants for the 3rd GTI AEO Working Group Meeting	48
Appendix 8: Meeting Agenda for the 4th GTI AEO Working Group Meeting.....	49
Appendix 9: List of Participants for the 4th GTI AEO Working Group Meeting	50
Appendix 10: Self-Assessment Sheet for the Economic Entities Requesting for AEO Status	51

Appendix 11: Action Plan Between the Korea Customs Service of the Republic of Korea and the Customs General Administration of Mongolia Regarding Mutual Recognition Arrangement of the Respective Authorized Economic Operator Programs 56

List of Abbreviations and Acronyms

ACE	Advanced Certified Enterprise
AEO	Authorized Economic Operator
APEC	Asia-Pacific Economic Cooperation
CAIS	Customs Administration Information System
CC	Consultative Commission
CE	Certified Enterprise
CSC	Customs Sub-Committee
CVCI	Customs Valuation and Classification Institute
DE	Discredited Enterprise
EAEU	Eurasian Economic Union
ERP	Enterprise Resource Planning
FCS	Federal Customs Service
GACC	General Administration of Customs of China
GCE	General Certified Enterprise
GE	General Credit Enterprise
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GTI	Greater Tumen Initiative
GTR	Greater Tumen Region
IMECM	Interim Measures on Enterprise Credit Management
KCS	Korea Customs Service
MCGA	Mongolian Customs General Administration
MCME	Measures on Classified Management of Enterprises
MLA	Multilateral Recognition Arrangement
MRA	Mutual Recognition Arrangement
NC	National Coordinators

OECD	Organization for Economic Cooperation and Development
RKC	Revised Kyoto Convention
SAFE	Framework of Standards to Secure and Facilitate Global Trade
SME	Small and Medium Enterprise
TFC	Trade Facilitation Committee
TIC	Trade Investment Committee
USD	United States Dollar
UNESCAP	United Nations Economic Social Commission for Asia and the Pacific
WCO	World Customs Organization

1. Background

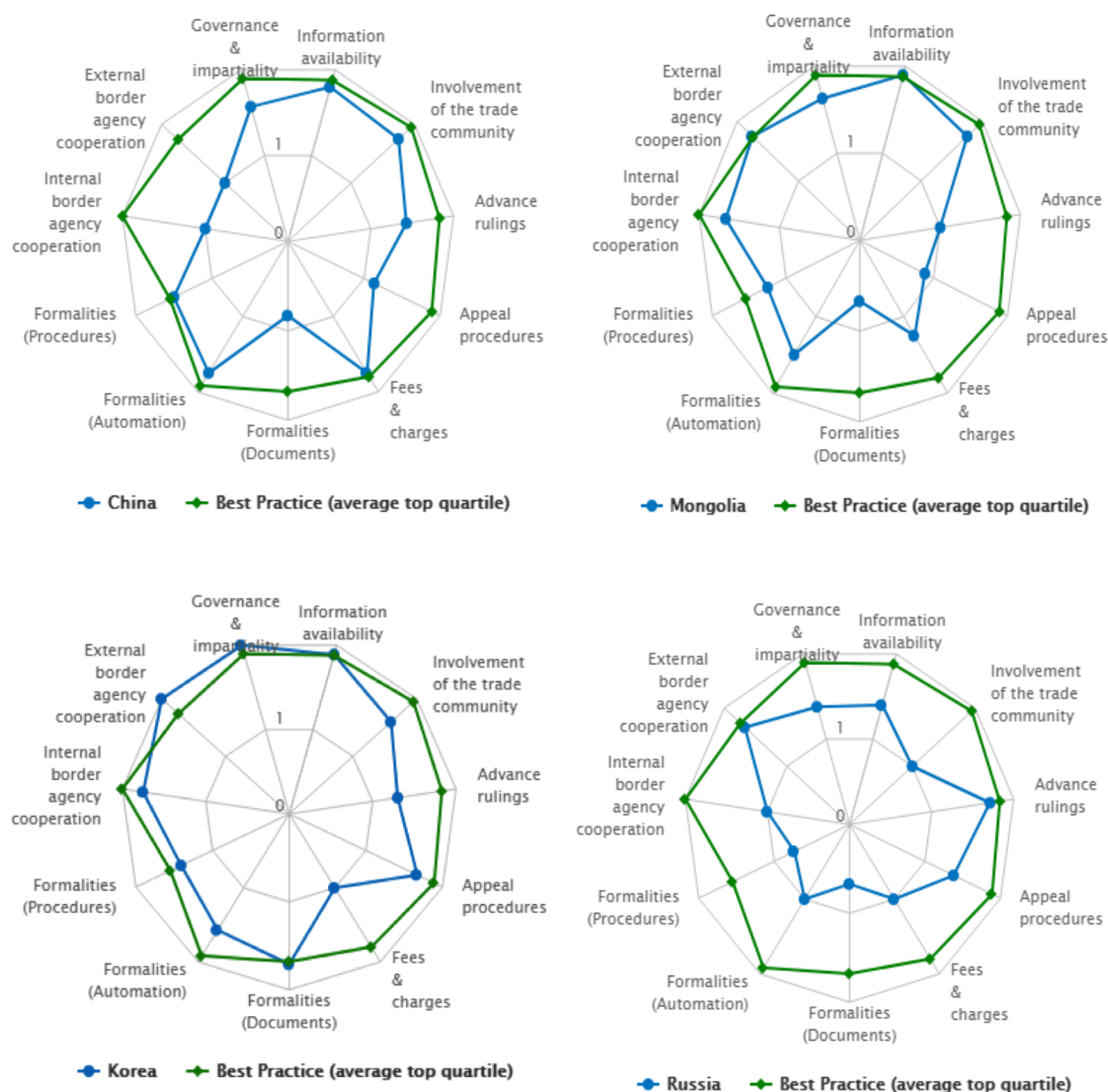
Trade is vital to Northeast Asia's prosperity - securing sustainable economic growth and improving living standards through increased commercial and investment opportunities. With an increased importance of trade, the role of the Northeast Asian states has become vibrant in global trade community. Today, China ranks as the world's largest exporter, followed by Japan at fourth, Korea at seventh, and Russia at eighth. In terms of imports, China, Japan, Korea, and Russia are the second, fourth, eighth, and seventeenth largest importers in the world, respectively. More remarkably, the overall cost of trading goods among the three largest East Asian states (China, Japan, Korea) is equivalent to a 51 percent tariff-equivalent.¹

Given the high-volumes in the trade with the increased security threats to the movement of goods in Northeast Asia, there has been growing interest in balancing supply chain security with trade facilitation. In fact, Northeast Asia is one of the top performing regions in providing a sound trade facilitation environment. According to a survey, which presents an analysis of the overall implementation levels based on a common set of 35-trade facilitation and paperless trade measures, the average of four states (China, Korea, Mongolia, and Russia) stands at 70.75%, exceeding the global implementation average rate at 59.6%.² Other trade facilitation indicators, which cover a wide spectrum of border procedures, delineate that Northeast Asian states stand significantly better than the OECD average (Figure 1).

¹ UNESCAP. *Trade Facilitation and Paperless Trade Implementation Global Report 2017*. New York: United Nations, 2017, p. 2. Retrieved February 2018, from http://www.unescap.org/sites/default/files/Global%20Report%20Final_26%20Oct%202017.pdf.

² Note: Total Rates for Implementation of Trade Facilitation by States: China (85%), Korea (89%), Mongolia (40%), and Russia (69%) (Source: UNESCAP. *UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017*, November 2017. Retrieved January 2018, from <https://unnexnext.unescap.org/AP-TFSurvey2017/global.html>).

Figure 1 Trade Facilitation Indicators (China, Korea, Mongolia, Russia)³



Despite the growth of their economic power within the global trade community, there has been a slow process of economic integration in Northeast Asia. In fact, its efforts to forge trade cooperation are relatively low and slow. According to Figure 2, the region's approaches towards implementation of institutional agreements and engagement with cooperative activities are pessimistic. This has resulted in little region's intra-regional trade activities. As shown in Figure 3, only Mongolia and North Korea are highly dependent on the intra-regional trade, but these two contributions to the total

³ Note: a survey measures 11 different trade facilitation measures, taking values from 0 to 2, where 2 indicates the best performance that can be met (Source: OECD – OECD Trade Facilitation Indicators. Retrieved January 2018, from <http://www.oecd.org/trade/facilitation/indicators.htm>).

intra-regional trade are meager surpassing less than half a percent each. Since each state has different political and economic systems with its unique strengths in trade facilitation, it is necessary to create a diversified approach in dealing with economic interests by reducing customs and other regulatory trade procedures through collaborative interactions.

Figure 2 Trade Facilitation Implementation by the Northeast Asian states (%)⁴

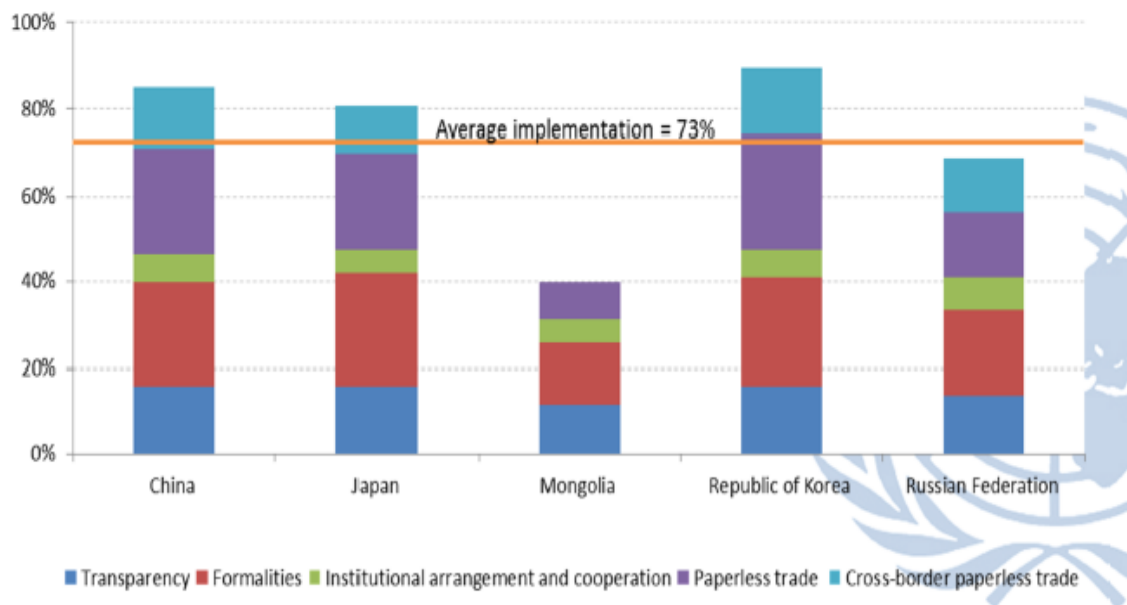
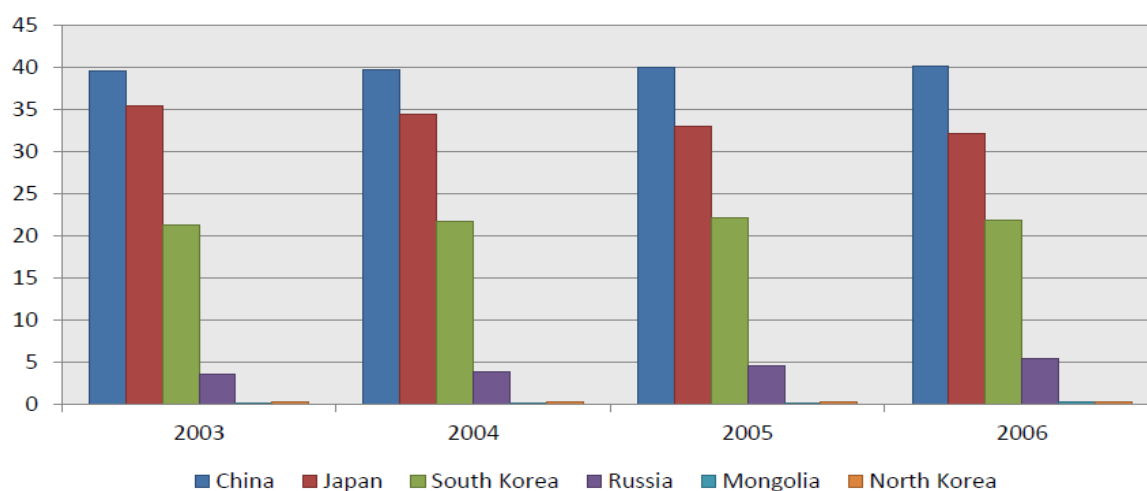


Figure 3 Country Share in Intra-Regional Trade (%)⁵



⁴ UNESCAP, p. 36, 2017.

⁵ Ibid.

organs throughout the world and 42 more MRAs are to be concluded at an early date.⁹ To avoid divergence even further beyond in order to enhance uniformity and predictability and grow scope and significance of the effectiveness of MRAs, the customs administrations aspire for mutual recognition of the program at a multilateral level. Today, there are four multilateral recognition arrangements (MLAs)¹⁰ in negotiations to lessen inefficient cross-border procedures and secure customs compliance at a regional level.

Reflecting the growing interests in AEO system in the world and regions, the General Administration of Customs of China (GACC) proposed a project called, “AEO Cooperation Scheme among Customs Administrations” (“the Project”) during the 5th Greater Tumen Initiative (GTI)¹¹ Trade Facilitation Committee (TFC)¹² Meeting in September 2015 held in Changchun, China.¹³ The aim of the project was to discuss gaps and needs in trade facilitation implementation and performance monitoring at the sub-regional level and conclude a Standardized AEO MLA Text (see Annex 1) for the conclusion of AEO MLA among the GTI Member States in the near future.

The Project was adopted by the TFC members in December 2015, adopted by the GTI National Coordinators (NC), a working-level of GTI, and endorsed by the GTI Consultative Commission (CC), a decision-making body of GTI, in April 2016 during the 16th GTI CC Meeting held in Seoul, Korea. The AEO Working Group was formulated subsequent to the successful adoption of the Project in order to achieve the goals and objectives of the Project.

