

A world map is overlaid with a network of white lines connecting various blue circular nodes. The background features a sunset or sunrise over a mountain range, with the sun low on the horizon, casting a warm glow. The map is semi-transparent, allowing the background image to be seen through it.

Risk analysis and management

First step to an AEO certification

Trade E – Session: 09h00 – 09h50

Joint facilitators

Mark Isaacson,
Acting Director , Buffalo, NY CTPAT
Field Office, CBP

Juanita Maree,
Management Committee, South
African Association of Freight
Forwarders (SAAFF)



Risk analysis and management

First step to an AEO certification

Program

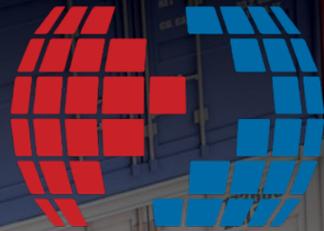
- a. Slide presentation: Mark Isaacson. (Government view)
- b. Q&A
- c. Slide presentation : Juanita Maree (Private Sector/ Business view)
- d. Q&A
- e. How do we work jointly on this journey: Mark Isaacson
- f. Q&A
- g. Summary, conclusion & what did we learn from this Track E- session



**Risk analysis and
management**

**First step to an AEO
certification**

**Government
Perspective**



CTPAT™

YOUR SUPPLY CHAIN'S STRONGEST LINK.

Risk Assessment Tools



U.S. Customs and
Border Protection

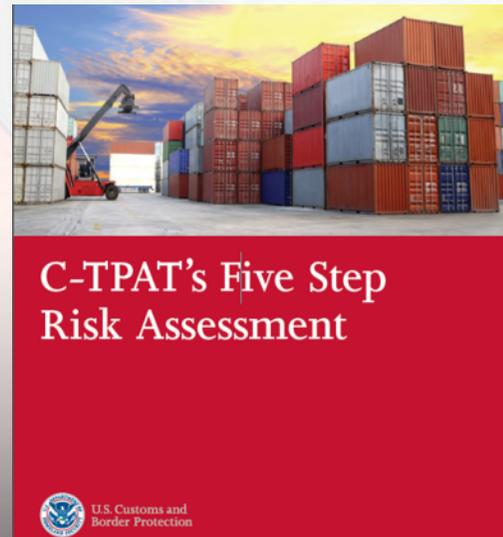
Presentation Overview

- Background
- Five Step Risk Assessment Process
- Mapping Cargo/Data Flow
- Supply Chain Threats
- Vulnerability Assessments
- Final Thoughts
- Questions & Answers



Background

- Risk Assessment and the Minimum Security Criteria
- CTPAT 5 Step Risk Assessment Process Guide – 2010
- CTPAT's Five Step Risk Assessment – 2013
 - CTPAT Website
 - CTPAT Partner Library

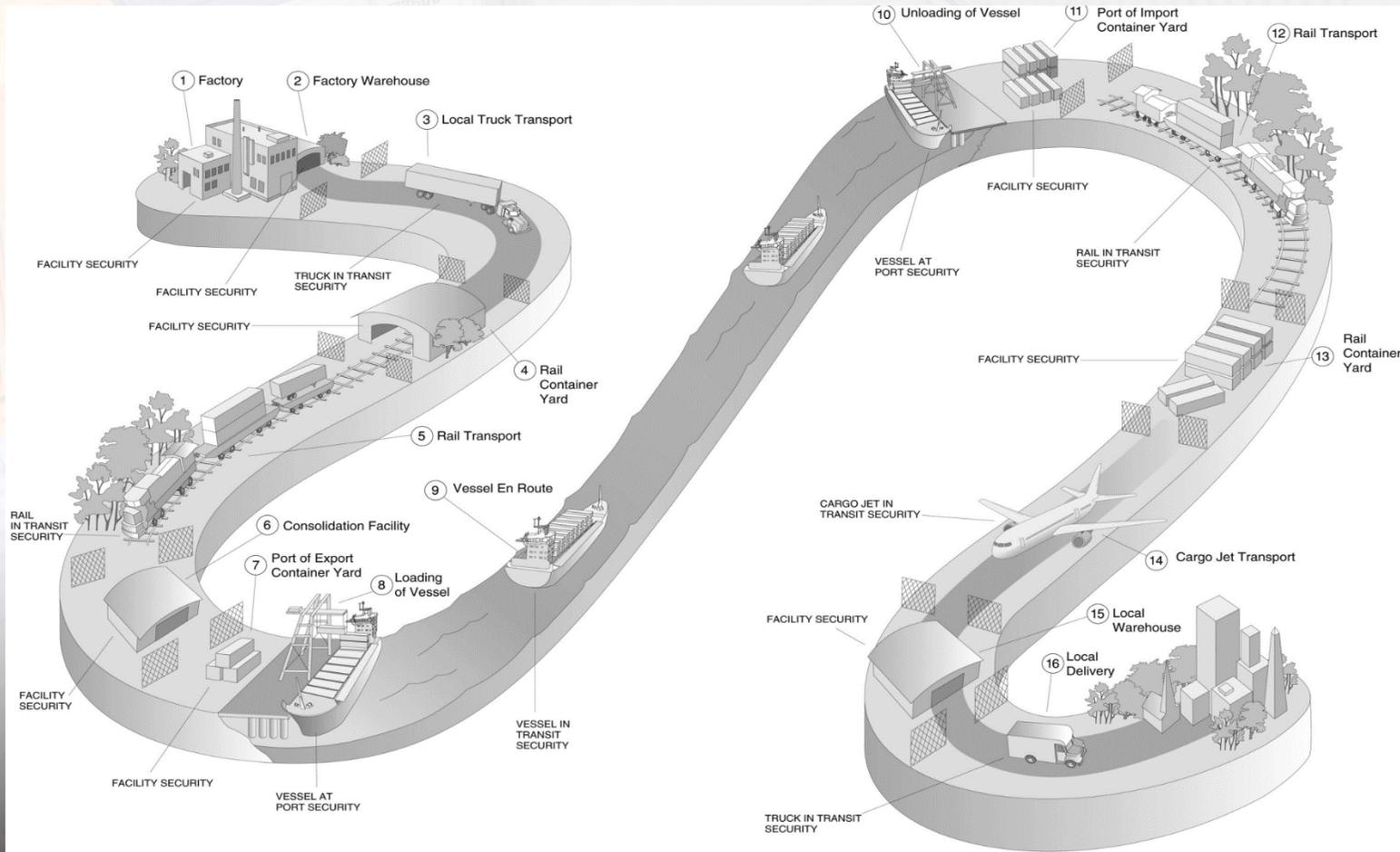


Five Step Risk Assessment Process

- Mapping Cargo/Data Flow
- Threat Assessment
- Vulnerability Assessment
- Action Plan
- Documenting the Procedure



