



# AEO Program in Japan

WCO Knowledge Academy  
July 4<sup>th</sup>, 2013

**Japan Customs**

# Outline

- 1. Overview of Japan's AEO Program**
- 2. Mutual Recognition Arrangement**
- 3. Challenges**

# I. Overview of Japan's AEO Program

# AEO (Authorized Economic Operator) Program

## Background

Promotion of trade facilitation by streamlining customs procedures with a view to striving to greater competitiveness in international environment

Efforts in international community after 9/11 to address need for strengthened security

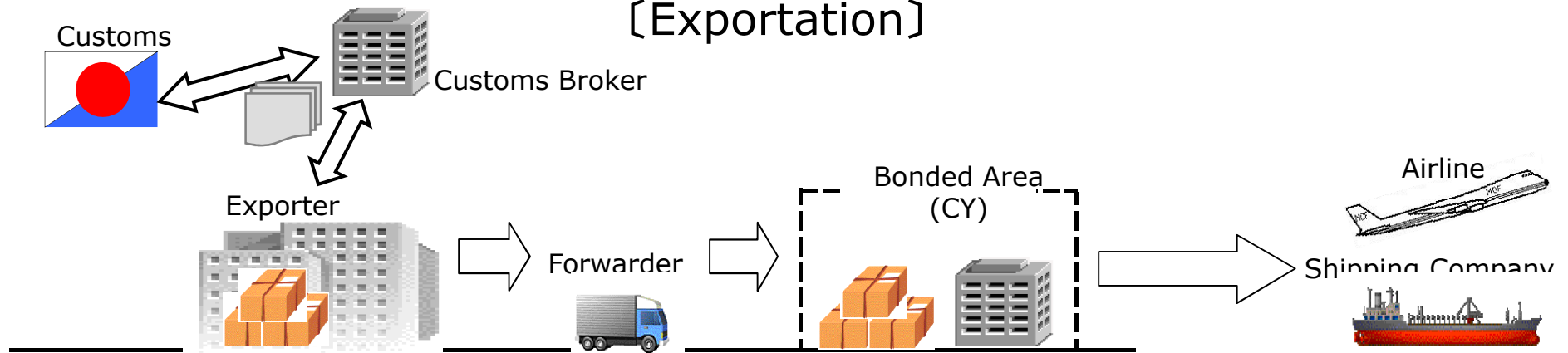
- AEO program which ensures security while facilitating trade, working in partnership with private sectors.
- Japan Customs introduced the AEO program in conformity with international standards (March 2006, developed subsequently)

## AEO Program

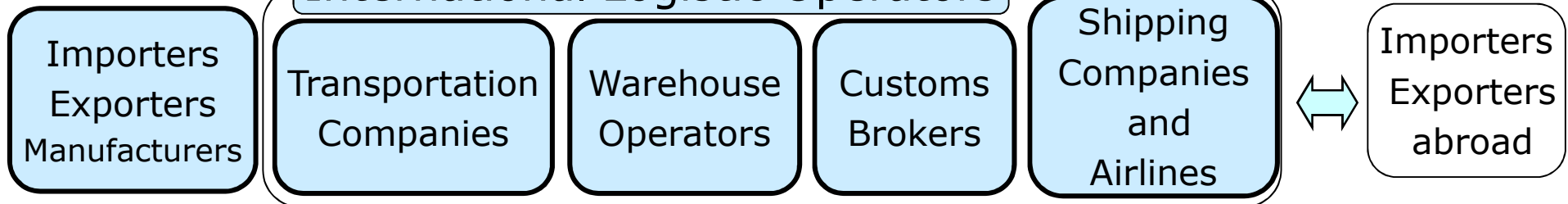
Economic Operators who are authorized by Customs as having established a system to ensure cargo security and compliance enjoy benefits such as simplified and expedite customs procedures