⁹ WCO, p. 137, 2017.

¹⁰ Note: Those four MLAs are in negotiations between the members of CEPTA (Poland, Hungary Czechoslovakia, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovakia, Slovenia and United Nations Interim Administration Mission in Kosovo on behalf of Kosovo), members of Agadir Agreement (Tunisia, Egypt, Morocco, and Jordan), the members of ANDEAN Community (Bolivia, Colombia, Ecuador, Peru), and the members of Pacific Alliances (Mexico, Chile, Colombia, Peru) (Source: Ibid.).

¹¹ Note: GTI is a multinational regional initiative in Northeast Asia that encourages economic growth, improves living standards, and contributes to peace and stability with its four Member States: China, Mongolia, Korea, Russia. GTI – Member Countries. Retrieved December 2017, from <http://www.tumenprogramme.org/?list-1528.html>.

¹² Note: Recently, the TFC has restructured as the Trade Investment Committee (TIC) with a sub-committee, Customs Sub-Committee (CSC) in 2016.

¹³ GTI. *Terms of Reference for “AEO Cooperation Scheme among Customs Administrations,”* April 2016.

2. AEO Working Group Meetings

Throughout the project, the AEO Working Group has had a total of four meetings. During the meetings, the AEO Working Group not only has completed drafting the Standardized AEO MRA Text, but also has shared perspectives and information on AEO systems among each other. Overall, the project provided a platform for the GTI members to harmonize and synergize various trade facilitation implementation and performance monitoring measures, including AEO systems.

This section provides a brief summary of each meeting that was held throughout the project.

2.1. Summary of the 1st AEO Working Group Meeting



Participants posed for a group photo during the 1st GTI AEO Working Group Meeting in Beijing, China.

The 1st GTI AEO Working Group Meeting was held on November 22, 2016, in Beijing, China (see Annex 2). The meeting was hosted by the GACC with the aim of sharing perspectives and information on AEO systems of the GTI Member States and reviewing the work plan for the AEO Working Group, prepared by the GTI Secretariat.

During the meeting, the participants (see Annex 3) shared information on AEO systems in each GTI member states and discussed the work plan for AEO Working Group. They also delivered presentations on their AEO system, including relevant legislation, AEO authorization criteria, procedures for authorization, benefits for AEO participants, progress on AEO MRAs, and challenges and future endeavors. Following each presentation, participants also had Q&A sessions and in-depth discussions on the details of AEO systems.

2.2. Summary of the 2nd AEO Working Group Meeting



Group photo of participants of the 2nd GTI AEO Working Group Meeting in Vladivostok, Russia.

The 2nd GTI AEO Working Group Meeting was held during May 24-25, 2017 in Vladivostok, Russia (see Annex 4). The meeting was hosted by the Federal Customs Service (FCS) of the Russian Federation to share further detailed information on the AEO programs of the GTI member states, following the result of the discussion at the 1st AEO Working Group Meeting.

During the meeting, the participants (see Annex 5) mainly shared the information on the customs clearance procedure and methods of identifying AEO cargos, learned the case of the China-Korea AEO MRA, and shared the related regulations on AEO program of each Member State.

2.3. Summary of the 3rd AEO Working Group Meeting



Participants posed for a group photo during the 3rd GTI AEO Working Group Meeting in Ulaanbaatar, Mongolia.

The 3rd GTI AEO Working Group Meeting was held from September 20 to 22, 2017 in Ulaanbaatar, Mongolia (see Annex 6). The meeting was co-hosted by Mongolian Customs General Administration (MCGA) and the GTI Secretariat to accelerate AEO MRAs among the GTI Member States and accept a standardized AEO MRAs Text.

During the meeting, participants (Annex 7) mainly brainstormed and drafted the

contents of the AEO MRAs Text, while exchanging detailed information on the each AEO systems through bilateral meetings and presentations. Besides, two experts from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)¹⁴ GmbH and the WCO participated in the meeting, respectively, as a facilitator and a moderator. Their prominent experiences, diverse techniques, and approaches to customs cooperation greatly supported the participants to actively engage in intensive discussion on activities and future direction of AEO cooperation among the GTI Member States.

2.4. Summary of the 4th AEO Working Group Meeting



Participants marked the meeting with a group photo during the 4th GTI AEO Working Group Meeting in Seoul, Korea.

The 4th GTI AEO Working Group Meeting was held from December 6 to December 8, 2017, in Seoul, Korea (see Annex 8). The meeting was co-hosted by the Korea Customs Service (KCS) and the GTI Secretariat to accelerate AEO MRAs among the GTI Member States by drafting and accepting a standardized AEO MRAs text.

During the meeting, participants (see Annex 9) reviewed the remaining provisions of the drafted standardized AEO MRA Text and discussed the plans for AEO cooperation under the framework of GTI.

Upon the successful conclusion of the 4th GTI AEO Working Group Meeting, the participants adopted both the drafted standardized AEO MRA Text and the Briefing Paper - an information note that elaborates on the details of each Member State's AEO system - as the final outputs and recommendations from the project to further advance AEO cooperation within GTI.

¹⁴ Note: GIZ is a German development agency, commissioned by the German Federal Ministry for Economic Cooperation and Development, offers various services in the field of international development cooperation (Source: GIZ – Profile. Retrieved December 2017, from <https://www.giz.de/en/aboutgiz/profile.html>).

3. Information Sharing on AEO Systems for the GTI Member States

Taking the SAFE Framework, Revised Kyoto Convention (RKC), and other compendiums as a reference, the GTI Secretariat requested the AEO Working Group to provide and verify information and data on respective AEO program and its activities, where information exchange lays the proactive and open approach in order to close the information gaps among the GTI Member States.

With this regard, this work provides a short overview of respective AEO program accreditation procedure and benefits from the GTI Member States, assembled in 2017, as a part of the project outputs. Based on the presentation delivered by customs authorities from each Customs Administration throughout the four aforementioned meetings, a series of information were noted among the GTI Member State, including but not limited to:

- Background and History of the AEO system
- Relevant Legislation (e.g. rules, acts, etc.)
- General Clearance Process
- Authorization Criteria for AEO
- AEO Rating Classes
- Procedures for Authorization
- Benefits on AEO Status of Each Rating Class
- Post-Management after Authorization
- Current Status of AEO-certified Companies (number, proportion, trade volumes, etc.)
- Current Status of AEO MRA with Trading Partners
- Identified Barriers
- Future Plans

Throughout the Project, each Customs Administration has regularly updated the developments of respective AEO programs so that Information Sheet can be used as a single point of reference of information for Customs Administrations, the private sector and other stakeholders of the GTI Member States.

3.1. Current Status of China's AEO System

3.1.1 Brief Introduction to China's AEO Program

In June 2005, China Customs signed the Letter of Intent to implement the WCO SAFE and established AEO Program by integrating the concept, standards, essential requirements, facilitation measures and validation procedures into Chinese national regulation. On April 1, 2008, China Customs promulgated the Measures on Classified Management of Enterprises (MCME). On December 1, 2014, China Customs issued Interim Measures of Customs Administration (IMECM) of the People's Republic of China for Enterprise Credit Management to replace the MCME.

The AEO legal documents of China Customs include the IMECM (Decree No. 225 of GACC), the relevant announcements of AEO system (AEO certification criteria, AEO application requirements, and others) and other legal documents (AEO certification procedures).

According to the IMECM, China Customs divides all registered enterprises into 3 categories based on their credit status: Certified Enterprise (CE), General Credit Enterprise (GE) and Discredited Enterprise (DE). The Certified Enterprises are AEOs of China Customs, including Advanced Certified Enterprises (ACEs) and General Certified Enterprises (GCEs). ACE is the highest-level enterprises in terms of compliance and security. The AEO Program of China Customs is open to the manufacturers, importers, exporters, forwarders, warehouse keepers, logistics companies, customs brokers and others. By October 31, 2017, the number of ACEs is 3,136, and the number of GCEs is 34,260.

China Customs has a complex and rigorous AEO training program, establishing comprehensive training courses involving field studies, lectures, and simulated on-site validation. All customs officers who are engaged in AEO validations are required to attend the training programs. The officer who passes the examination will attain the Certificate of Enterprise Validation and becomes a validation specialist. So far, there are more than 1,500 AEO enterprise validation specialists.

China Customs provides training resources for potential business partners through various media, including the customs hotline, official website, and instant message system. The capacity building programs have also been set up regionally for the Customs officers from the states and regions along "Silk Road Economic Belt and the 21st-century Maritime Silk Road" Initiative ("The Belt and Road Initiative")¹⁵ to enhance

¹⁵ A development strategy and framework initiated by President XI Jinping in 2013.

their understanding and adoption of AEO programs.

3.1.2. AEO Authorization Procedure

The applicant shall conduct a self-assessment prior to its application for the status of certified enterprise and submit its application, as well as its self-assessment report to Customs. A team of AEO validation experts is set up, and validation is conducted in compliance with the AEO authorization criteria.

Customs shall finalize authorization within 90 days of receipt of the written application. Another 30 days can be extended under special circumstances. During the process of authorization, rectification for improvement is allowed and the time of rectification (no more than 90 days) is given if the enterprise fails to meet some items of criteria that are allowed to improve.

Customs monitors the credit status of Certified enterprises dynamically by re-authorizing ACEs every three years and GCEs on the non-periodical basis.

The AEO Office in the Headquarter is responsible for supervising the entire authorization process conducted by local and regional Customs and entitled to revoke the authorization results that do not meet the criteria.

3.1.3 Authorization Criteria

The authorization criteria consist of 5 types including internal control, financial status, compliance, trade security and bonus criteria. There are 18 categories and 32 items of criteria for ACEs and 18 categories and 29 items for GCEs.

The scoring rules mainly include “yes,” “basically yes” and “no” by scoring “0,” “-1,” and “-2” respectively. An enterprise is eligible to pass the authorization if it meets all the scoring items without a “no,” and the total score is no less than 95. The total score of authorization is “100” (sum of scores from scoring items). More attention shall be given to the scoring rules for bonus criteria. The maximum score of bonus criteria is still “2” even if all items of criteria are met.

3.1.4 Benefits

1) Benefits for GCEs include:

- a) Reduced inspection rate of import/export goods;
- b) Simplified document examination of import/export goods;
- c) Priority in processing clearance formalities; and
- d) Other measures stipulated by GACC.

2) Benefits for ACEs

In addition to the benefits applicable to GCEs, the following benefits shall also apply to ACEs:

- a) ACEs can go through inspection and release formalities before the commodity classification, Customs valuation, and origin of the import and export goods are determined, or other customs formalities are fulfilled;
- b) Coordinators are offered by Customs Administration;
- c) Enterprises engaged in processing trade are not subject to the Customs duty deposit system; and
- d) Clearance facilitation measures are offered by the Customs Administrations of countries or regions that signed AEO MRAs with China.

3.1.5. Current Status of Mutual Recognition

By the end of November 2017, China Customs has signed AEO MRAs with a total of eight economies, including Singapore, Korea, Hong Kong China, the European Union, Switzerland, New Zealand, Israel, and Australia.

China is also expanding its AEO mutual recognition cooperation with some other economies and regions, and is currently in a negotiation process to sign the AEO MRA with the United States, Japan, Canada, Malaysia, and Kazakhstan.

3.1.6. AEO Joint Incentive Program

In October 2016, 40 central governmental departments and social agencies, including the GACC, jointly launched a new program, named as “AEO Joint Incentive Program” to provide Customs AEOs (ACEs) with 49 facilitation measures, so as to secure and facilitate the supply chain more efficiently and effectively.

3.2. Current Status of Mongolia’s AEO System

3.2.1 Overview

With the increased movement of goods each year in Mongolia, the MCGA has made much effort to simplify the customs procedures and utilized the risk management techniques in customs controls. The recent implementation of the Customs Administration Information System (CAIS) is strong evidence of reformation and modernization of Mongolia’s customs controls on the goods.

Moreover, the CGAM has made progress to improve streamlined and harmonized

cross-border customs procedures and transit systems, particularly with the neighboring states, through the involvement of global customs communities. Mongolia acceded to the RKC on the Simplification and Harmonization of Customs Procedures on June 30, 2006, which became effective in Mongolia on October 1, 2006, and adopted the harmonized commodity description and coding system nomenclature for the classification of all exported and imported products. Since the WCO's adoption of the SAFE Framework in 2005, Mongolia also signed a Letter of Intent to implement the arrangement, which includes the concept of AEO.

Based on these international standards and documents, the Government of Mongolia has revised Customs Law of Mongolia to indicate some key aspects of trade facilitation measures in 2008 and the MCGA has adopted 2016-2020 Strategic Plan to identify the following trade facilitation approaches:

- Legislation Update
- Implementation of Integrated Risk Management
- Development of Information Technology
- Formation of Customs-Business Partnership
- Enhancement of the Capability in Border Management and Controls with the Chinese and Russian Border and Customs Authorities
- Reducing the Clearance Time of Goods
- Improvement of Compliance
- Introducing Single-Window System
- Customs Integrity
- Capacity Building

3.2.2 Development of AEO System

On July 21, 2010, Mongolian Customs established a working group under Director General's to develop a regulation containing the criteria for selecting AEOs (Decree No. 382 of CGAM). The working group drafted AEO Regulation that aligns with the WCO SAFE standard and studied other economies' regulations and programs as a reference, including the Customs Administrations from China, the European Union, Japan, and Korea.

On December 8, 2010, the Professional Council of CGAM had a discussion based on the first version of the AEO Regulation and suggested to strengthen the capacity of the working group to further conduct the research related to AEO Program. Such research covers topics pertaining to the evaluation on the internal and external customs

environment that are necessary to identify specialist officers in the field of AEO, introduce and educate the concept of AEO to the government officials and other authorities from the related agencies, ensure legislation supports for any AEO-related decisions, and conduct awareness programs for the business community towards the AEO selection.

Since there has been little interest on AEO shown by the trade community in Mongolia, it is important to improve AEO system and revise AEO Regulation that illustrates the detailed procedure for authorizations, authorization criteria, and benefits.