Mapping Cargo/Data Flow



U.S. Customs and Border Protection

Mapping Cargo/Data Flow

- Identify all business partners involved, whether directly or indirectly contracted
 - Services provided
 - Physical addresses
- Identify modes of transportation
- Determine nodes (country of origin, transit points, etc.)
- Establish acceptable transit times
- Identify locations where cargo may rest and the duration



Supply Chain Threats

- Terrorism
- Narcotics smuggling
- Human smuggling / trafficking
- Hijacking / theft
- Cyber Crime
- Political / social unrest
- Natural disasters
- Agricultural threats



Threats – Modified Door Equipment



Threats – Modified Door Equipment



Threats – Modified Door Equipment



Threats - Counterfeit Seals



Threats – GPS/Cell Phone Jammers



Threats – Identity Theft

Acquisition of sensitive information

- Company name / Business Entity Identifier (BEI)
- Bond
- Supply chain business partners
- Shipping documents
- Typical commodities and quantities
- Cargo flow



Threats – Identity Theft

Mitigating the Threat

- Safeguarding company information
- Secure disposal of trade sensitive information
- Monitor ACE reports
 - Predefined and user customized available
 - Review activity
 - Identify and report suspicious transactions



Threats – Cyber Crimes

- Malware
- Phishing
- Employees
- Third-Party Service Providers

United States Computer Emergency Readiness Team
(US-Cert) – www.us-cert.gov

- Current activity
- Alerts and tips
- Weekly bulletins



Threats – Natural Disasters



Mitigating Threats

- Understand the threats to your supply chain based on business model and cargo flow
- Be aware of current events that may impact your supply chain
- Establish relationships and communicate with supply chain business partners
- Participate in industry groups
- Provide ongoing security and threat awareness training
- Conduct regular audits of security procedures



Vulnerability Assessments

Assessments of internal and business partner security measures to identify gaps and weaknesses

- Internal / External audits of security procedures
- Business partner screening
 - Security questionnaires
 - Site visits
 - CTPAT / AEO status verification



Common Gaps and Vulnerabilities

- Security procedures are not documented
- Employees not trained properly on established procedures
- Established procedures not being followed
- Absence of checks and balances
- Lack of internal audits/testing
- Lack of continuity plan



Common Gaps and Vulnerabilities

- Lack of effective tracking and monitoring
- Anomalies are not investigated
- Sub-contracting controls
- Poor physical access controls
- Not actively engaging with supply chain business partners
- Lack of upper management support



Final Thoughts

- Conduct regular risk assessments
- Identify the business partners and cargo flow for each of your supply chains
- Know the potential threats within your supply chains
- Regularly identify gaps and vulnerabilities, both internally and with business partners
- Establish corrective action plans to address vulnerabilities
- Upper management support is critical



Questions?

Mark Isaacson

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Buffalo, New York Field Office

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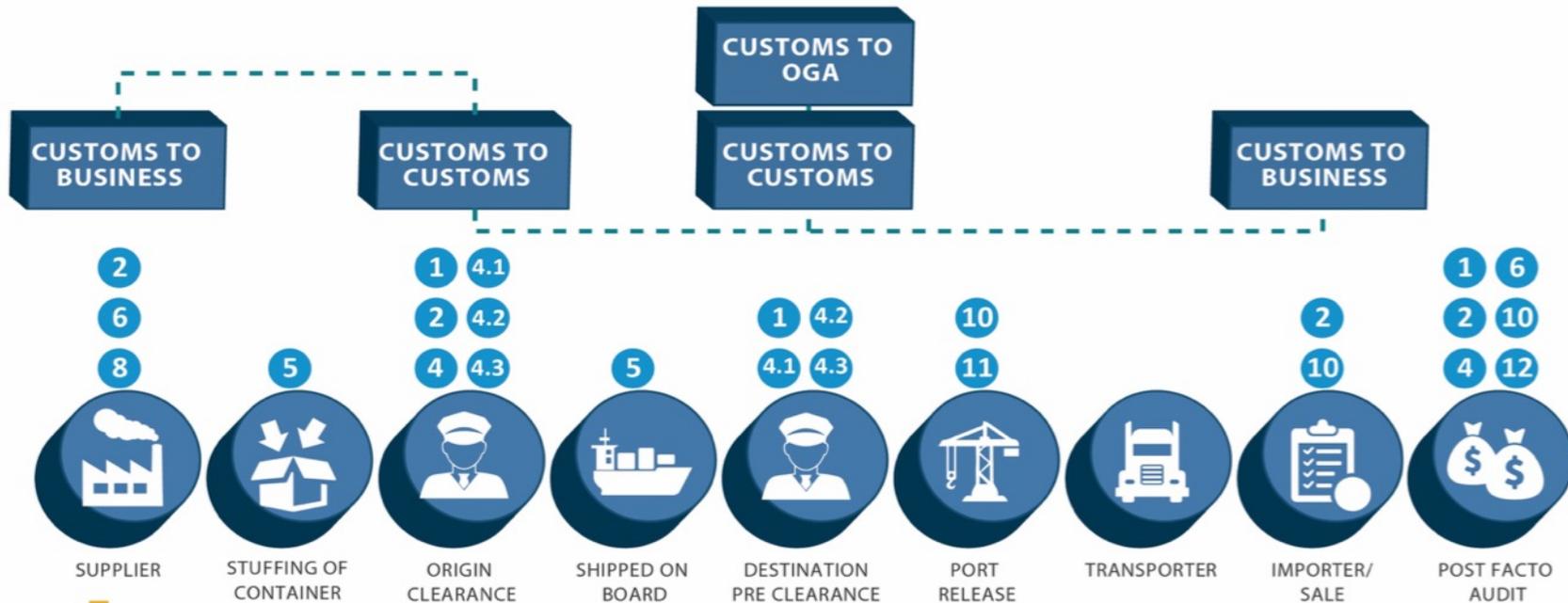