# Scope of Japan's AEO Program

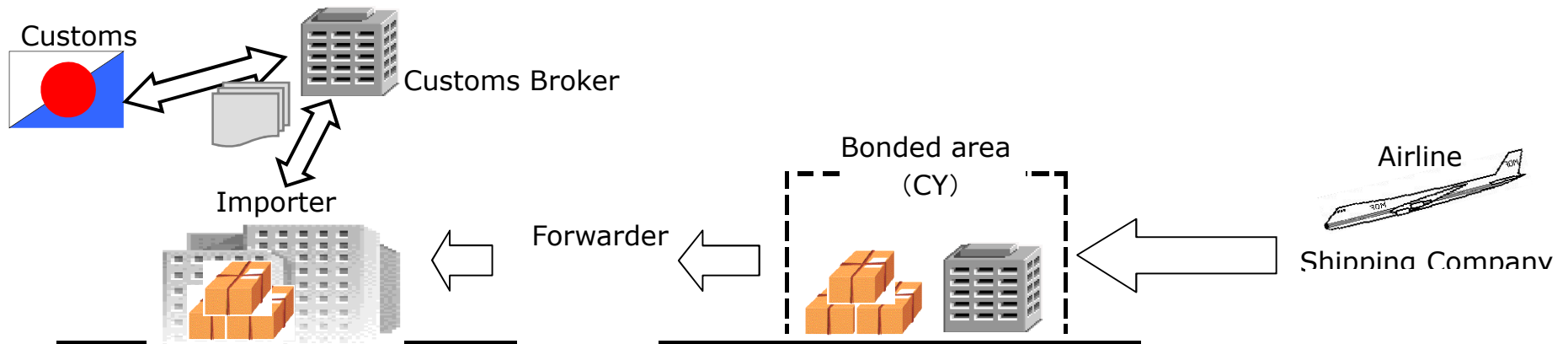
## [Exportation]



## International Logistic Operators



## [Importation]



# Current Situation of AEO operators

(as of July 1, 2014)

Exporters	236 Exporters
Importers	89 Importers
Warehouse Operators	116 Warehouse Operators
Customs Brokers	86 Customs Brokers
Logistic Operators	8 Logistic Operators

**Total: 535 AEOs**

# The Requirements and Benefits

## Requirements

### Consistent with “WCO SAFE FoS”

- Compliance record
- Proper ability to conduct operations
- Compliance Program
  - organizational set-up
  - due Customs procedures
  - cargo/conveyance/premises security
  - internal audit
  - contracting parties requirement
  - communication with Customs
  - crisis management
  - financial integrity
  - education/training

etc.

## Examples of Benefits

### Authorized Importers

- Pre-arrival lodgment of import declaration and pre-arrival import permission – early release of cargo
- Reduced number of elements for import declaration
- Reduced examination and inspection at the time of import
- Periodical lodgment of duty/tax payment declaration

### Authorized Exporters

- Export procedures are completed while keeping the cargo in their own premises
- Reduced examination and inspection at the time of export

### Authorized Warehouse Operator

- Establishment of a new Customs warehouse only by notification
- Free monthly fee

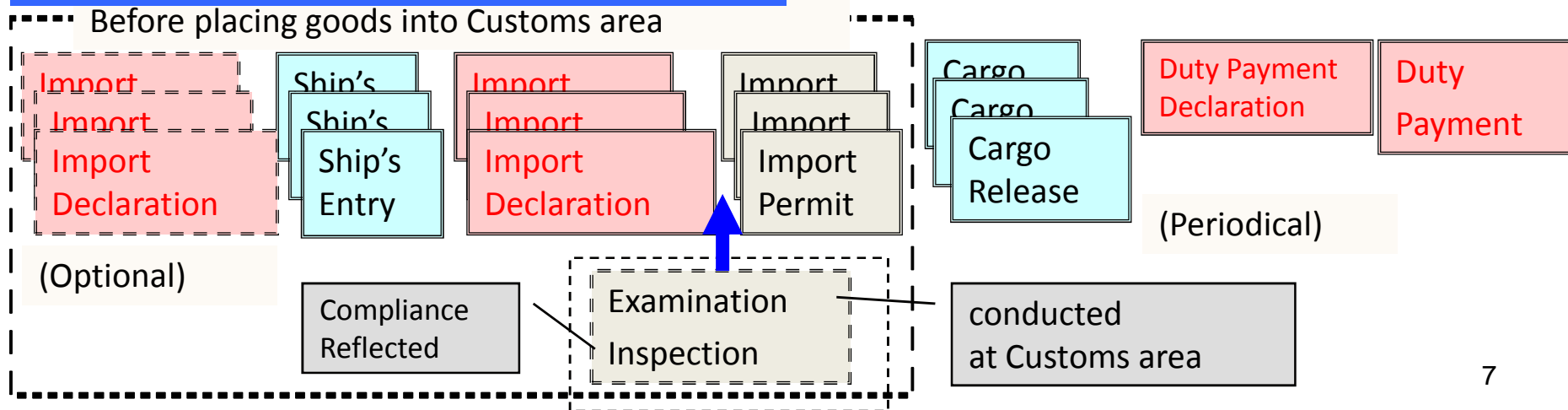
# Benefits of Japan's AEO Program: Importers