3.2.2 Legal Framework related to AEO

AEO legal framework was established in Customs Act in 2008. The article 271.1.16 indicates that:

“The Director General of the Customs headquarter shall exercise the powers as follows...issue Customs certification for participants of the Customs activities who has fulfilled the requirements determined by the Customs Headquarters in accordance with international standards to facilitate and secure international trade.”

AEO status is granted to an economic operator that satisfies criteria, such as customs compliance, internal control, financial solvency, and appropriate security and safety standards as other administrations do.

3.3.3 The Current Development Status of Mongolian AEO Program

The program is currently pending approval from the Management Commission at the Customs headquarter for its initial implementation. As stated in AEO Regulation, the system will be referred as “Customs Certified Enterprise.”

3.2.4 Objectives of AEO System

- To ensure the security of supply chain;
- To facilitate trade by expediting/simplified customs process for clearance of goods;
and
- To shift from a control framework to a partnership network.

3.2.5 Eligibility

All businesses that are active in the international trade supply chain and meet or exceed the required standards are eligible to apply for the AEO system. It includes importer, exporter, manufacturer, customs broker, freight forwarder, carrier, and customs warehouse.

3.2.6 Requirements for AEO Certification

There are four major criteria, including compliance with customs requirements, internal control systems, financial solvency, and security management under which 28 sub-criteria are detailed.

The requirements and benefits of the new program are still under development process; however, one consistent element of these programs worldwide is that participants must have a strong compliance record. In order to recognize as a company of security management in the export and import supply security chain, those exporters and importers are expected to conduct a compliance risk assessment whether their goods, personnel, and data related to international transactions have and had met the minimum mandatory requirements and consider voluntary disclosure once compliance issues are identified.

3.2.7 Trade Facilitation Benefits

The AEO scheme is a crucial aspect of economic governance. As the AEO system is designed to serve as a tool to incentivize operators to gain AEO status, it will improve the overall attractiveness of Mongolia for business activity so that those operators are exposed to an international trade environment. At the same time, those participating businesses will enjoy various benefits from reduced red tape, streamlined and periodic reporting, and lower supply chain costs along with a range of other commercial benefits.

3.2.8 Self-Assessment Questionnaires

Self-Assessment Questionnaire (see Annex 10) is designed by the working group to help the applicant access all necessary information that is available based on China, Korea, and the EU experiences. It covers all aspects of AEO system criteria and conditions. Once the questionnaire is submitted together with the application, the MCGA will inform the applicant about the acceptance of the application and the date of acceptance; it will also inform the economic operator in the event of non-acceptance of the application, stating the reasons for non-acceptance. Any additional information requested or required by the AEO Program team from the customs must be submitted within five working days in accordance with the AEO Regulation.

3.2.9 Risk Analysis

There will be an officer responsible for risk management in the AEO auditing team to collect as much relevant information as possible in order to understand the economic

operator's business, as well as identify and analyze potential risks. The analyses of the risk and the weighting of the risk will be an initial and continuing process.

The risk assessment covers all potential risks, including those of relevant government agencies concerning the AEO status, bearing in mind the role played by the economic operator in the supply chain; it should include: security/safety threats to premises and goods; customs and fiscal risks; reliability of information related to Customs operations and logistics in respect of the goods; IT security; reliability of the operator's employees; visible audit trail and prevention and detection of fraud and errors; and security/safety of business partners in the supply chain.

3.2.10 Challenges

The personnel designated to carry out the AEO authorization procedure needs to be trained and qualified on the AEO issue. Security requirements, especially personnel security, information security, and physical security for some industries, may be different from other economies. Once the program is in place, some benefits will be immediate, while other benefits, such as duty deferral will require legislative changes or changes to Mongolian Customs IT systems before the implementation of the program.

3.2.11 Expectations

The AEO system retains considerable appeal with regard to customs clearance procedures both to the exporters and importers, as they will not be treated as a small trader. Those exporters that are members of an authorized operator or similar program are expected to enjoy the reduced probability for examinations, easier examinations, and pre-clearance, thereby avoiding the lengthy delays at the border checks. For importers, the program makes it possible to release goods before filing a declaration for customs duty payment and simplify and raise the efficiency of declaration procedures. The Mongolian Customs will enforce its activity to seek further benefits to those members of an authorized operator.

3.2.12 Cooperation with GTI Member States

Prior to "AEO Cooperation Scheme among Customs Administrations" project, Mongolian Customs was benefited from "AEO Seminar for Mongolia Customs," which was held from September 14 to September 18, 2015, in Cheonan, Korea. The workshop was aimed to improve the skills and capacity of the Mongolian Customs in its efforts to modernize its risk management system.



Participants from KCS and CGAM marked the workshop with a group photo during AEO Seminar for Mongolia Customs Officials in Cheonan, Korea.

Moreover, Signing Ceremony of an Action Plan between KCS and MCGA regarding MRA of the respective AEO Programs was held from November 1 to 2, 2017 in Ulaanbaatar Mongolia (see Annex 11). During the meeting, the two parties exchanged a wide range of opinions regarding AEO Mutual Recognition and agreed to share more detailed information between each other in the area of AEO program. Following the adoption of AEO system in Mongolia by law, the MRA negotiations between the two will conclude in the near future.



Picture of Signing Ceremony between KCS and CGAM held in Ulaanbaatar, Mongolia.

The Mongolian AEO system will be designed to best fit for Mongolian business circumstances, deliver positive outcomes for numerous clients across the pilot and operational phases of the AEO system - cutting accreditation timeframes as a result of upfront investment and critical analysis of business trade compliance and supply chain security standards.

3.3. Current Status of Korea's AEO System

3.3.1 Background and History of AEO System

History of AEO System

The customs authority of Korea, in accordance with the criteria laid down in the Customs Act, approved the establishment of AEO Program in January 2008. In a span of seven months between October 2008 and April 2009, eleven private enterprises joined the pilot program, and nine applicants were accredited as an AEO authority in April 2009. As the AEO Program began in full swing, Korea has signed the MRAs with five different partner economies, including the United States, Canada, and Singapore, between 2010 and 2011. As the AEO program continuously matured, not only small and medium enterprises (SMEs) were encouraged to participate to the AEO program, but also the companies accredited as AEOs were encouraged to conduct a self-assessment to meet the AEO authorization criteria. At the same time, Korea's role in the global arena has been expanded. In 2012, Korea hosted the very first Global AEO Conference in Seoul, and the conference was recognized as the most signed AEO MRAs economy in the world.

Organization of AEO Program

The organization of AEO Program is comprised of five teams: Audit Policy Bureau, AEO Committee, AEO Center, AEO Authorization Validation Team, and Comprehensive Validation Team. The Audit Policy Bureau is the top management of the overall AEO Program. The AEO Committee determines AEO status. The Committee members, consisting of ten members (five members each from outside and inside of KCS) led by the Vice President of KCS that acts as the Chair of the Committee, make decisions over AEO authorization, modification, and revocation after documentary and site validations are completed. The AEO Center operates AEO program and takes charge of MRA signing. Customs Valuation and Classification Institute (CVCI), an affiliated institution of KCS, conducts on-site validation and regularly monitors post-authorization acts, including AEO's compliance with the AEO authorization criteria and other legal compliance.

3.3.2. Relevant Legislation

In December 2008, AEO legal framework was established under Customs Act. The Article 255.2 provides for legal rationale of operating AEO program, authorization validity period, the granting of AEO benefits and reasons for AEO revocation, and legal rationale of supporting SMEs. Moreover, Enforcement Decree of Customs Act contains first and renewal of authorization procedure, and criteria for security management prescribes authorization criteria, grade, and detailed procedure of authorizations.

3.3.3. General Clearance Process

Imported Cargo Management

KCS manages and controls imported cargos from foreign economies (and exported cargos from Korea to foreign economies) at the customs borders in order to secure national revenue, prevent smuggling activities, and protect public safety.

Prior to landing at the ports, all foreign trade vessels and aircraft are required to submit a manifest (or a list of cargo loaded on the vessels) as a part of entry procedures. The sea cargo import manifests should be submitted no later than 24 hours prior to loading at the port of loading, and the air cargo import manifests must be submitted four hours prior to arrival.

All carriers should make an unloading declaration before handling the cargo. When unloading goods, the people in authority can crackdown on imported goods, and restrict a place, route, and period loading, if necessary. After completing unloading, the cargo enters to a bonded area and is stored after completing the import clearance.

Goods Stored in the Bonded Area

Bonded areas are bonded warehouse, bonded factories, and bonded exhibition place. The imported goods carried into the bonded area cannot exceed the storage period of six months. Those overdue goods that exceed the storage period will follow the auction procedure.

Identifying High-Risk Cargo

KCS conducts a comprehensive risk analysis on imported cargos based on the information described in the manifests, and screens the measures to select high-risk cargos. Those “high-risk” categorized cargos are banned to enter Korea and will be

carried into the bonded area designed by KCS for X-ray and physical inspection depending on the items. Once the division responsible for import declaration approves the inspection results, those high-risk cargos will be registered to the system to ban entering Korea.

Import Declaration

An import declaration is a required process to clear customs prepared by the importer or broker after the physical inspection. The import declaration can process electronically to determine whether to approve the process or request for supplementation. Also, the traders can also lodge other clearance-related applications, such as a quarantine application when declaring the goods to be imported for the customs clearance system to review whether the goods on which the import declaration has been filed have violated the provisions of relevant laws, ordinances, or regulations. All these customs procedures are dealt in the KCS internet-based electronic clearing portal, so-called “Single Window.”

Once an MRA is concluded between Korea and other economies, those AEO-certified companies can receive special treatments in the customs procedures, including the reduced documentary or physical examination. However, some documentary check or inspection can apply for an AEO status, if stated in other laws, ordinances or regulations than the Customs Act.

Cargo Inspection

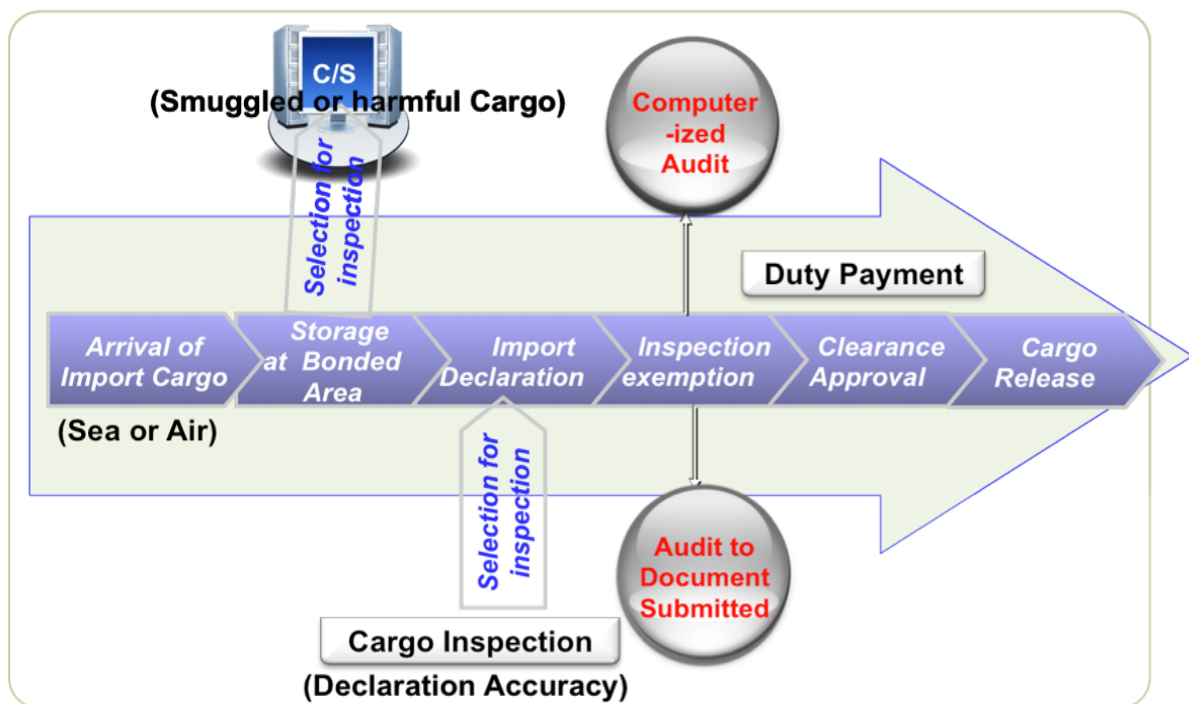
Cargo Inspection is conducted based on perceived level of risk, the type and characteristics of the cargo, and the Importer of Record. The scope of inspection may be whole inspection, partial inspection, or material analysis according to the goods subject to inspection. The inspection for those goods subject to harmfulness conducts after the import declaration is approved for penalties or lawsuit files.

Declaration Acceptance

Customs approves an import declaration if it is found to have no abnormality, and the cargo is released after importer pays duties.

The process below describes the general flow of the import declaration procedures.

Figure 5 Flow Chart of the Import Declaration Procedure and Physical Inspection¹⁶



3.3.4. Authorization Criteria for AEO

The AEO authorization consists of four major criteria: law compliance, internal control system, financial solvency, and security management, under which 80 sub-criteria are detailed:

- **Law compliance** is measured in score about whether the applicant desiring to acquire AEO status has maintained above a certain level in terms of export, import, and trade compliance. The starting score is 99 points. When an error or a fallacy is made, one point is deducted for activity from 99.
- **The internal control system** is activities or efforts established by its own to ensure the accuracy of import/export declaration, fluid communication within the company, and must be maintained above a certain level as prescribed in the Public Notification of AEO Authorization and Management Affairs.
- **Financial solvency** is to review whether the applicants are financially sound enough to comply with the law and not in arrears with the payment. Such information, like delinquency, audit-report on the financial statement, and debt ratio, will be examined. A debt ratio can reach up to 200 percent of the average

¹⁶ Prepared by the KCS.

debt ratio for its corresponding industry unless the applicant is an investment-grade company.