**Risk analysis and
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an AEO certification**

**Private Sector
Perspective**

Risk indicators in the Supply Chain



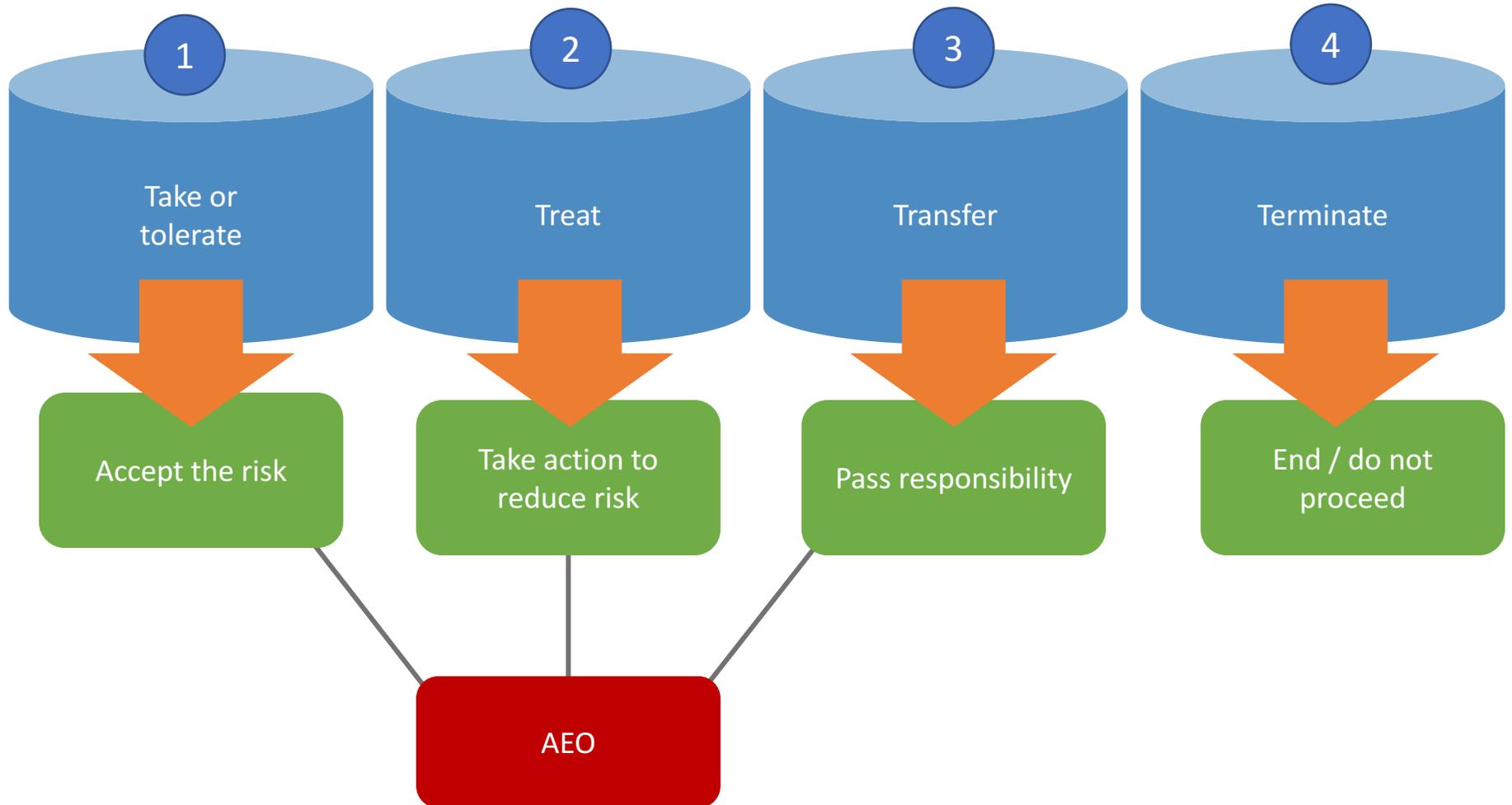
Risk identification indicators

- 1 - Origin declaration ≠ destination declaration
- 2 - Entity risk (AEO, program, compliance level)
- 3 - Supply chain risk
- 4 - Transaction risks
 - 4.1 - Valuation
 - 4.2 - HS Code
 - 4.3 - Country of Origin
- 5 - Pre-shipment loading risk
- 6 - Intention of trader risk
- 7 - Trend risk analysis on trade transactions
- 8 - Behaviour risk tracks of entity
- 9 - Operating risk in structured trade
- 10 - Other associated risk
- 11 - Isolation risk
- 12 - Broader Financial Risk in operating country