- Compliance-reflected reduced examination and inspection
- Pre-arrival lodgement of import declaration and permission
- Release of cargo before duty/tax payment declaration and duty/tax payment

## General Procedure



## Procedure for Authorized Importers



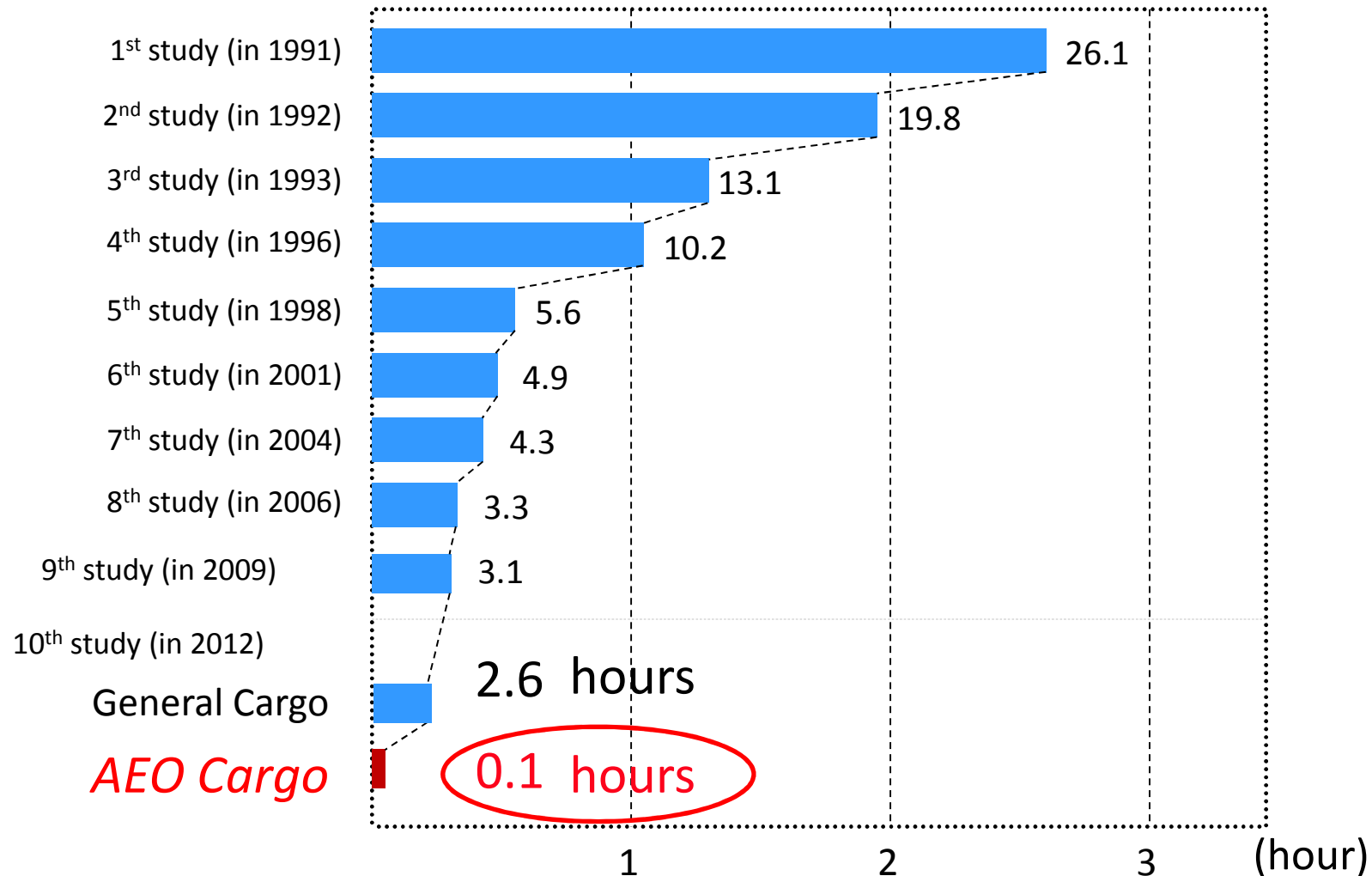