- **Security management** is to check whether the applicants comply with WCO or equivalent supply chain and facilitation at a global level. The security management consists of eight criteria: management of business partners, transportation means, etc.; access control; personnel management; handling procedure management; facilities & equipment management; information & technology management; and education & training.

For more details of the AEO authorization criteria for each category of applicants concerned, please refer to sub-criteria of the AEO criteria and the self-assessment table, which can be found in the AEO Guidelines.

3.3.5. AEO Grades and Benefits

AEO Certificate Class

There are three types of AEO certificate classes: (1) Single-A, (2) Double-A, and (3) Triple-A. The AEO certificate classes are determined based on the legal compliance of companies, which meet the criteria of financial solvency, security management, and internal control systems. Those companies with an assessment score of 80 points or more in legal compliance are considered as Single-A, 90 points or more in legal compliance are considered as Double-A, and 95 points or more in legal compliance are recognized as Triple-A. A company with an assessment score of fewer than 70 points in legal compliance is not eligible for AEO authorization.

AEO Benefits

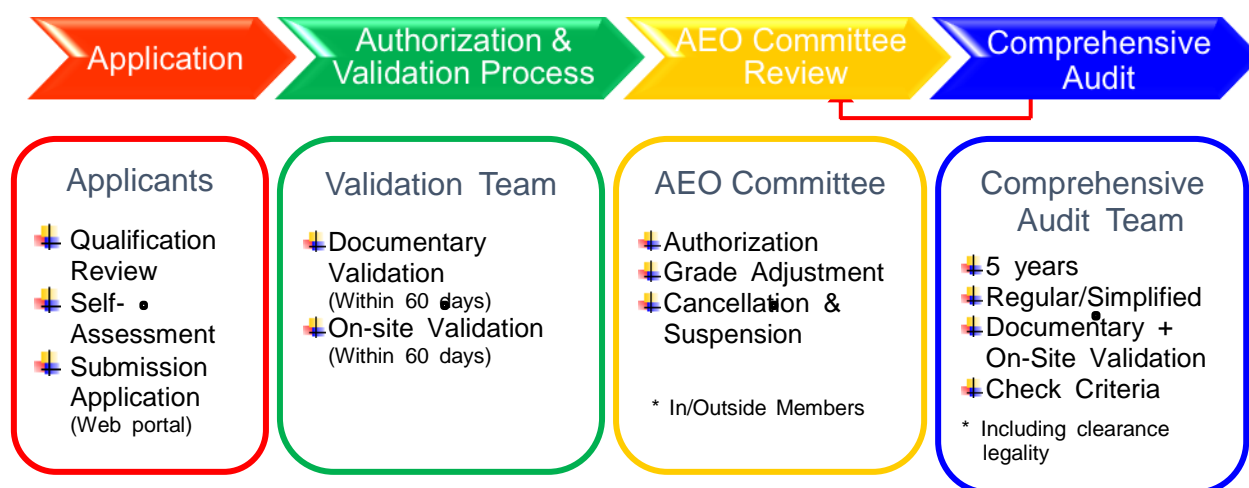
AEO-certified entities can enjoy a variety of trade facilitation benefits, including simplified and less physical inspection, simplified customs procedures, and less financial burdens. In order to further facilitate AEO enterprises with regard to the movement of goods in a secure manner, the main benefits of each area are summarized as below:

- **Customs Clearance:** low rate of inspection, the priority of inspection, the provision of enterprise resource planning (ERP) service for import and export declaration;
- **Duty Payment:** exemption from customs bond, increased deferral limits for duty and tax payment; and

- **Company Management:** reduced audit procedures for tariff and foreign exchange transaction and reduced total amount of penalties and notice of disposition.

3.3.6. AEO Authorization Application Procedures

Figure 6 AEO Authorization Application Procedures



First, the applicant submits applications for AEO status. Then, the applicant's compliance with the AEO authorization criteria will be measured through a careful review of the documentary validation, followed by the on-site validation within 60 days from the date for completion of documentary validation. Based on the documentary and on-site audits, AEO Deliberation Committee grants AEO status and the grade. The AEO status is valid for 5 years and those businesses accredited as AEOs are subject to post their management to the regional customs office through annual comprehensive audits with respect to whether they comply with AEO authorization. In the case of revalidation, those AEO holders must undertake security and risk assessments no later than 6 months before the expiry of AEO status.

3.3.7. The Status Quo of AEO Program

Authorization Criteria for AEO

Korea recognizes the largest customs-related operation group as an AEO company in the world. There are a total of 9 categories of parties concerned: exporters, importers, customs brokers, (bonded) warehouse operators, (bonded) transporters, freight forwarders, sea carriers, air carriers and ground handlers.

Numbers of AEOs by Entities

During the first year of operating AEO program in 2009, there were only 21 entities accredited as AEO Companies. Since then, more than 100 companies applied for AEO program, resulted in a total of 914 companies having been accredited as an AEO under the program as of November 2017. The table below shows that number of AEO-certified enterprises in Korea between 2009 and 2017 (see details in Table 1).

Table 1 Number of AEO-certified Enterprises in Korea (2009-2017)¹⁷

Year	Exporter	Importer	Broker	Forwarder	Carrier*	Warehouse**	Total
2009	5	5	1	4	3	3	21
2010	27	28	11	4	3	1	74
2011	31	35	15	15	3	5	104
2012	31	34	35	49	11	7	167
2013	33	20	24	65	11	14	167
2014	27	8	9	30	9	8	91
2015	57	8	7	20	1	11	104
2016	50	11	8	14	1	3	87
2017***	52	9	14	7	3	4	99
Total	313	158	124	218	45	56	914

*Carrier: Sea Carrier, Air Carrier, and Bonded Transporter

**Warehouse: Warehouse Operator, Cargo Handler

*** Between January and November, 2017

Trade Volume

In 2015, the import and export values reached by the AEO-certified companies were 124.8 billion USD in import, accounting for 29% of the total import value of 123.8 USD, and 436.5 billion USD in export, accounting for 48% of the total export value of 526.8 billion USD (see details in Table 2).

Table 2 The Shares of Trade Volumes by the AEO-certified Companies¹⁸

	Export		Import	
	Trade Volumes (100 million USD)	Rate (%)	Trade Volumes (100 million USD)	Rate (%)
Total	5,268	100	4,365	100
AEOs	2,553	48	1,248	29

¹⁷ Ibid.

¹⁸ Ibid.

3.3.8. Current State of AEO MRA

Status Quo of AEO MRA

As mutual recognition of AEO is a key element to strengthen the end-to-end security of supply chains and to multiple benefits for traders, Korea has been exerting strenuous efforts to connect AEO programs implemented by customs administrations of different economies and conclude AEO MRAs.

In 2010, Korea signed MRAs with the US, Canada, and Singapore at the WCO Council. Since then, two MRAs were concluded in 2011, one in 2013, four MRAs in 2014, four MRAs in 2015, and one in 2016. As a result, Korea has signed nine out of top 10 trading partners, recorded as the number one MRA signing state in the world thus far. Among the GTI Member States, Korea signed AEO MRA with China – Korea's largest trading partner – by the presence of two presidents during Korea-China Summit held in Beijing, China, in June 2013.

Currently, Korea is in a negotiation process with five other partners, including the last top ten trading partner. Korea also intends to expand MRAs with other partners, considering non-tariff barriers and trade volumes.

3.3.9. Challenges & Way forward

Although Korea has great numbers of AEO-certified enterprises and its numbers are expected to continue increasing over time, there is still room for improvement of the program.

Currently, all AEOs use its own self-assessment tools to evaluate and assess their compliance with the legal and regulatory requirements. Most AEO companies voluntarily put their efforts to meet a wide range of customs criteria in close cooperation with customs authorities to assure the common objective of supply chain security and are entitled to enjoy benefits. In order for KCS to minimize possible risks and effectively monitor all AEOs performances, it is important to develop a more effective system monitoring compliance and enforcement of legal and regulatory requirements.

Also, the effective promotion of AEO program is critical to attract more traders to join the program. In order to capture those targeted-audiences' interests, expansion of AEO's incentive scope can be a possible consideration.

3.3.10. Future Endeavors

First, Korea will continue holding MRA Review Working Group meetings on a regular

basis, as it is the most viable tool to make MRA effective and substantial. In 2017, Korea had review meetings with China, the United States, and New Zealand. The goal is to host review meetings with all MRA partners within two years.

Second, Korea will consult with MRA partners about data exchange to measure AEO effectiveness. In fact, the Time-Release Study was conducted between China and Korea.¹⁹ As such, Korea will propose data-exchange to measure the effectiveness of AEO program when signing MRAs with future partners.

Third, Korea will exert its efforts to unearth further benefits to AEO entities. Though the current benefits encompass simplified inspections and procedures, eased financial burdens and diverse conveniences, Korea will strive to provide additional unearthed benefit to those AEO entities in cooperation with MRA partners.

Fourth, in order to further contribute to the development of national economy securing international competitiveness, Korea expects to conduct various researchers to identify problems and bottlenecks, as well as to stimulate efforts to improve the efficiency and effectiveness of AEO program. Those outcomes of the research will be used as a best practice to bolster the credibility of the AEO program.

Lastly, Korea intends to continuously collect and gather feedback from the AEO entities in order to identify and assess strengths and weaknesses in the local development process of AEO program.

Through these efforts, KCS seeks to further develop AEO program, as well as the direction of mutual recognition in order to expand various new benefits.

3.4. Current Status of Russia's AEO System

On December 26, 2016, members Eurasian Economic Union (EAEU), including Russia, approved and signed the new Customs Code of the EAEU (EAEU Customs Code),²⁰ which was designed to systematize and codify over 20 international treaties of the EAEU in the sphere of international trade, including on customs valuation, rules of origin, customs clearance of goods delivered via international mail, and others. The EAEU new Customs Code entered into force on January 1, 2018, with a total of seventeen privileges,

¹⁹ Note: In 2014, China and Korea quantitatively measured and jointly presented the effects of their test MRA implementation. Due to the MRA, customs clearance times in China and Korea for AEO exports reduced substantially. In China, the customs clearance time for AEOs from Korea decreased by 62.1% from 10 hours 17 minutes to 3 hours 54 minutes. In Korea, the customs clearance time for AEOs from China decreased by 55.9% from 5 hours 10 minutes to 2 hours. 16 minutes. (Source: Chan, Kelvin and Holler, Robert. *Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs*. APEC, May 2016, p. 41.).

²⁰ Belarus ratified the Treaty on the Customs Code of the Eurasian Economic Union (EAEU) later at the third session of the House of Representatives.

including simplification of the transit of procedures for those entities with AEO status.

Pursuant to the EAEU Code, Russia grants AEO status to a broad range of legal entities, namely, manufacturers, importers, exporters, customs representatives (brokers), customs carriers, intermediaries, and distributors that are involved in one way or another in foreign economic activities, that:

- Are established in accordance with the legislation of a member-state of the Customs Union;
- Meet certain requirements; and
- Are included into a special register.

The customs authorities assign AEO status to a legal entity by including the legal entity in the Registry of Authorized Economic Operators. As of November 27, 2017, there are 182 legal entities (129 entities carrying out production activities; 53 entities carrying out other economic activities) registered in Russia's Registry of Authorized Economic Operator.

3.4.1 Three Types of AEO certificates

In addition, foreign trade operators claiming to be entered in the registry can choose one of three types of AEO certificates for their purposes that will be recognized throughout the Union. Differentiated by specific qualification criteria, requirements and certain specific simplifications in the sphere of customs clearances, these three categories of AEO offer different simplified customs procedure for delivery.

- i. Type I Certificate: it can be obtained by legal entities that carry out activities in the fields of customs and warehousing. One condition for obtaining Type I Certificate is to provide security for payment of customs duties and taxes in the amount of at least 1,000,000 euros (for manufacturing exporters and companies the amount is 150,000 euros). Pursuant to the provisions of the Customs Code of the EAEU, those Type I Certificate entities can enjoy the reduced amount of a security of paying customs duties and taxes that are being objected of violations in the customs sphere. Also, holders of Type I Certificate may qualify for simplified customs procedures in the case of:
 - failing to provide a certificate of security for the payment of customs duties and taxes in the customs transit of goods, as well as in the release of

- goods and the designated AEO officer is unable to verify documents and information or conduct customs examination;
 - the commission of customs operations allowing the priority of declaration or release of the goods upon its arrival or departure in a customs territory of the EAEU;
 - the goods are released before the filing of a declaration for goods;
 - the customs authorities applying the principle of selectivity of the objects of customs control ensuring the conduct of customs control to carry out customs inspection or customs examination as a matter of priority;
 - using the customs seals on cargo spaces (compartments) as means of identification the goods, transported by vehicles; and
 - the goods that are transported by the AEO entities arrive at a non-established route for the carriage of goods.
- ii. Type II Certificate: in order to obtain Type II Certificate, the applicants shall require complying with conditions of financial stability that are determined by the EAEC. In addition to the benefits from Type I Certificate, the Type II Certificate provides the following special simplifications:
- temporary storage of goods in the rooms, on open sites and other territories of the AEO;
 - the release of goods before submission of the customs declaration;
 - carrying out customs operations of the release of goods in the rooms, on the open sites and other territories of the AEO; and
 - other special simplifications envisaged in the customs legislation of the Customs Union.
- iii. Type III Certificate: the Type III Certificate includes all special simplification both from Type I and Type II that is valid for two years unless suspended or revoked. The requirement for Type III Certificate is to comply with the criteria for financial sustainability, the same as the Type II certificate.

The compliant traders are therefore given the AEO status, which means they are low-risk companies and can, therefore, be trusted by the Federal Customs Service.

4. Way Forward

The following section highlights the potential recommendations that may be adopted by the CSC, TIC, NC, and the CC of GTI. The outcomes of the Project made the GTI Member States possibly to further flourish AEO cooperation within the region. The recommendations were based on the discussions during the AEO Working Group and what economies described as working well within their individual programs.

With the information provided by the AEO Working Group, the GTI Member States can closely work with the GTI Secretariat to share the lesson learned. Also, it is easier for the GTI Member States to arrange access among one another due to well-established working relationships. At the same time, the AEO Working Group did identify potential collaborative areas where a member's AEO concerns could be addressed by studying the partner's AEO program.