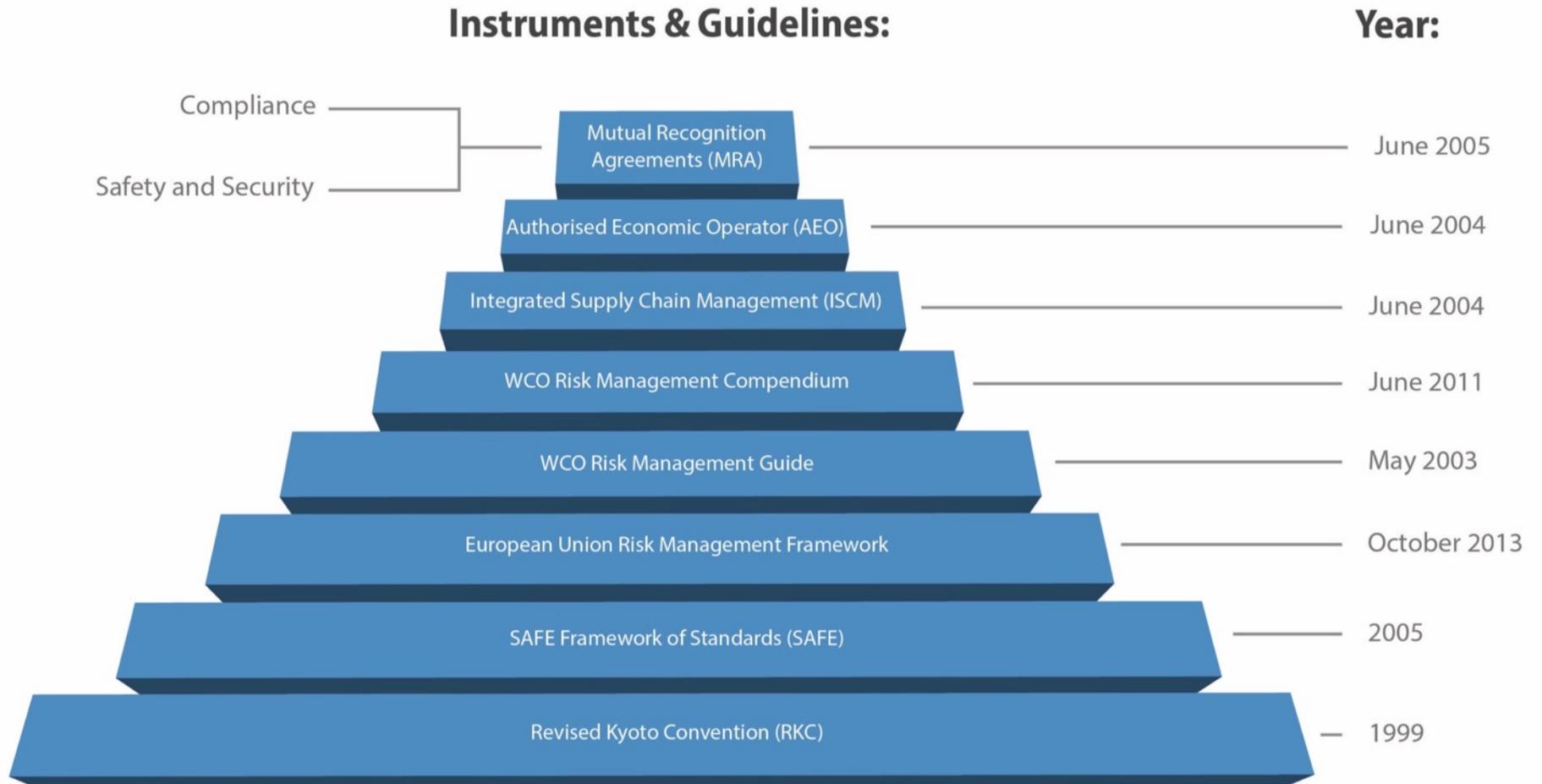
3 7 9
10 11 12

ENTIRE SUPPLY CHAIN

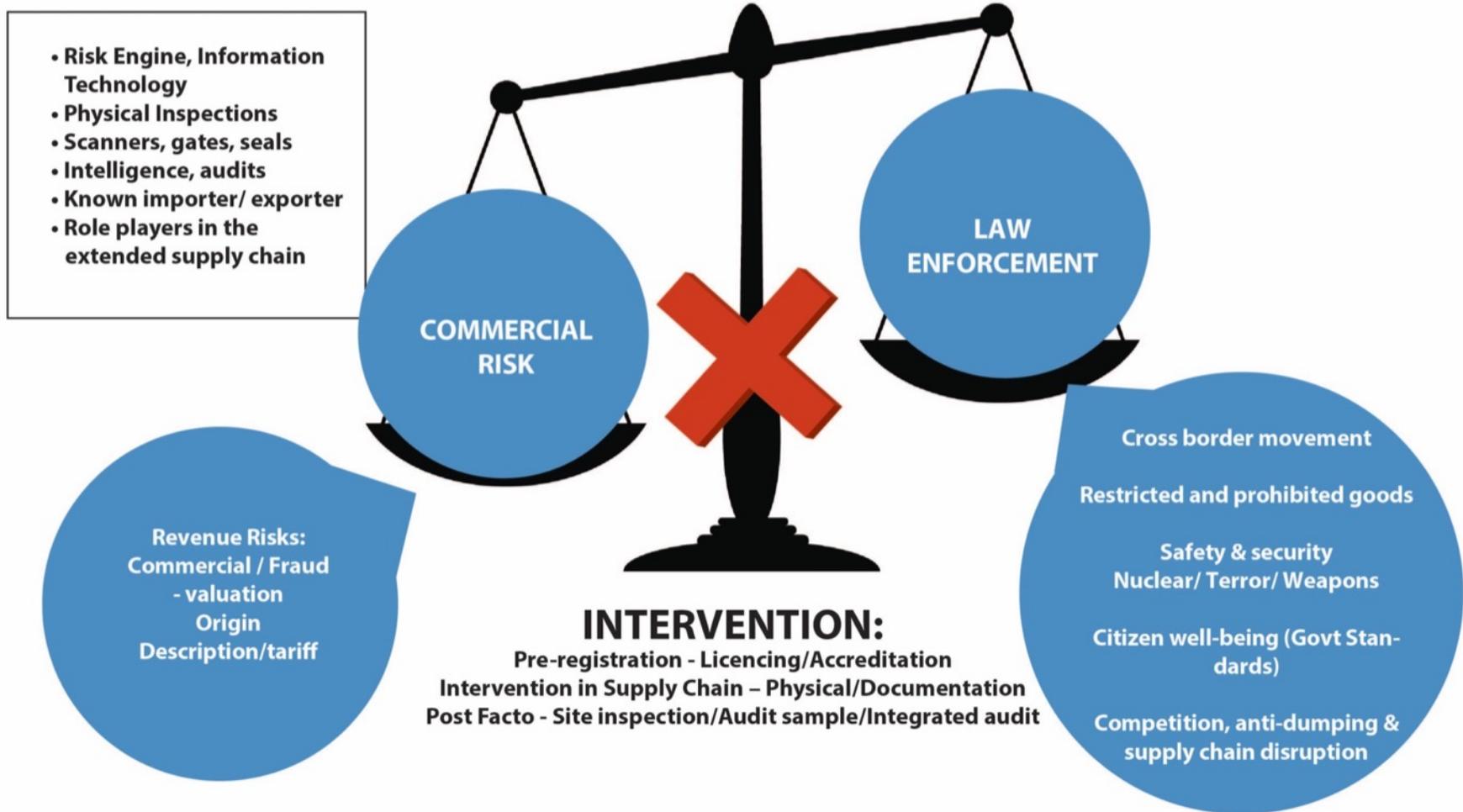
Government's approach to End-to-End Supply Chain risk



WCO Instruments, Guidelines and Deployments for the analysis of Risk Management in End-to-End Supply Chain



Is there a balance?