# Benefits of Japan's AEO Program: Importers

Mean Time required for a time period from Customs declaration to Import permit  
(Time Release Study by Japan Customs)

## 【 Maritime Cargo 】

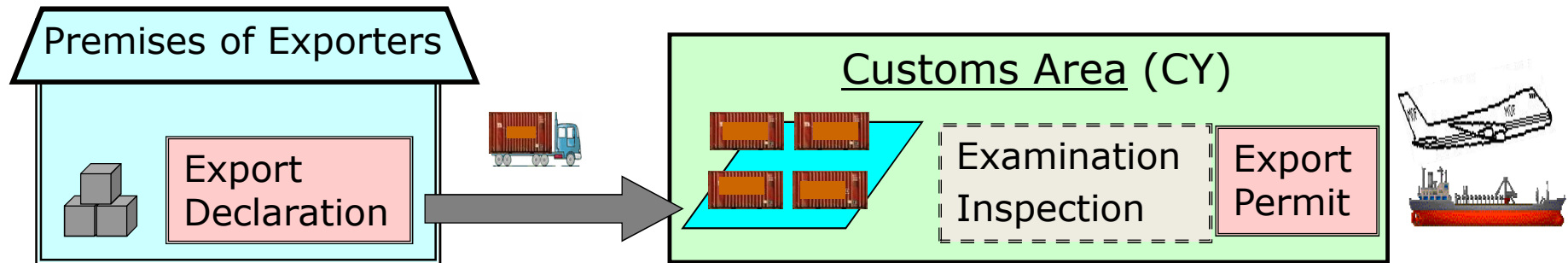
(General Cargo)



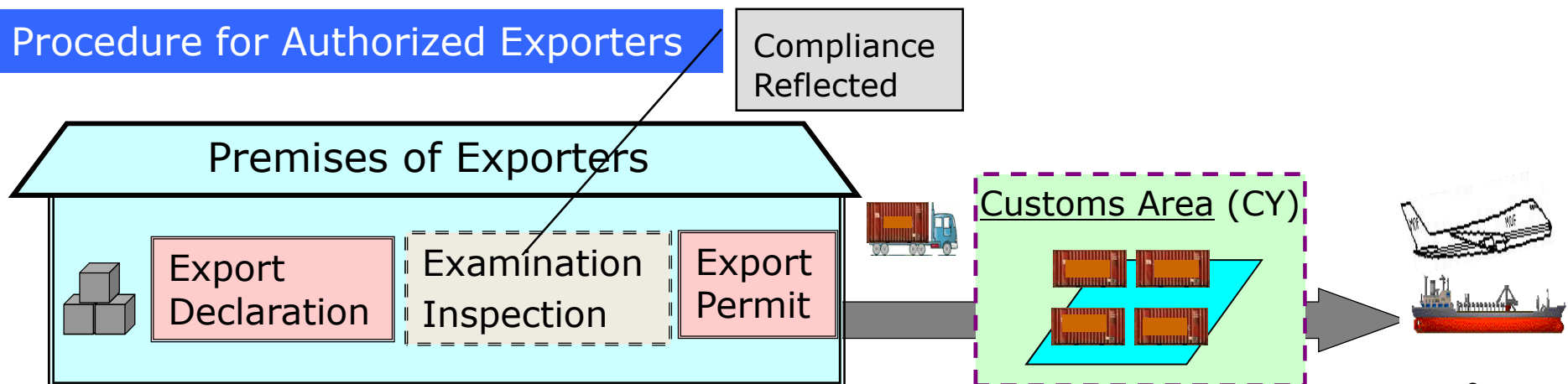
# Benefits of Japan's AEO Program: Exporters