Conclusion of AEO Multilateral Recognition Arrangement

Throughout the response received, customs authorities acknowledged that the AEO program serves as a tool of trade facilitation of the region in particular and the globe in general, thereby reaching multilateral mutual recognition and formally signing the AEO MLA among the GTI Member States are critical.

The purpose of the MLA among the GTI Member States is to mutually recognize the AEO authorization issued under the other programs and provide reciprocal benefits to AEOs of the other programs from the GTI Member States (certified once accepted everywhere).

Membership of MLA is based on peer evaluation of each Customs Administration of the GTI Member States and continued surveillance of each Customs Administrations to ensure and confirm that all Customs Administrations operate their AEO programs consistently and in an equivalent way.

Establishment of AEO Working Group

In order to ensure that the various programs are operated in an equivalent way, the formation of the AEO Working Group as an official platform under the framework of GTI is vital. The aim of AEO Working Group is, therefore, to reach multilateral mutual recognition and formally sign AEO MLA among the GTI Member States.

Since the draft of AEO MLA is in place, the AEO Working Group can focus on criteria comparison and validation observations processes before entering to the signing of the

MLA process. Once the MLA is reached among the GTI Member States, the AEO Working Group can serve as a continual engagement platform for a periodic review in order to assure that the MLA and accompanying procedures remain relevant (i.e. program updates, validation observations).

Within the working group, the GTI Member States can consider taking various approaches to enhance AEO cooperation. As the working group serves as a management-level to continuously identify and leverage the system's advantages and constraints, AEO-related activities can be promoted through the various events (i.e. workshops, training) and through the online (website and social media) and offline publications.

To avoid any political fluctuation and maximize the outcomes of the group, the proposed composition of the working group is the head of the department that is responsible for the AEO cooperation within the Customs Administrations.

MLA Implementation Guidance

Recognizing the trading system is switching from bilateral to multilateral ways within the trade community, the impact of MLA has recognized as a confidence-building tool. While the Customs Administrations empower their roles as a customs supervision and inspection, the AEO certified companies can recognize as safe, secure, and compliant trade partners among the signatory entities.

Since the GTI Member States have already experienced in drafting the MLA through the involvement of the project, publishing MLA Implementation Guidance will be intended for general guidance help other Customs Administrations with their preparation in fulfilling their obligations under the SAFE Framework. It can outline detailed guidance for a range of procedures for establishing a framework, type of frameworks (arrangement or agreement), as well as for some specific technical methods that need to be considered (i.e. procedure, criteria, meeting type, etc.).

The scope of the study can cover feedback from AEO entities from each Member States in order to identify the bottlenecks of the proposed approach and perception of the sector in relation to the proposed mutual recognition scheme.

The guidance can relate to the draft of AEO MLA among the GTI Member States and other compendiums that are necessary to understand the scope of AEO MLA in order to improve the process of moving towards multilateral mutual recognition thereby providing real added values to the overall AEO members.

Lack of MRA Impact Evaluation Research

The AEO Working Group identified that hard evidence of the trade facilitation and security benefits of MRAs are missing. The MRAs facilitate reducing the border compliance costs for businesses and improving border security that is difficult to measure. However, there has not been only research conducted to identify the effectiveness of MRAs that ease market access rather than the effectiveness of enhancing that access. With that, it is difficult to present the impact of an MRA on trade facilitation or the monetary value to businesses of reduced inspections and faster release times.

The GTI Secretariat should initiate analyzing and quantifying economic impact and trade benefits of MRAs within Northeast Asia. Due to a large number of potential contravening variables, such evaluations may be challenging. However, both China and Korea have conducted the study on the effect of MRAs on trade after concluding their bilateral MRA and other organizations, like World Bank and APEC, have conducted a similar study, which can be consulted as reference material when designing the impact evaluations within the region. For instance, the World Bank has attempted to analyze the effects of trade facilitation provisions have on an economy's trade performance. Among the trade indicators, the study used both AEOs and MRAs as a separate dummy variable. The gravity model that the study used refers the benefits of an AEO program are ample to improve the economy's trade performance, whereas the presence of MRAs is meager to produce effects on an economy's trade performance.²¹ Although further research may have to ascertain whether these are outlier results, the study on identification of quantitative benefits for traders from MRAs can provide incentives to potential applicants to attain AEO status, in overall.

Other Recommendations: Rewards & Recognition Ceremony of AEO Working Group

Since the AEO Working Group has fulfilled the goals of the Project by concluding the first-ever AEO MLA, rewards and recognition ceremony of the group should be considered. Possible ways to recognize their performances can be done either at the Global AEO Conference or at the GTI Consultative Commission Meeting.

In fact, the host organization, WCO, of the 4th WCO Global Conference, which will be held from March 14-16, 2018, in Kampala, Uganda, has already allocated a session on "Plurilateral MRAs – challenges and lesson learn – Pacific Alliance & Greater Tumen

²¹ De Sá Porto, Paulo, Canuto, Otaviano and Morini, Cristiano. *The Impacts of Trade Facilitation Measures on International Trade Flows, Policy Research Working Paper*. World Bank Group, no. WPS 7367, July 14, 2015, p. 11. Retrieved February 2018, from, <http://documents.worldbank.org/curated/en/2015/07/24779062/impacts-trade-facilitation-measures-international-trade-flows>.

Initiative (GTI),” expecting the GTI Member States to introduce their outputs to the WCO members as a best practice.

On the other hand, high-level authorities of each customs administration can utilize the GTI Consultative Commission Meeting, an annual gathering for the GTI Member States, by signing the acknowledgement letter during the meeting, where the Consultative Commission of GTI (a vice-minister level) can endorse the achievements at the same time.

Through the rewards and recognition ceremony, the GTI Member States can build a sense of solidarity and identity for the working group that will be recognized as an initial step to persistently elicit AEO cooperation among each other even after the conclusion of the Project.

Overall, the willingness for the GTI Member States to empower trade facilitation activities is high and the GTI Member States expect the AEO program to serve as a toolkit to bridge the gaps between the Member States with different level of trade facilitation. Since the goal of the Project was to establish an ongoing community of knowledge and practice to facilitate implementation of AEO program, particularly those Members that have not yet established such program, the results laid out are not meant to as a gap analysis.

The recommendations mentioned here are meant to encourage further AEO program convergence in Northeast Asia. After all, every effort that the Member States pursue in enhancing trade facilitation activities is unique to the economy’s specific environment and experiences. However, the establishment of AEO MLA is needed in order to mutually recognize the validations and authorizations, and customs control results that may be necessary to eliminate or reduce redundant or duplicated validation and authorization efforts.

The GTI Secretariat hopes that the recommendations are useful so that they can be discussed and adopted by the GTI Member States.

References

- Chan, Kelvin and Holler, Robert. *Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs*. APEC, May 2016.
- De Sá Porto, Paulo, Canuto, Otaviano and Morini, Cristiano. *The Impacts of Trade Facilitation Measures on International Trade Flows, Policy Research Working Paper*. World Bank Group, no. WPS 7367, July 14, 2015.
- Deutsche Gesellschaft für Internationale Zusammenarbeit
– Profile. Retrieved December 3, 2017, from <https://www.giz.de/en/aboutgiz/profile.html>
- Greater Tumen Initiative – Member Countries. Retrieved December 2017, from <http://www.tumenprogramme.org/?list-1528.html>.
- _____. Terms of Reference for “AEO Cooperation Scheme among Customs Administrations,” April 2016.
- OECD – OECD Trade Facilitation Indicators. Retrieved January 2018, from <http://www.oecd.org/trade/facilitation/indicators.htm>
- Ratnakar Adhikari. *Greater Tumen Region Trade Facilitation Study*. UNDP China, July 2015.
- United Nations Economic and Social Commission for Asia and the Pacific. *Trade Facilitation and Paperless Trade Implementation Global Report 2017*. New York: United Nations, 2017.
- _____. *UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017*, November 2017.
- World Customs Organization. *Compendium of AEO Programmes 2017*. 2017.
- _____. SAFE Framework of Standards, June 2012.

Appendix 1: Mutual Recognition Arrangement of Authorized Economic Operator programs among the Customs Administrations of the Greater Tumen Initiative (GTI) Member States

MUTUAL RECOGNITION ARRANGEMENT OF AUTHORIZED ECONOMIC OPERATOR PROGRAMS AMONG THE CUSTOMS ADMINISTRATIONS OF THE GREATER TUMEN INITIATIVE (GTI) MEMBER STATES

The General Administration of Customs of the People's Republic of China, Mongolian Customs General Administration, the Korea Customs Service, and Federal Customs Service of the Russian Federation,

***RECALLING** the approval of 'AEO Cooperation Scheme among Customs Administrations' project under the auspices of the Greater Tumen Initiative (GTI) at the 16th Consultative Commission Meeting of GTI dated on April 28, 2016,*

***CONSIDERING** the Authorized Economic Operator Programs (hereinafter collectively referred to as the "Programs" and individually "Program") are security and compliance initiatives that strengthen end-to-end security of the supply chain and promote trade facilitation;*

***RECOGNIZING** that the Programs apply internationally recognized security and compliance standards in accordance with national laws and the standards advocated by the World Customs Organization (WCO);*

***ACKNOWLEDGING** the specialized nature of each GTI Member State's border management processes, procedures, mechanisms and laws governing the management of their Programs;*

***UNDERSTANDING** that the Programs based on WCO SAFE Framework of Standards to Secure and Facilitate Global Trade (hereinafter referred to as the "SAFE Framework") strengthen partnerships among GTI Member States and contribute significantly to end-to-end supply chain security and trade facilitation;*

***HAVING REGARD FOR** the bilateral Agreements Regarding Mutual Administrative Assistance in Customs Matters (hereinafter referred to as the "CMAAs") and Cooperation among GTI Member States;*

HAVE COME TO THE FOLLOWING UNDERSTANDING:

Paragraph I. Responsible Authorities

The General Administration of Customs of the People's Republic of China, Mongolian Customs General Administration, the Korea Customs Service, and Federal Customs Service of the Russian Federation (hereinafter collectively referred to as the "Participants" and individually as "Participant") are the authorities responsible for the implementation of this Arrangement.

Paragraph II. Scope

This Arrangement shall apply to the following members of the Programs (hereinafter referred to as “Members”):

- A. The People’s Republic of China’s Advanced Certified Enterprise.
- B. Mongolia’s Authorized Economic Operator.
- C. The Republic of Korea’s Authorized Economic Operator.
- D. The Russian Federation’s Authorized Economic Operator.

Paragraph III. Compatibility

For purposes of consistency, the Participants shall ensure that:

- A. The standards applied to each Program remain compatible with respect to the following matters:
 - 1. Application procedures;
 - 2. Validation criteria;
 - 3. Assessment of membership application; and
 - 4. Approval and monitoring of membership.
- B. Each Participant will operate its Program within the context of the SAFE Framework.

Paragraph IV. Mutual Recognition and Benefits

- A. Each Participant intends to accept the validation results and approval status granted to Members of the other Participants’ Programs.
- B. Each Participant ensures to treat Members of the other Participants’ Programs in a manner comparable to the way it treats Members of its Program with the following benefits:
 - 1. The Participants shall take into account favorably the status of Members in the other Participants’ Programs in conducting risk assessment for the purposes of supply chain security and trade facilitation.
 - 2. Each Participant shall expedite clearance process through simplified document examination and/or reduced physical inspection of cargos from Members of the other Participants’ Programs;
 - 3. Each Participant shall designate Customs officials in charge of communication to assist Members of the other Participant’s Programs in solving problems during customs clearance;
 - 4. To the extent possible and practicable, each Participant shall provide priority treatment for shipments of Members of the other Participants’ Programs when designated for inspection; and

5. In the event of a disruption in cross-border trade flows, such as natural, man-made, or technological disaster, each Participant shall provide priority treatments to Members of the other Participants' Programs.
- C. The Participants intend to extend or update benefits through joint development of the Arrangement.
 - D. Each Participant has the authority to suspend and/or revoke the benefits provided to any Members of the other Participants' Programs. Suspension and/or revocation by each Participant shall be promptly communicated to the others.
 - E. All Participants agree on the following exceptions of this general rule in case of irregularities involving the Members of other Participants' Programs. In such case, they agree on prompt communications to the other remaining Participants. All Participants retain the right of unilateral revocation or suspension of benefits of one particular Member.

Paragraph V. Information Exchange and Communications

- A. The Participants agree to mutual information exchange and sharing regarding the following:
 1. Comprehensive list of the Members, including but not limited to name, address, date of approval, identification number and status (valid, suspension, revocation);
 2. Updates of respective Participant's Programs;
 3. Contact points for their respective Programs.
- B. All Participants shall ensure information sharing/exchange and data protection in compliance with domestic legislation and regulations of each Participant.
- C. Information exchanging and sharing activities shall be conducted in consistency with the terms of the CMAs signed by the Participants.

Paragraph VI. Future Endeavors

- A. The Participants agree to actively implement and further develop this Arrangement to promote supply chain security, facilitate trade and increase connectivity among the Participants.
- B. The Participants intend to provide training programs to build capacity that may promote the enhancement of supply chain security and the Programs' best practices.
- C. The Participants will monitor the benefits granted by the other Participants and share the monitoring results.
- D. The Participants may work closely among each other to carry out joint activities to promote mutual benefits for their business partners in a mutually determined manner.

Paragraph VII. Status of Arrangement

- A. This Arrangement represents the intention of the Participants and does not create legally binding rights and obligations under international law or the law of jurisdiction, nor does it create or confer any right, privilege, or benefit on any person or party, private or public.
- B. The activities carried out by a Participant under this Arrangement shall be conducted in accordance with the applicable law of the Participants' respective states as well as applicable international agreement to which the Participant's state is a party.
- C. For greater certainty, this Arrangement is without prejudice to the rights and obligations of the Participants under the CMAAs, and shall not prevent either Participant from cooperating or granting assistance in accordance with the provisions of applicable international treaties and agreements, national law and practices.
- D. Each Participant shall carry out all activities under this Arrangement.
- E. Each Participant shall bear the costs it incurs to meet its commitments under this Arrangement.