**Movement from Transactional base risk
to Entity base risk**



AEO



AEO Customs to business partnership programs have developed over 40 years

Countries are now required to implement a program within the WTO Trade Facilitation Agreement

1980's

"Pioneering Trusted Trader compliance programs"

- Providing efficiency for Customs and benefits / simplifications for business
- Led by Sweden (Stairway), Netherlands and Canada
- Enabled by electronic systems
- Supported by Audit



- 1990's common adoption of risk management approach
- "Accreditation" included in WCO Kyoto Convention

2001-2005

"Emergence of Safety and Security programs"

- Triggered by 9/11 2001: terror attack on New York
- Nov 2001: USCBP initiate Customs-Trade Partnership Against Terrorism (C-TPAT), for USA importers to secure their supply chain
- Focus switches to securing exports processes



- 2005: WCO Introduce AEO within SAFE Framework
- European schemes incorporate Security

2007-2018

"AEO Harmonisation and global uptake"

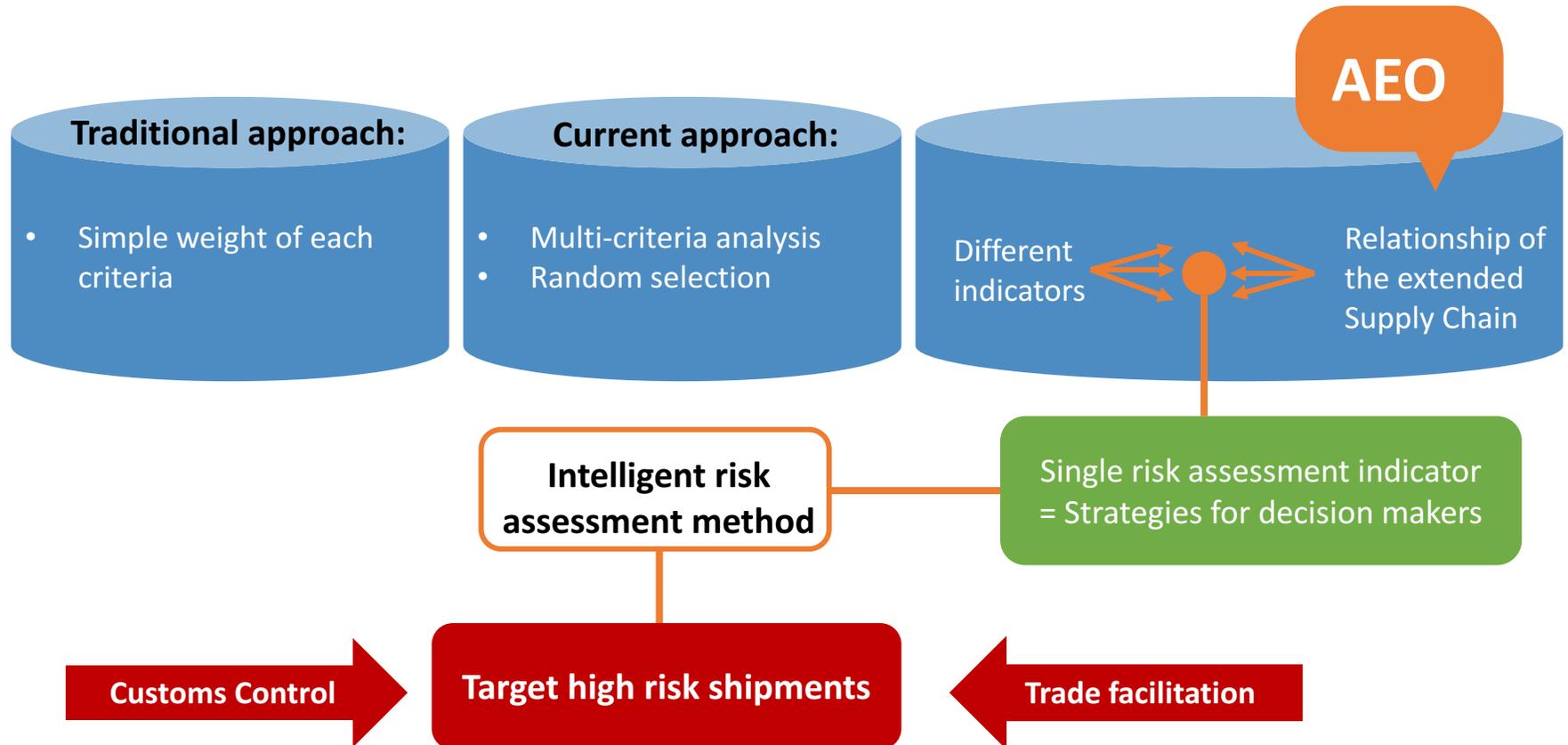
- AEO Mutual recognition: led by USA: EU, Japan, NZ, Korea, China, Singapore
- Expansion of benefits linked to compliance and security statuses, per role player
- Many Customs initiate an AEO Program, supported by WCO capacity building



- 2013: WTO Bali package TFA, makes AEOs compulsory
- 2015: WCO SAFE expands to include all border agencies

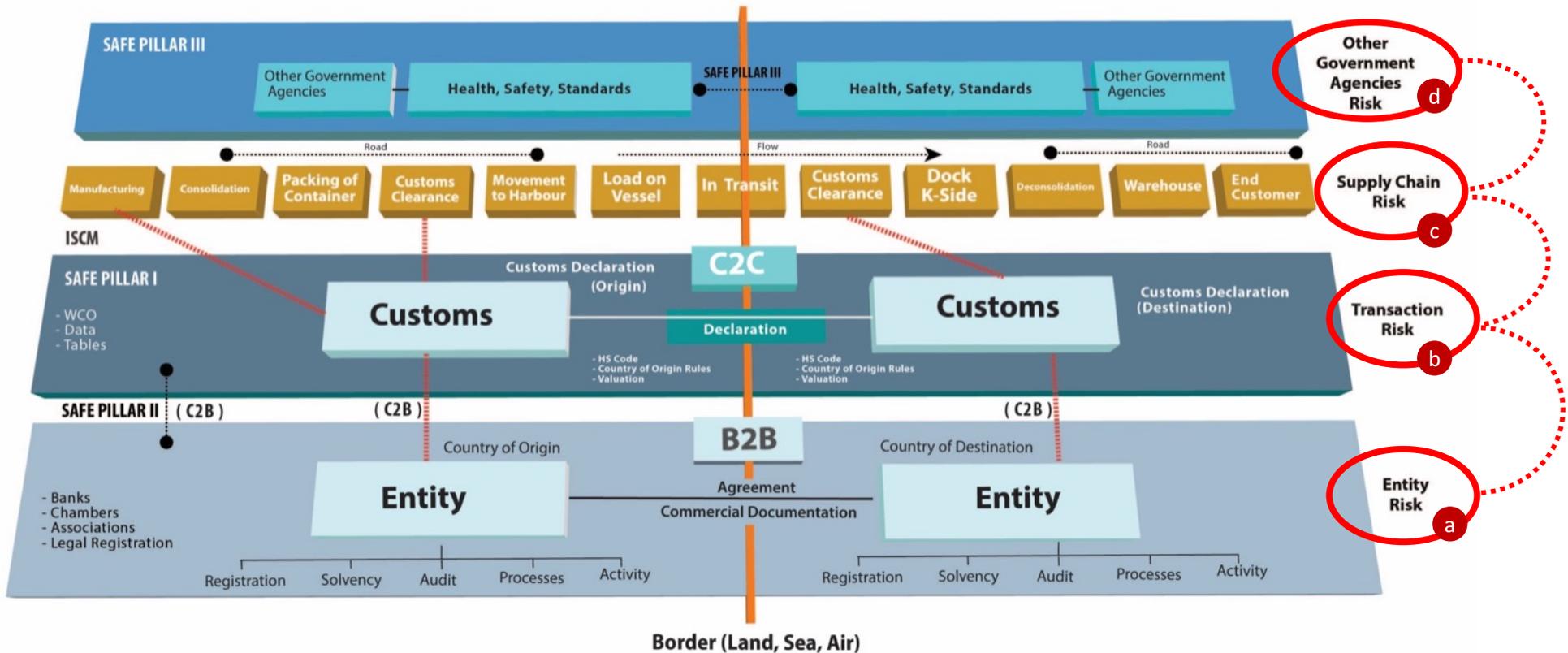
How does AEO link into an Intelligent Risk Assessment methodology

