

## Policy Recommendations Adopted by 34<sup>th</sup> Session of the COMCEC

- *Encouraging the design of an attractive package where benefits provided by the AEO program to the private sector outnumber costs borne by firms and traders in order to attract companies to participate in the program*

**Rationale:** AEO programs aim at facilitating trade and contributing safety and security. Considering the fact that AEO is a voluntary program, attracting companies to participate in the program has vital importance. Therefore, the benefits provided by the AEO program to the private sector need to be evaluated in relation to the costs borne by firms and traders to obtain authorization. Such costs include application and procedure-related fees, and the costs of carrying out the necessary changes to become eligible for authorization. The EU case provides a good example for package design, where AEO guidelines are published and updated by the Taxation and Customs Unit. The guidelines provide a clear demonstration of benefits, procedures, legal texts and contact offices for agents wishing to obtain authorization.

In this respect, while designing a package, at least, the following benefits are suggested to be satisfied:

- Immediate release of cargo upon arrival by Customs and other government agencies.
- Deferred payment of duties and taxes
- Relief from guarantee/bond requirements
- *Promoting an integrated approach in the legislative, organizational and operational dimensions with other government agencies during the design phase of AEOs in order to eliminate duplications and redundancy as well as burdensome procedures*

**Rationale:** Design of the AEO program should follow an integrated approach taking into account its multiple dimensions (legislative, organizational and operational). During the design phase, legislative and regulatory reform is often needed along with possible organizational restructuring and alignment with other government agencies (OGAs). In many countries, overlap is often present between Customs Authorities and OGAs involved in border security and control of exports and imports. Consultation and alignment with other government agencies during the design phase is therefore crucial to avoid redundant and burdensome procedures in areas of overlap.

A centralized and automated data exchange system between different AEOs and related government agencies can be adopted, where applicable. The import/export declarations of the trader can be sent to all stakeholders in a safe and secure electronic environment for their examination, verification and authorization of transactions. Next, the government agencies can either authorize electronically or require physical inspection.

- *Encouraging the adoption of and increasing the number of mutual recognition agreements (MRAs) as they enable AEO holders to enjoy trade facilitation benefits provided by the partner countries*

**Rationale:** Mutual Recognition Agreements (MRAs) make it possible for AEO holders to enjoy the trade facilitation benefits provided by the partner countries. They also contribute the security of the supply chain due to recognition of AEO status across partner countries.

Once MRAs are signed, maintaining compliance and risk management would become more effective and would lead to new MRAs. Standardization and harmonization of supply chain security measures are integral part of any effective MRAs.

Expanding the number of MRAs would also serve to form the foundations of regional AEO program which will provide facilitation gains to companies across the OIC Member Countries.

- ***Enhancing the communication with the private sector with AEOs through utilizing client relations management***

**Rationale:** AEO programs are voluntary-based and heavily depend on open communication channels between the Customs Authority and the stakeholders. Insufficient consultation with the private sector can be challenging as it may cause potential misconceptions about the anticipated benefits, thereby reducing the incentives for companies from becoming an AEO.

Client Relations Management that is used by a number of OIC AEO programs increases the attractiveness and the viability of the AEO programs and improves the communication with the private sector.

- ***Supporting the participation of SMEs in the supply chain in order to benefit from the AEO programs to their full extent***

**Rationale:** SMEs comprise a backbone and vital part of the supply chain in the economies. However, due to the capacity and financial challenges, SMEs may not benefit from the AEO programs and have difficulties to participate in the supply chain.

Utilizing Customs brokers with AEO status can facilitate participation of SMEs' in AEO program. Hence, SMEs can enjoy almost all procedural benefits of AEO status while diminishing the cost of further investment.

Among the OIC member countries, Jordan offers an AEO-like program called the Silver List to incentivize SMEs to participate in trade practices that are compliant and safe by offering some of the trade facilitations in the Golden List program. Furthermore, successful Silver List participants are invited to apply for the Golden List program.