Paragraph VIII. Modification and Consultation

- A. The Participants shall resolve any differences regarding the interpretation and implementation of this Arrangement by consultations among each other.
- B. The Participants intend to complement the terms and conditions of this Arrangement concerning cooperation and development among the Participants.
- C. This Arrangement shall be proposed by any Participant for amendment and shall be amended by consensus of all Participants. Any amendment shall enter into force upon written acceptance by all the Participants.

Paragraph IX. Withdrawal

- A. Any Participant may withdraw from this Arrangement by written notification to the remaining Participants.
- B. Such withdrawal shall take effect upon the expiration of six (6) months from the date on which the written notification has been received and confirmed by the remaining Participants.

Paragraph X. Duration and Termination

This Arrangement shall be terminated only by consensus of all Participants or whenever the number of the Participants is less than four, unless the remaining Participants agree otherwise.

Paragraph XI. Commitment

The commitments regarding confidentiality and security of the information obtained pursuant to this Arrangement shall remain in effect after the termination of this Arrangement as long as the Participants retain the information.

Paragraph XII. Acknowledgement of Arrangement

Any bilateral Mutual Recognition Arrangement regarding the Program between the Participants shall not be affected by this Arrangement.

Paragraph XIII. The Language

This Arrangement shall be drawn up and signed by the Participants in four (4) original copies in the English language, and each Participant shall receive one (1) original copy.

Paragraph XIV. Entry into Force

This Arrangement shall enter into force upon signature by the Participants. The implementation date of relevant benefits is subject to further discussion and confirmation by the Participants.

For the General Administration of Customs of the People's Republic of China

Name	DATE
Position	
Department	

For Mongolian Customs General Administration

Name	DATE
Position	
Department	

For the Korea Customs Service

Name	DATE
------	------

Position

Department

For Federal Customs Service of the Russian Federation

Name	DATE
------	------

Position

Department

Appendix 2: Agenda for the 1st GTI AEO Working Group Meeting

Chaired by:	
	<u>Mr. CHEN Jianping</u> , Deputy Director, Department of Audit-based Control and Risk Management, General Administration of Customs, P.R. China
10:00 - 10:05	Opening Opening Remarks by <u>Mr. CHEN Jianping</u> , Deputy Director, General Administration of Customs, P.R. China
10:05 - 10:35	Session I: Working plan of AEO Working Group Meeting ✧ The GTI Secretariat briefs on ToR of 'AEO Cooperation Scheme among Customs Administrations' project and Work Plan for 2016-2017. Participants exchange opinions on the Work Plan.
10:35 - 10:50	Coffee Break & Group Photo
10:50 - 11:50	Session II: Information Sharing of AEO Systems in GTI Member Countries ✧ Participants make presentations on the AEO system of each GTI member country based on its 'Briefing Paper on AEO'. The presentation should cover at least the following information: <ul style="list-style-type: none"> - Background and History of the AEO system - Relevant Legislation (e.g. rules, acts, etc.) - General Clearance Process - Authorization Criteria for AEO - AEO Rating Classes - Procedures for Authorization - Benefits on AEO Status of Each Rating Class - Post-Management after Authorization - Current Situation on AEO companies (number, proportion, trade volumes, etc.) - Situation on AEO MRA (Mutual Recognition Agreement) with Trading Partners - Identified Barriers - Future Plans <p>After each presentation, participants have Q&As for further understanding.</p> <p>① <i>AEO in People's Republic of China</i></p>
11:50 - 13:30	Lunch (Xiaoyun Hall, Beijing International Hotel)
13:30 - 15:30	Session II: Information Sharing of AEO Systems in GTI Member Countries (Cont'd) ② <i>AEO in Mongolia</i> ③ <i>AEO in Republic of Korea</i>
15:30 - 15:45	Coffee Break
15:45 - 16:45	Session II: Information Sharing of AEO Systems in GTI Member Countries (Cont'd) ④ <i>AEO in Russian Federation</i>
16:45 - 17:15	Session III: Plan for the 2nd AEO Working Group Meeting ✧ Participants make decisions on the date, venue, and chairperson for the 2nd AEO Working Group Meeting, which will be held in 2017, and discuss agendas for the 2nd meeting.
17:15 - 17:30	Wrap-up ✧ Participants exchange the final inputs for developing AEO Working Group Meeting. Chairperson summarizes the result of the meeting.
18:30 - 20:30	Dinner (Yue Fu-Ye Shanghai)

Appendix 3: List of Participants for the 1st AEO Working Group Meeting

People's Republic of China			
1.	Mr. CHEN Jianping	Deputy Director	Division of Enterprise Management (AEO Programme), Department of Audit-based Control and Risk Management, General Administration of Customs
2.	Mr. YUAN Ziwei	Director	Division of Bilateral and Regional Affairs, Department of International Cooperation, General Administration Customs
3.	Mr. MA Biao	Officer	Division of Enterprise Management (AEO Programme), Department of Audit-based Control and Risk Management, General Administration Customs
4.	Mr. WU Chao	Officer	Division of Bilateral and Regional Affairs, Department of International Cooperation, General Administration Customs
Mongolia			
5.	Ms. D. ERDENESUREN	Director	Customs Risk Management Division, Customs General Administration
6.	Ms. Kh. MUNKHZUL	Customs Officer	Customs Risk Management Division, Customs General Administration
Republic of Korea			
7.	Mr. HAN Sang Pil	Deputy Director	Audit Policy Division, Korea Customs Service
8.	Mr. CHOI Hyung Kwon	Officer	Audit Policy Division, Korea Customs Service
9.	Ms. YUN Jin Kyung	Manager of AEO MRA	Audit Policy Division, Korea Customs Service
10.	Mr. YUN In Chae	Customs Attaché	The Embassy of Republic of Korea in the People's Republic of China
Federal Customs Service			
11.	Mr. Evgeny BELONOGOV	Head	Cooperation with International Organizations Unit, Federal Customs Service
12.	Mr. Alexander STUPNIKOV	Deputy Head	General Department of Customs Clearance and Customs Control, Federal Customs Service
13.	Mr. Alexander NIKOLAEV	Customs Attaché	The Embassy of Russian Federation in the People's Republic of China
Greater Tumen Initiative Secretariat			
14.	Mr. KANG Daehyun	Programme Advisor	GTI Secretariat
15.	Mr. ROH Chanhoo	Consultant	GTI Secretariat
16.	Ms. SHI Lin	Programme Assistant	GTI Secretariat

Appendix 4: Agenda for the 2nd GTI AEO Working Group Meeting

DAY 1		
Chaired by:	Mr. Evgeny BELONOGOV, Head, International Organizations Unit, Customs Cooperation Department, Federal Customs Service, Russian Federation	
09:30 – 09:35	Opening Session	
	Opening Remarks by Mr. Evgeny BELONOGOV, Head, International Organizations Unit, Customs Cooperation Department, Federal Customs Service, Russian Federation	
09:35 – 10:30	Session I: Information Sharing on Customs Clearance (Transit) Procedure & Methods of Identifying AEO Cargos	
	✧ Participants from each member states delivers a presentation on the customs clearance procedure, including transit procedure, and methods of identifying AEO cargos. 45 minutes are allocated for the presentation followed by 10 minutes of Q&A session. <i>(Present Order: China, Mongolia, Korea, Russia).</i> 1) People’s Republic of China	
10:30 – 10:50	Coffee Break & Group Photo	
10:50 – 11:45	Session I: Information Sharing on Customs Clearance Procedure & Methods of Identifying AEO Cargos (cont’d) 2) Mongolia	
12:00 – 13:45	Lunch (Hosted by: GTI Secretariat)	
14:00 – 14:55	Session I: Information Sharing on Customs Clearance Procedure & Methods of Identifying AEO Cargos (Cont’d) 3) Republic of Korea	
14:55 – 15:10	Coffee Break	
15:10 – 16:05	Session I: Information Sharing on Customs Clearance Procedure & Methods of Identifying AEO Cargos (Cont’d) 4) Russian Federation	
16:05 – 16:50	Session II: Information Sharing on China-Korea AEO MRA ✧ Participants from China and Korea exchange the main outputs of the agreement, which was concluded in June 2013. 30 minutes are allocated for the presentation followed by 15 minutes of Q&A session.	
17:30 – 20:00	Dinner (Hosted by: Clearance of Vladivostok)	
DAY 2		
09:00 – 12:00	Bilateral Meetings (except for Russia)	
	Time Table	Meeting (Venue: Vladivostok Customs)
	09:00 - 09:45	China-Mongolia
	10:00 - 10:45	China-Korea
	11:00 - 11:45	Mongolia-Korea
12:00 – 13:45	Lunch (Hosted by: GTI Secretariat)	
14:00 – 15:00	Session III: Discussion on the Related Regulations (legal acts) on AEO Program ✧ Participants deliver a presentation on the related regulations (legal acts) on the AEO program for 20 minutes followed by 10 minutes of Q&A session. <i>(Present Order: China, Mongolia, Korea, Russia).</i> 1) People’s Republic of China 2) Mongolia	
	15:00 – 15:15	
15:00 – 15:15	Coffee Break	
15:15 – 16:15	Session III: Discussion on the Related Regulations on AEO Program (cont’d) 3) Republic of Korea 4) Russian Federation	
	16:15 – 16:45	
16:15 – 16:45	Session IV: Plan for the 3 rd GTI AEO Working Group Meeting ✧ Participants make decisions on the date, venue, and chairperson for the 3 rd AEO Working Group Meeting, and discuss agendas for the 3 rd meeting.	

16:45 – 17:00	Wrap-Up & Closing ✧ Participants exchange the final inputs for developing AEO Working Group Meeting. Chairperson summarizes the result of the meeting.
----------------------	--

Appendix 5: List of Participants for the 2nd GTI AEO Working Group Meeting

People's Republic of China			
1	Ms. E Tao	Senior Advisor	Division of Enterprise Management (AEO Program), General Administration of Customs
2	Mr. TAO Li	Section Chief	Risk Management Division, Shanghai Customs District
Mongolia			
3	Ms. Ulziiduuren TSOLMON	Director	International Cooperation Division, Customs General Administration
4	Ms. Khuderchuluun MUNKHZUL	Customs Officer	Customs Risk Management Division, Customs General Administration
Republic of Korea			
5	Ms. PARK Su Kyeong	Deputy Director	Multilateral Cooperation Division, Korea Customs Service
6	Mr. KANG Il Muk	Assistant Director	Audit Policy Division, Korea Customs Service
Russian Federation			
7	Mr. Evgeny BELONOGOV	Head	International Organizations Unit, Federal Customs Service
8	Mr. Alexander STUPNIKOV	Deputy Head	Unit of Processing and Completing Customs Regimes, Federal Customs Service
9	Mr. Andrey BELYAEV	Head	Department for Customs Control and Procedures, Far Eastern Customs Directorate
Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH			
10	Mr. Florian MISS	Programme Manager	GIZ
Greater Tumen Initiative Secretariat			
11	Mr. KANG Daehyun	Programme Advisor	GTI Secretariat

Appendix 6: Agenda for the 3rd GTI AEO Working Group Meeting

Day 1

08:45 – 09:00	Registration
09:00 – 09:10	Opening Remarks
	<ul style="list-style-type: none"> - <u>Ms. G. Erdenesuren</u>, Director of Customs Risk Management Division, Customs General Administration of Mongolia - <u>Mr. ROH Chanho</u>, GTI - <u>Mr. Magnus BROD</u>, GIZ
09:10 – 09:20	Getting to Know Each Other
	Moderated by <u>Ms. Aigerim RYSKULOVA</u> . Each participant introduces himself/herself
09:20 – 09:40	Introduction of Workshop & Expectations of Participants from Workshop
	<p><u>Ms. Aigerim RYSKULOVA</u> briefs the workshop program, and the participants share their expectations from the workshop. Each group presents the result (Q&As included).</p> <p><i>** Group Discussion</i></p>
09:40 – 09:50	<u>Mr. ROH Chanho</u> presents a summary of the previous work of the 1 st and 2 nd AEO Working Group Meeting
09:50 – 10:20	Group Photo & Coffee Break
10:20 – 12:00	Session 1 – Understanding AEO Environment of GTI
10:20 – 10:35	<p>1. <u>Mr. Paul ALLEN</u>, a designated expert by WCO, briefly introduces the current situation of implementing AEO programs in the GTI member countries and WCO best practices based on materials such as “<i>Compendium of AEO</i>” (2016 edition, WCO)</p>
10:35 – 11:20	<p>2. The participants brainstorm to analyze the strong and weak points of the AEO program in their respective countries, and share the result (Q&As included).</p> <p><i>** Group Discussion (each country)</i></p> <p><i>** Main Questions to be Answered:</i></p> <ul style="list-style-type: none"> - What are the strong points of your AEO program? - What are the weak points of your AEO program? - What technical assistances do you want to provide for other GTI member countries regarding AEO? - What technical assistances do you want to get from other GTI member countries regarding AEO? - What should the GTI member countries do together for accelerating AEO cooperation among each other? <p><i>** The participants seek for answers to the main questions above, focusing on the following discussion points (each discussion point will have answers to the main questions above):</i></p> <ul style="list-style-type: none"> - Political Will (e.g. support from the government) for implementing an AEO program - Legal Basis (e.g. act, law, rules) for implementing an AEO program - Governance System (e.g. supervisory committee) to implement an AEO program - Requirements for Applying for AEO Status - Accreditation Process (Application, Audit, Assignment of Certificate, Post-Monitoring, Class Adjustment, etc.) - Promotion of AEO Program to Private Sectors - Situation of AEO MRAs in Your Respective Country
11:20 – 12:00	3. Each Group Presents the Results (Q&As included).
12:00 – 13:30	Lunch (BEST WESTERN PREMIER Tuushin Hotel 1F)
13:30 – 15:05	Session 2 – Knowledge Exchange