Achieving such a balance can provide significant flow-on benefits for national economies (Trend and Roberts, 2010) and the issue of trade facilitation

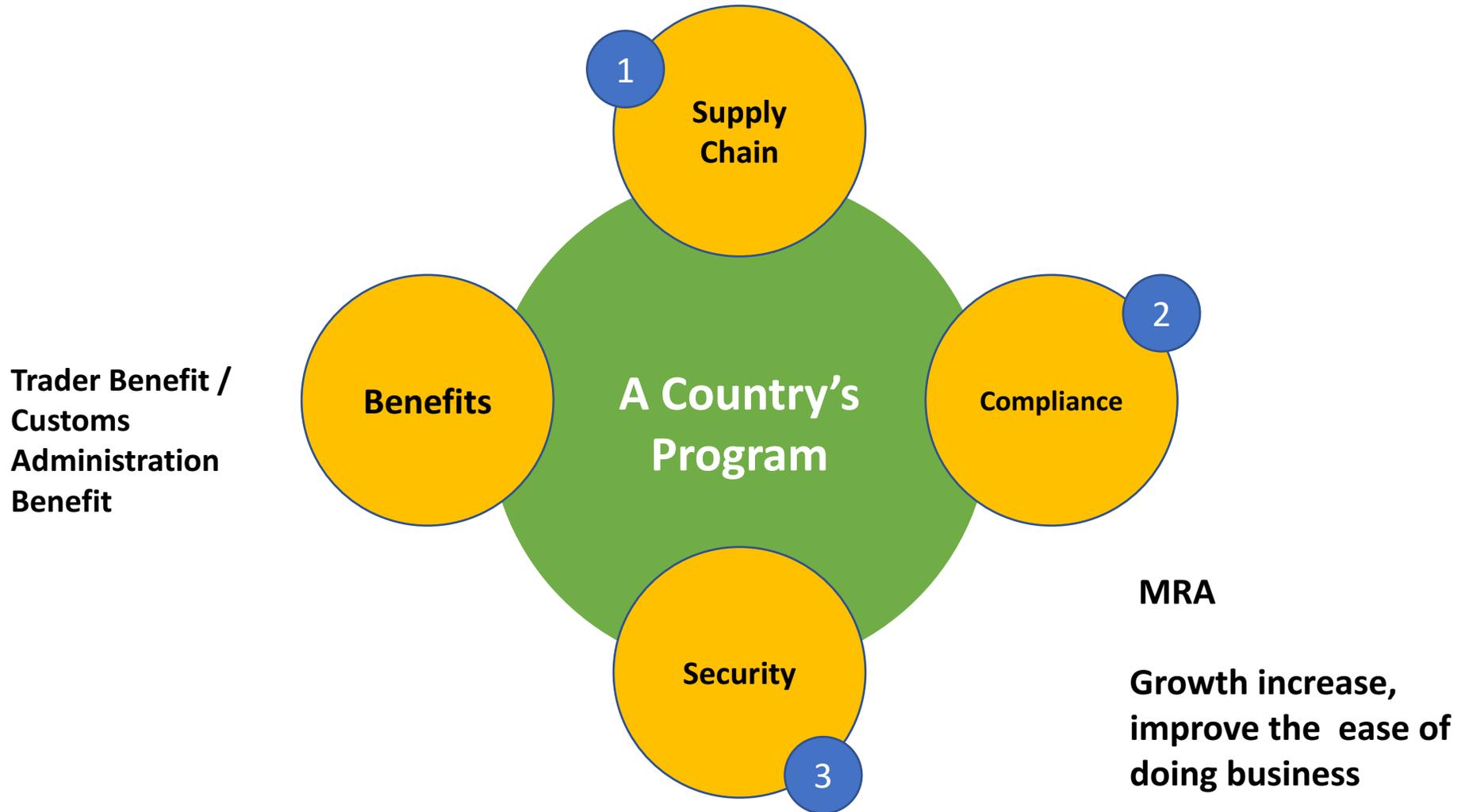


How do we navigate activities that trigger a Risk in the movement of goods

For example: FCL Import and the Relationship Linkage



Links in the Authorised Economic Operator



Generic AEO program from a Business viewpoint

1

Questionnaire

- Selling | Buying Cycle
- Related parties
- HS maintenance
- System
- Solvency
- Management team & expertise

2

- Customs administration, conduct audit:
- Physical walk through
 - Process, activities, reports