	Reflecting the result of the discussion during Session 1, the participants have informal dialogue on AEO (implementation of AEO programs, possibility of mutual MRA's) for deepening mutual understanding.												
	<table><tr><th>Time</th><th>Place 1</th><th>Place 2</th></tr><tr><td>13:30 – 14:00</td><td>Korea–Russia</td><td>China–Mongolia</td></tr><tr><td>14:00 – 14:30</td><td>Mongolia–Korea</td><td>China–Russia</td></tr><tr><td>14:30 – 15:00</td><td>China–Korea</td><td>Mongolia–Russia</td></tr></table>	Time	Place 1	Place 2	13:30 – 14:00	Korea–Russia	China–Mongolia	14:00 – 14:30	Mongolia–Korea	China–Russia	14:30 – 15:00	China–Korea	Mongolia–Russia
Time	Place 1	Place 2											
13:30 – 14:00	Korea–Russia	China–Mongolia											
14:00 – 14:30	Mongolia–Korea	China–Russia											
14:30 – 15:00	China–Korea	Mongolia–Russia											
	Wrap up												
15:05-15:30	Coffee Break												
15:30 – 17:00	Session 3 – Way Forward for GTI AEO Cooperation												
15:30 – 15:45	1. Mr. Paul ALLEN briefs the standardized guidance for introducing AEO programs based on materials, such as “AEO Implementation Guidance” (WCO, May 2010), “AEO Template” (WCO), and others.												
15:45 – 16:30	2. Based on the result of the discussion in Session 1 and Session 2, the participants brainstorm to seek for policy recommendations, joint projects and activities for future GTI AEO cooperation. ** Group Discussion												
16:30 – 17:00	3. Each group presents the result (Q&As included).												
17:00 – 17:20	Summary of the day / Evaluation												
	Ms. Aigerim RYSKULOVA summarizes the activities done on Day 1, and the participants share their impressions and comments												
18:00 – 19:30	Dinner (BEST WESTERN PREMIER Tuushin Hotel 25F)												

Day 2

09:00 – 09:15	Recap of Day 1
	Ms. Aigerim RYSKULOVA briefs what the participants tackled, discussed and learned on Day1 to remind them of the outcomes achieved.
09:15 – 10:15	Session 4 – Introduction to AEO MRAs
	Mr. Paul ALLEN briefs the current trends on AEO MRAs in the world and introduces the standardized guideline for concluding AEO MRAs based on materials such as “MRA Guidelines” (WCO, 2011), also including some examples of AEO MRA Texts already concluded as well as the occurring difficulties in the implementation which can/have to be considered during the drafting process.
10:15 – 10:40	Coffee Break
10:40 – 12:00	Session 4 – Introduction to AEO MRAs (cont’d)
10:40 – 11:00	1. The participants share the main contents (texts) of already concluded bilateral AEO MRAs of their countries. Each group summarizes common contents and others of AEO MRAs identified. <i>** Group discussion</i>
11:00 – 11:30	2. Each group shares the result of discussion (Q&As included).
11:30 – 12:30	Session 5 – Drafting Framework for Standardized AEO MRA Text
11:30 – 12:30	The participants brainstorm on the framework of the Standardized AEO MRA Text for GTI member countries by using the result of discussion during Session 4. <i>** In the plenum</i>
12:30 – 14:00	Lunch (BEST WESTERN PREMIER Tuushin Hotel 1F)
14:30 – 17:00	Session 6 – Drafting Details for Standardized AEO MRA Text

14:30 – 16:60	<p>1. Based on the result of discussion during Session 5, the participants have brainstorming to add details for the contents of the AEO MRA Text.</p> <p><i>** Group Discussion</i></p> <p><i>** Facilitator will Divide Duties of Each Group</i></p>
16:00 – 17:00	2. Each group will share their result, and all participants have a further discussion to fix the details of the AEO MRA Text.
17:00 – 17:20	Summary of the day / Evaluation
	Ms. Aigerim RYSKULOVA summarizes the activities done on Day 2, and the participants share their impressions and comments.
18:00 – 20:00	Dinner (IL Khaadiin Urguu Room, Chinggis Khan Hotel)

Day 3

09:00 – 09:15	Recap of Day 2
	Ms. Aigerim RYSKULOVA briefs what the participants tackled, discussed and learned on Day 2 to remind them of the outcomes achieved.
09:15 – 10:00	Session 7 – Dialogue with an Expert on GTI AEO Cooperation
	Mr. Paul ALLEN shares knowledge, experience and insights for accelerating GTI AEO cooperation in the future (Q&As included), including best-practices from other countries.
10:00 – 10:20	Coffee Break
10:20 – 11:20	Session 8 – Review of Standardized AEO MRA Text
	The participants review the draft Standardized AEO MRA Text and have a further discussion to supplement the draft.
11:20 – 11:50	Session 9 – Discussion on Plan for the 4th AEO Working Group Meeting
	<p>1. The participants make decisions on the date, venue, and chairperson (Korea Customs Service) for the 4th AEO Working Group Meeting.</p> <p>2. The participants discuss the agenda of the 4th AEO Working Group Meeting.</p> <p>3. The participants designate a champion who will further draft the Standardized AEO MRA Text reflecting the outcome of the 3rd AEO Working Group Meeting.</p> <p><i>** The designated champion will circulate the draft Standardized AEO MRA Text among the AEO Working Group members for comments and make final drafts before the 4th AEO Working Group Meeting. The final drafts will be further discussed at the 4th AEO Working Group Meeting for adoption.</i></p>
11:50 – 12:00	Wrap up and Closing Filling out the Evaluation Form
	<p>The participants exchange final inputs for developing AEO Working Group Meeting and fill out the evaluation form.</p> <ul style="list-style-type: none"> - Final Recap by Ms. Aigerim RYSKULOVA, GIZ - Closing remarks from Mr. G. Enkhtaivan, Customs General Administration of Mongolia - Closing remarks by Mr. Magnus C. M. BROD, GIZ - Closing remarks and next steps by Mr. ROH Chanho, GTI
12:00 – 13:30	Lunch (BEST WESTERN PREMIER Tuushin Hotel 1F)

Appendix 7: List of Participants for the 3rd GTI AEO Working Group Meeting

People's Republic of China			
1.	Mr. CHEN Jianping	Deputy Director	Department of Audit-based Control and Risk Management, General Administration of Customs
2.	Ms. E Tao	AEO Senior Advisor	Department of Audit-based Control and Risk Management, General Administration of Customs
Mongolia			
3.	Mr. G. Enkhtaivan	Senior Customs Officer	Customs Risk Management Division, Customs General Administration of Mongolia
4.	Ms. Kh. MUNKHZUL	Customs Officer	Customs Risk Management Division, Customs General Administration of Mongolia
5.	Ms. E. Bolor	Customs Officer	Customs Risk Management Division, Customs General Administration of Mongolia
Republic of Korea			
6.	Ms. PARK Su Kyeong	Deputy Director	Trade Cooperation Division, Korea Customs Service
7.	Mr. KANG II Muk	Deputy Director of AEO MRA	Audit Policy Division, Korea Customs Service
Russian Federation			
8.	Mr. Alexander STUPNIKOV	Deputy Head	Unit of Processing and Completing Customs Regimes, General Department of Customs Clearance and Customs Control, Federal Customs Service
9.	Mr. Sergey SIGACHEV	Officer	Customs Cooperation Department Unit of Cooperation with International Organizations, Federal Customs Service
Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH			
10.	Mr. Magnus BROD	Programme Director	GIZ
11.	Ms. Aigerim RYSKULOVA	Senior Advisor	GIZ
12.	Ms. L. Khulan	Consultant	GIZ
World Customs Organization Expert			
13.	Mr. Paul ALLEN	Manager	Trusted Trader Division, Canadian Border Services Agency
Greater Tumen Initiative Secretariat			
14.	Mr. ROH Chanhoo	Consultant	GTI Secretariat

Appendix 8: Meeting Agenda for the 4th GTI AEO Working Group Meeting

DAY 1 (06 DEC.)	
Chaired by:	Mr. HAN Sangpil, Head of AEO MRA, Audit Policy Division, Audit Policy Bureau, Korea Customs Service
09:00 – 09:10	Session I: Opening Session & Progress Report Group Photo
	<ul style="list-style-type: none"> ✧ Welcoming Remarks by Mr. HAN Sangpil, Head of AEO MRA, Audit Policy Division, Audit Policy Bureau, Korea Customs Service
09:10 – 09:15	Session II: Progress Report on AEO Working Group
	<ul style="list-style-type: none"> ✧ Progress of AEO Working Group Meeting Mr. ROH Chanho, Consultant, GTI Secretariat
09:15 – 12:00	Session II: Discussion on AEO MRAs Text
	<ul style="list-style-type: none"> ✧ Participants from each member states discuss the AEO MRAs Text, which was drafted during the 3rd AEO Working Group Meeting from the first provision to the last one. ✧ Coffee break will be placed when desirable
12:00 – 13:30	Lunch
13:30 – 17:00	Session II: Discussion on AEO MRAs Text (cont'd)
	<ul style="list-style-type: none"> ✧ Participants continue discussing the AEO MRAs Text. ✧ Coffee break will be placed when desirable
18:00 – 19:30	Dinner
DAY 2 (07 DEC.)	
09:00 – 12:00	Session II: Discussion on AEO MRAs Text (cont'd)
	<ul style="list-style-type: none"> ✧ Participants continue discussing the AEO MRAs Text. ✧ Coffee break will be placed when desirable
12:00 – 13:30	Lunch
13:30 – 16:30	Session III: Final Review on the AEO MRAs Text
	<ul style="list-style-type: none"> ✧ Participants review the entire AEO MRAs Text discussed and finalized it. ✧ Coffee break will be placed when desirable
18:00 – 19:30	Dinner
DAY 3 (08 DEC.)	
09:00 – 09:50	Session IV: Presentation on the Briefing Paper
	<ul style="list-style-type: none"> ✧ Participants present the drafted Briefing Paper related to their respective state's AEO program for 5 minutes. After all presentation, 20 minutes of Q&A session is allocated. <ol style="list-style-type: none"> 1) Republic of Korea 2) People's Republic of China 3) Mongolia 4) Russian Federation
09:50 – 10:10	Coffee Break
10:10 – 11:50	Session V: Plan for the Future GTI AEO Cooperation Actions
	<ul style="list-style-type: none"> ✧ Participants exchange their insights on specific ideas and activities for short- and medium-term for AEO Cooperation within the GTI Framework
11:50 – 12:00	Wrap-Up & Closing
	<ul style="list-style-type: none"> ✧ Chairperson summarizes the result of the meeting.
12:00 – 13:30	Lunch

Appendix 9: List of Participants for the 4th GTI AEO Working Group Meeting

People's Republic of China			
1.	Mr. CHEN Jianping	Deputy Director	Department of Audit-based Control and Risk Management, General Administration of Customs
Mongolia			
2.	Ms. U. Tsolmon	Director	International Cooperation Division, Customs General Administration of Mongolia
3.	Mr. G. Enkhtaivan	Senior Customs Officer	Customs Risk Management Division, Customs General Administration of Mongolia
Republic of Korea			
4.	Mr. HAN Sangpil	Head of AEO MRA	Audit Policy Division, Audit Policy Bureau, Korea Customs Service
5.	Mr. KANG Il Muk	Deputy Head of AEO MRA	Audit Policy Division, Audit Policy Bureau, Korea Customs Service
6.	Ms. YUN Jinkyung	Manager	Audit Policy Division, Audit Policy Bureau, Korea Customs Service
7.	Mr. KWON Sun Bok	Associate Researcher	Korea AEO Association
Russian Federation			
8.	Mr. Alexander STUPNIKOV	Deputy Head	Unit of Processing and Completing Customs Regimes, General Department of Customs Clearance and Customs Control, Federal Customs Service
9.	Mr. Alexey KRYAZHEV	Head	Representation of the Federal Customs Service of the Russian Federation in Republic of Korea
10.	Mr. Igor TAN	Consul, Customs Attaché	Consulate General of the Russian Federation in Busan, Republic of Korea
Greater Tumen Initiative Secretariat			
11.	Mr. ROH Chanho	Consultant	GTI Secretariat

Appendix 10: Self-Assessment Sheet for the Economic Entities Requesting for AEO Status

No.	Indicators	Test Questions	Answer	Points
1. INTERNAL CONTROL				
1.1. Organizational Structure				
1	Organizational Structure	Does your company have any document clearly defining the functions of its internal units under its overall organizational?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
2		Has your company appointed designated unit or personnel in charge of Customs affairs?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3	Education, Training and Awareness	Does your company have in place a mechanism to conduct training on Customs and international commercial rules and regulation and security issues	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4		Has your company conducted regular trainings and awareness courses on Customs affairs to senior management team in charge of Customs affairs	<input type="checkbox"/> Yes <input type="checkbox"/> No	
5		Has your company conducted regular trainings and awareness courses on trade supply chain and cargo security issues?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6		Does your company conduct site specific trainings to all relevant personnel involved in the supply chain, such as security personnel, cargo handling and cargo-documentation personnel as well as employees in the shipping and receiving areas	<input type="checkbox"/> Yes <input type="checkbox"/> No	
1.2. Import/Export Control				
7	Documents Control	Does your company have import/export documents and data system in place according to the Customs requirements to ensure timeliness, completeness, accuracy and security input into the system	<input type="checkbox"/> Yes <input type="checkbox"/> No	
8	Documentation, Archives	Does your company archive its last 5 years records and data in accordance with “ Basic instruction for archiving” adopted by Decree No59, 2007 by head of General Archive Department.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
9		Does your company properly keep and use the authorizations and licenses relevant to exportation or importation and customs declaration stamps, Customs permits and legal documents related to customs clearance?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
1.3. Internal Audit				
10	Auditing and Monitoring	Does your company have a unit in charge of auditing and monitoring or external auditing is employed to carry out regular internal audit on your trade operations.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
11		Does your company carry out internal audit once per year and paper and electronic archives of internal audit are in place.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
12		Does your company carry out regular monitoring of overall operations of a company with frequent emphases on performance and quality factors?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
13	Accountability	Does your company have an accountability measures in place to deal with the problems and illegal acts in import and export?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
14		Accountability system or measures are in place to pursue the liability of the staff and Customs brokers in such illegal acts as declaration in private for the goods of another party, seeking profit in the name of Customs and offering bribery to Customs officials.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
15	Rectification Measure	Does your company have rectification measures in place?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

16		Does your company have a procedure that customs senior manager in charge of Customs affairs directly conducts the rectification required by the Customs?		
1.4. Information Security				
17	Information System	Does your company have information system of customs brokerage activities, financial and logistic control and customs affairs	<input type="checkbox"/> Yes <input type="checkbox"/> No	
18		To ensure secure and normal functioning of IT system, has your company appointed a designated person entitled to double control	<input type="checkbox"/> Yes <input type="checkbox"/> No	
19	Information Security	In order to protect data from hacker, loss or destruction and to exclude unauthorised access to electronic system, has your company employed a security related control mechanism such as passwords, firewalls, or UPS	<input type="checkbox"/> Yes <input type="checkbox"/> No	
20		Does your company have back up capabilities in place to protect against the loss of information?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
2. FINANCIAL VIABILITY				
21	Financial and Accounting Reports	Does your company make ints financial and accounting report in accordance with International Financial Reporting Standards?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
22		Do the accounting books and financial reports provide true, accurate and complete records and properly reflect the import/export activities	<input type="checkbox"/> Yes <input type="checkbox"/> No	
23	Financial Solvency	The quick ratio is in a safe or normal range	<input type="checkbox"/> Yes <input type="checkbox"/> No	
24		The asset liability ratio is in a safe or normal range		
25	Duties and Taxes	Does your Company have any delinquency in payment of duties as well as other taxes and fees to Customs and Taxation Offices	<input type="checkbox"/> Yes <input type="checkbox"/> No	
26	Profitability	The profit margin of the main business is in a safe or normal range	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3. COMPLIANCE				
3.1. Staff Violation				
27	Staff Violation	The legal representative (person in charge), senior manager in charge of Customs affairs and chief financial officer is involved in criminal offense or convicted of a crime for 3 consecutive years.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
28	Customs Offences	Is your Company involved in or punished of Customs offences under sub-articles 290.2.1, 290.2.2, 290.2.11, 290.2.16, and 290.2.18 and articles 291 and 293 of the Customs Law?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
29		Is your Company involved in or punished of Customs offences under sub-articles 290.2.3; 290.2.4; 290.2.5; 290.2.7; 290.2.8; 290.2.9; 290.2.10; 290.2.11; 290.2.14; 290.2.15; 290.2.16; 290.2.17 of the Customs Law less than 3 in the recent years?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3.2. Regularity of Import and Export				
30	Registration Information	Registration Information is submitted as required, and the information on the company and the Customs brokers is truthful. Other businesses: The information registered at Customs is truthful	<input type="checkbox"/> Yes <input type="checkbox"/> No	
31	Import/Export Record	There is or was import and export record in the current year or the previous year.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
32	Regularity of Declaration	The error rate of Customs declaration of each quarter is less than 5 percent of the total numbers of customs declaration	<input type="checkbox"/> Yes <input type="checkbox"/> No	
33		The correct declaration rate of each quarter exceeds 85 percent for 2 consecutive quarters.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

34	Tax Payment	The percentage of declaration forms with overdue tax payment is no more than 5% per year	<input type="checkbox"/> Yes <input type="checkbox"/> No	
35		There is no overdue tax payment or unpaid penalties and confiscated gains by the period of certification.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3.3. Customs Requirements Met				
36	Management Requirements	There is no discovery of giving false information to or hiding vital truth from Customs, refusing or delaying to provide account books or documentations, intentionally removing, hiding, altering or destroying account books or documentations to avoid Custom auditing or evade tax, or refusing to cooperate with Customs in law enforcement or administration without legitimate reasons, for 3 consecutive years.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
37		The information submitted by the company is not found to hide truths or be falsified for 2 consecutive years.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
38		There is no discovery of gaining illegal profits in the name of Customs or other enterprises for 2 consecutive years.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
39		There is no discovery of offering bribes to Customs officers for 2 consecutive years.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3.4. No Bad External Credit				
40	External Credit	The business or its legal representative (person in charge), senior manager in charge of Customs affairs and finance are not found in the lists of abnormal businesses, discredited businesses or personnel or blacklists of companies and staffs by industrial and commercial, business, taxation, banking, foreign exchange and inspection and quarantine administrations, and public security bureaus, procuratorate and courts in the recent year.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4. SECURITY CRITERIA				
4.1. Physical Security Controls Measures				
41	Physical Security	<p>There is procedure in place to check and stop the non-indicated goods and uncertified persons from entering the premises, cargo handling and storage areas. Cargo handling and storage facilities have physical barriers and deterrents that guard against uncertified access.</p> <p>1. Gates and doors: There is constant supervision by staff and measure to check any persons and vehicles accessing gates or doors.</p> <p>2. Building Structure: It is made of materials that can prevent intrusion. There are measures in place for building maintenance.</p> <p>3. Lighting: There is lighting for the premises including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.</p> <p>4. Alarm systems and video cameras: There is alarm systems and CCTV installed to monitor following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas, to prevent uncertified access to cargo handling and storage areas.</p> <p>5. Storage areas: There are measures to protect against the unauthorized access to the areas including cargo handling and storage areas as well as the areas to store import and export goods must have physical barriers and deterrents that guard against uncertified access.</p> <p>6. Locking devices and key: All external and internal windows, gates and fences must be secured with sufficient locking devices or other measures in order to prevent intrusion. There are employees who are in charge of the keys, security and locking up.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4.2. Physical Access Control Measures				

42	Personnel Security	<p>There are measures for the entry and exit control for employees and visitors and for protect company assets.</p> <p>1. Employees: There is an employee identification system is in place for positive identification and access control purposes. Company management or security personnel must adequately control the issuance and removal of employee and visitor identification badges(e.g. keys, key cards, etc.).Procedures for the issuance, removal and changing of access devices are documented.</p> <p>2. Visitors: Visitors must present photo identification for documentation purposes upon arrival. All visitors should be escorted and should visibly display temporary identification.</p> <p>3. Uncertified access and unidentified persons: Procedures are in place to identify, question and confirm uncertified access and unidentified persons. Employees must report in time every uncertified access of suspicious persons.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4.3. Personnel Security Measures				
43	Personnel Security	<p>There are measures in place to screen prospective employees and to periodically check current employees. Employee list which includes name, date of birth, ID number and position, should be provided dynamically</p> <p>1. Pre-Employment Verification: Application information, such as employment history and references is verified prior to employment.</p> <p>2.Employee Background Checks: Checking the information provided in an applicant's job application to see whether there is a criminal record or not. Once employed, periodic checks and reinvestigations are implemented on the basis the employee's performance, and/or the sensitivity of the employee's position.</p> <p>3. Personnel Termination Procedures: Removal of ID cards for the terminated employee.</p> <p>4. Training and Awareness: Staff training courses are included in the induction concerning the supply chain Security. Refreshing courses concerning security are conducted.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4.4. Trading Partner Security				
44	Selection of Business Partner	<p>There are measures in place to assess, require and check the supply chain security of business partners.</p> <p>1. Comprehensive Assessment: Comprehensive assessment on the potential business partner, especially in the field of compliance and trade security according to these Criteria are conducted.</p> <p>2. Paper Documents: There are documented trade security provisions in the contract, agreement or other written documents,</p> <p>3. Reviewing Security Measures: Periodical review for the trade security measures of the partners are conducted where appropriate.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4.5. Cargo Security Procedures				
45	Cargo Security	<p>There are measures in place to ensure the integrity and security of cargos in the process of transportation, movement and storage in the supply chain.</p> <p>1. Cargo Movement: Comparing and checking goods with the documentation is conducted. The goods on board are verified against the purchase or delivery orders. Identifying names of the persons/ drivers in charge of receiving and delivery of goods is conducted. There are procedures in place for signing and sealing, as well as inspecting containers and goods.</p> <p>ii. Cargo Discrepancies: There are measures in place for</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

		reporting incidents to security guards /police in case of unauthorized intrusion are provided.		
4.6. Cargo Security				
46	Container Security	<p>There are measures in place to protect the integrity of containers from the uncertified mixing of cargos or the access of uncertified persons.</p> <p>1. Container check: Procedures must be in place for checking and tracking vehicles used for transportation regularly including the reliability of the locking systems of the doors, with written records. A seven-spot inspection process is recommended, according to the following sequential order: front wall, left side, right side, floor, ceiling/roof, inside/outside doors, outside/undercarriage.</p> <p>2. Seals and logos: A high security seal must be affixed to all loaded containers and trailers.</p> <p>All seals must meet or exceed the current PAS ISO 17712 standard for high security seals and kept and recorded by a special staff. Written procedures must stipulate how seals are to be affixed and inspected, as well as how to recognize and report compromised seals.</p> <p>3. Containers storage: Containers must be stored in a secure area to prevent uncertified access and/or manipulation. Procedures must be in place for reporting and neutralizing uncertified entry into containers or container storage areas.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4.7. Conveyance security				
47	Security of Means of Transport	<p>There are measures in place to ensure the integrity of means of transport to guard against uncertified access of persons or goods.</p> <p>1. Checking vehicles: there are measures for checking vehicles to guard against uncertified access.</p> <p>2. Storage of vehicles: The means of transport is parked in a secure area to prevent uncertified access and/or tampering. Procedures are in place for reporting and neutralizing the uncertified access or tampering.</p> <p>3. Drivers ID check: The driver who loads or receives cargos is positively identified before cargos are received or delivered.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4.8. Crisis Management and incident recovery				
48	Crisis Management	<p>There are measures in place to respond to disaster, security accident or other emergencies.</p> <p>1. Emergency Mechanism: There are back up plans that are explained to all employees and they are reviewed on a regular basis</p> <p>2. Emergency Training: Emergency training is provided to employees.</p> <p>3. Anomaly Report: Customs administrations or other appropriate enforcement agencies must be notified if disasters, emergent security accident or other anomalies, or illegal or suspicious activities are discovered.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Appendix 11: Action Plan Between the Korea Customs Service of the Republic of Korea and the Customs General Administration of Mongolia Regarding Mutual Recognition Arrangement of the Respective Authorized Economic Operator Programs

ACTION PLAN BETWEEN THE KOREA CUSTOMS SERVICE OF THE REPUBLIC OF KOREA AND THE CUSTOMS GENERAL ADMINISTRATION OF MONGOLIA REGARDING MUTUAL RECOGNITION ARRANGEMENT OF THE RESPECTIVE AUTHORIZED ECONOMIC OPERATOR PROGRAMS

The Korea Customs Service and the Customs General Administration of Mongolia (hereinafter referred to as “the two Customs Administrations”),

UNDERSTANDING that the respective Authorized Economic Operator Programs of the two Customs Administrations (hereinafter referred to as the “AEO Programs”) are consistent with the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework of Standards) of the World Customs Organization;

RECOGNIZING that the Mutual Recognition Arrangement of the AEO Programs (“hereinafter referred to as the “AEO MRA”) contributes significantly to supply chain security of the both countries;

HAVE AGREED that the establishment of the Action Plan between the two Customs Administrations regarding Mutual Recognition Arrangement of the AEO programs will work through the following phases:

Phase 1 Program Comparison

The two Customs Administrations will share information on their respective AEO Programs such as legislation, authorization criteria, validation procedures, benefits, etc. which will be conducted through meetings and e-mail exchanges.

The two Customs Administrations will review whether the authorization criteria of the counterpart are consistent with international standards and the authorization criteria are mutually compatible.

Phase 2 On-site Joint Validation

The two Customs Administrations will conduct joint site validation in both countries.

Subject to the successful completion of the phase 1, the Korea Customs Service will send their experts to Mongolia for the joint site validation. The Customs General Administration of Mongolia will also send their experts to Korea. The two Customs Administrations will determine exact dates and the number of the joint site validations based on mutual consultation.

Phase 3 Discussion on Operational Procedures

The two Customs Administrations will discuss detailed operational procedures and benefits under Mutual Recognition in order to ensure the smooth implementation of the AEO MRA.

Phase 4 Conclusion of Mutual Recognition Arrangement

After completing the above three phases, the two Customs Administrations will prepare, discuss and finalize a draft text of AEO MRA which will be subsequently signed by Heads of the two Customs Administrations.

Implementation and Evaluation

The two Customs Administrations will agree to develop an evaluation process for the AEO MRA implementation and management mechanism. This may include participation in training, improvement of process for benefit realization under AEO MRA, exchange of statistics related to AEO MRA implementation and expansion of mutual cooperation on AEO-related matter between the two Customs Administrations.

Annex: Korea-Mongolia AEO Mutual Recognition Arrangement Road Map

SIGNED in duplicate in **Ulaanbaatar, Mongolia** on the 2nd of November 2017, in the English language.

KIM, YONG SHIK
Director General of Audit Policy Bureau
Korea Customs Service

ERDENESUREN DORJGOCHOO
Director of Customs
Risk Management Department
Customs General Administration
of Mongolia

KOREA-MONGOLIA
AEO MUTUAL RECOGNITION ARRANGEMENT ROAD MAP

Ref	Task	Specific Action	Time Frame
1	Adoption of Action Plan and Road Map	Endorse the Action Plan and the Road Map in order to pursue conclusion of the AEO MRA between the two Customs Administrations	Nov 2017
2	Program Comparison	Share information on relevant legislation, authorization criteria, validation procedures, benefits, etc. of their AEO Programs and compare written authorization criteria of the two Customs Administrations in order to determine compatibility of the AEO programs	Mar 2018
3	Joint Site Validation	Conduct joint site validations to assess whether authorization criteria are appropriately applied and authorization validations are appropriately conducted	May 2018 (Korea) Jul 2018(Mongolia)
4	Discussion on Operational Procedures	Discuss operational procedures of the AEO MRA	Sep 2018
5	Conclusion of Mutual Recognition Arrangement	Prepare a text of the AEO MRA and sign by Heads of the two Customs Administrations	Dec 2018

Note: The timeframe above can be modified through mutual discussion in accordance with progress of phase.