3

Identify gap

4

Compliance improvement plan

5

Conduct final audit

6

Test knowledge of trader

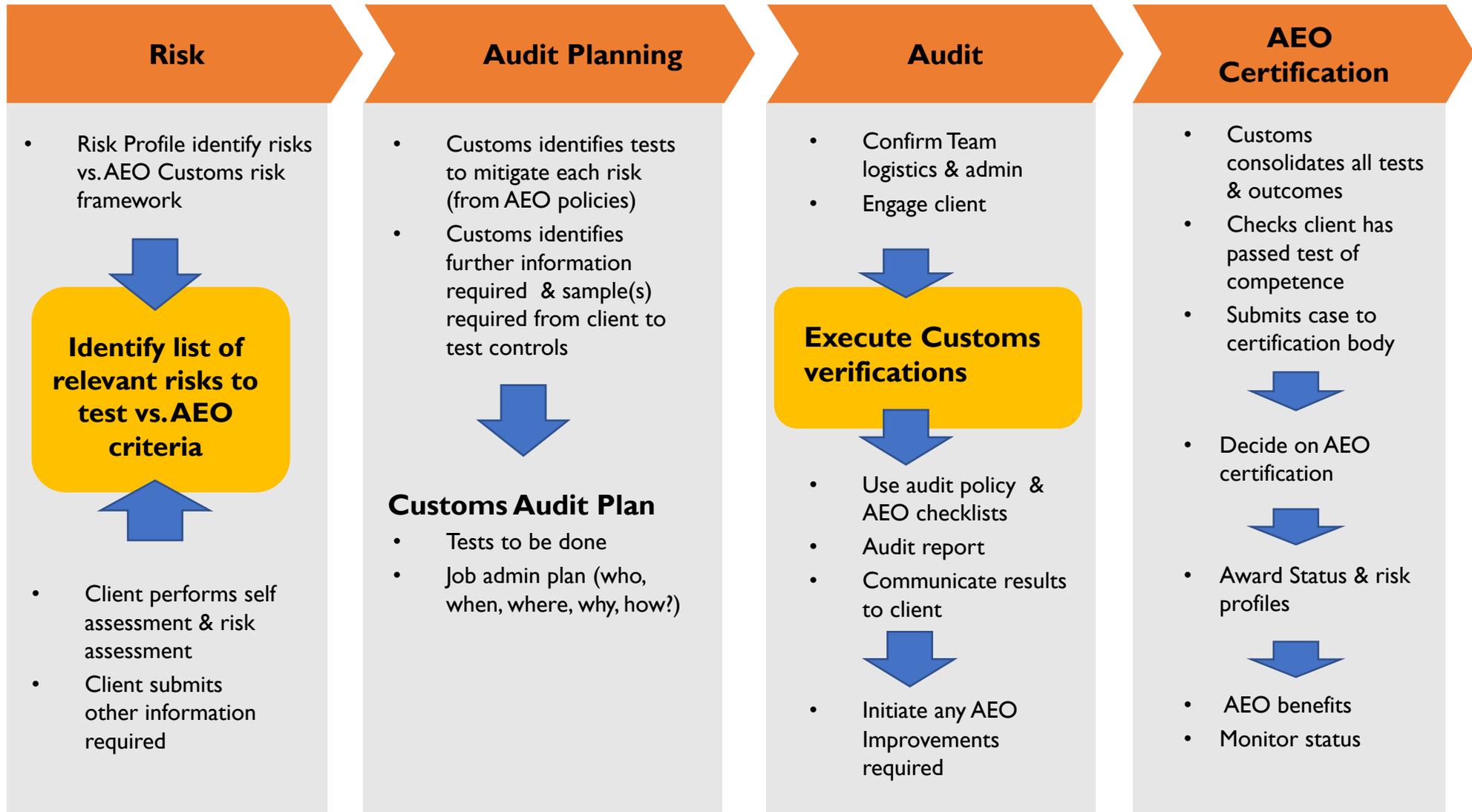
7

Award status

8

Maintenance plan

A more scientific view to verify AEO criteria for accreditation



A wide range of AEO benefits to Business, Private sector

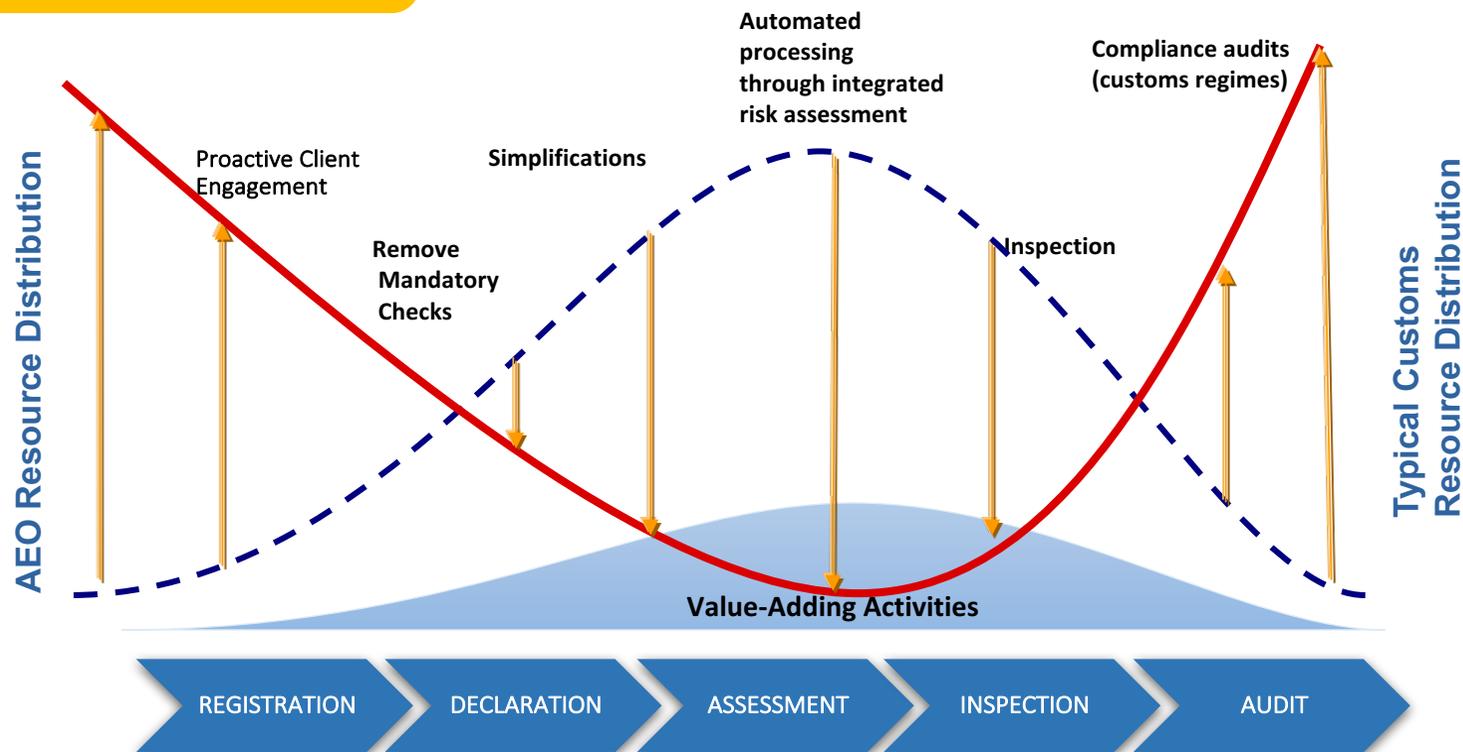
- Green lane selectivity
- Choice of intervention location where possible, depending on inspection process
- Reduced data and documentation
- Access to Customs simplifications
- Priority processing and service
- Customer relationship manager
 - ensure timely, resolution by Customs
 - Access to specialist resources for complex issues e.g. Tariff, valuation & origin rulings
 - Counsel on Customs matters
- Lower surety requirement
- Payment and account based benefits
- Mutual Recognition of AEO status with leading trading partners (seamless flow of cargo)
- Government Agency benefits

AEO benefit to Customs Administration and law enforcement agencies

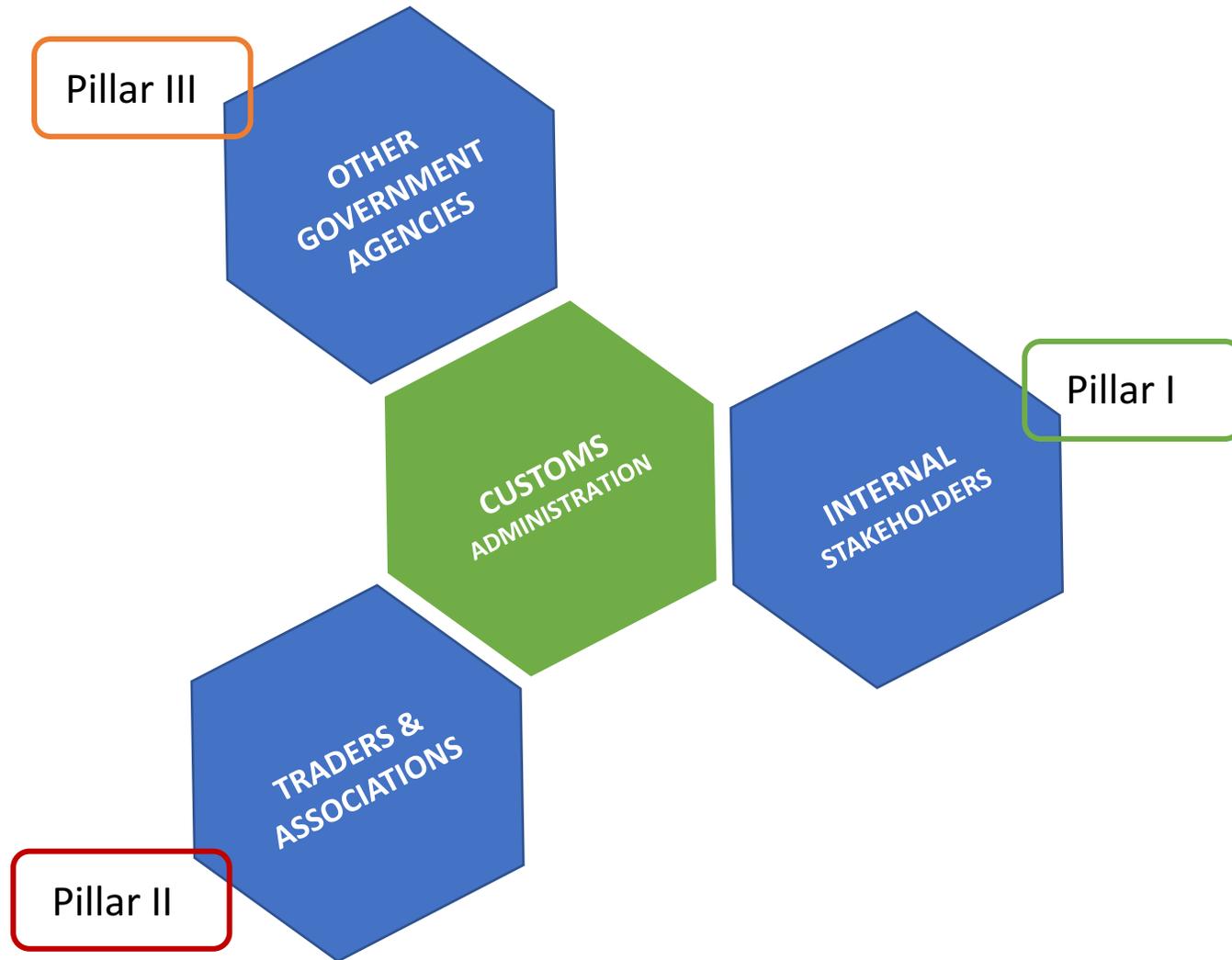
key shift from being a 'Gate Keeper' to a modern 'Risk Manager'

Accreditation / Entity assurance audits

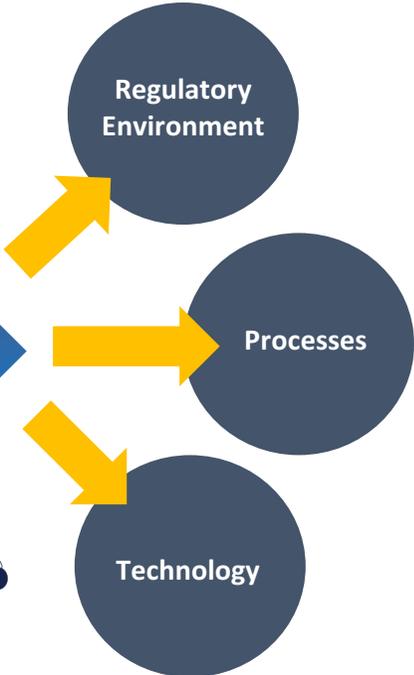
Entity-based performance audits (Systems and processes)



Engagements critical in your Country



End-to-End view



**Full Picture of the Supply Chain
3rd Party Reporting**



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**How do we
Co-operate on
this journey?**



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management -**

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**Summary,
conclusion &
lessons
learned**

A world map is overlaid on a background of a sunset over a rocky landscape. The map is connected by a network of white lines and blue circular nodes, representing global connectivity. The right side of the image is a dark blue vertical bar containing white text.

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