- Waive the requirement to store goods in the Customs area
- Compliance-reflected reduced examination and inspection

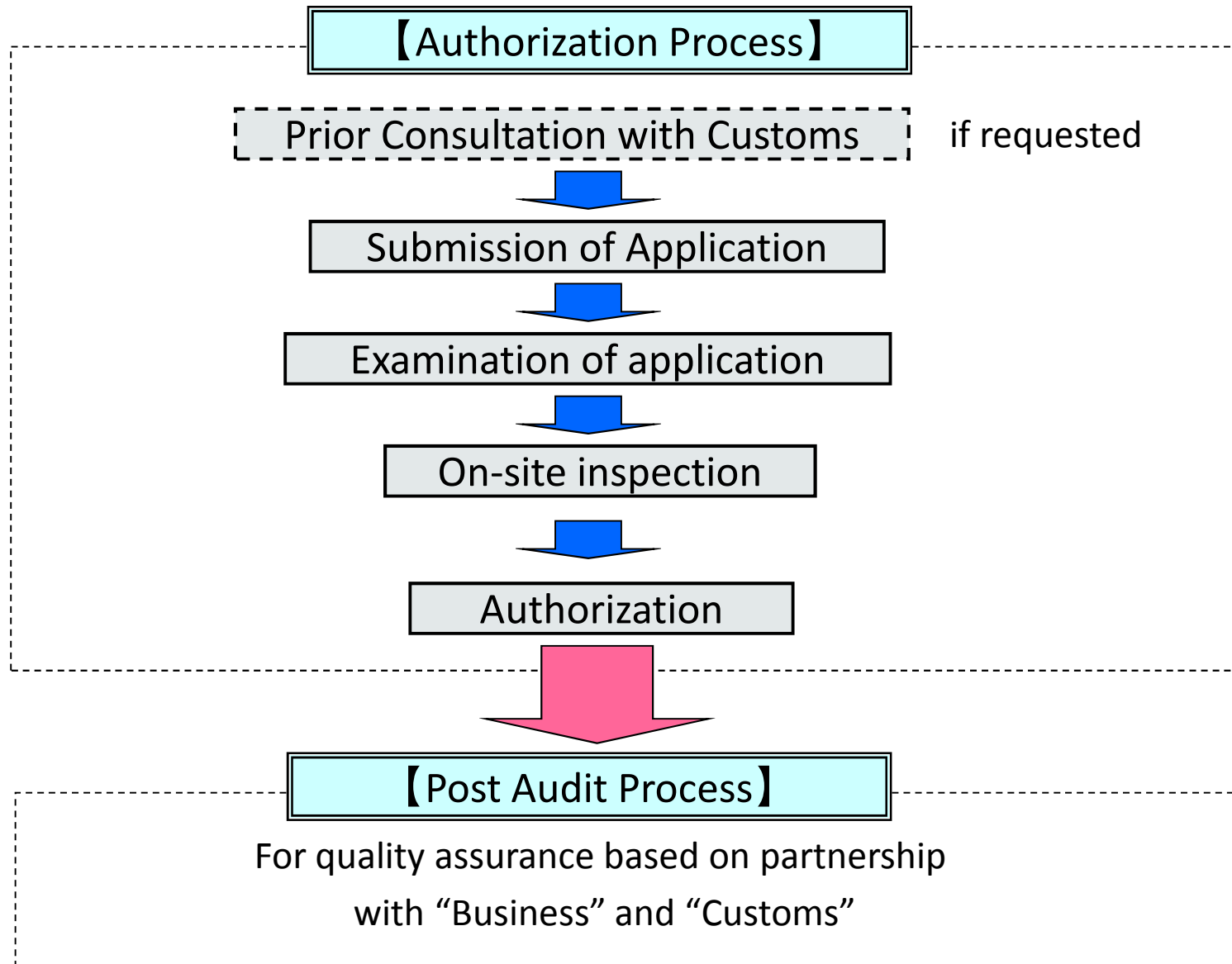
## General Procedure



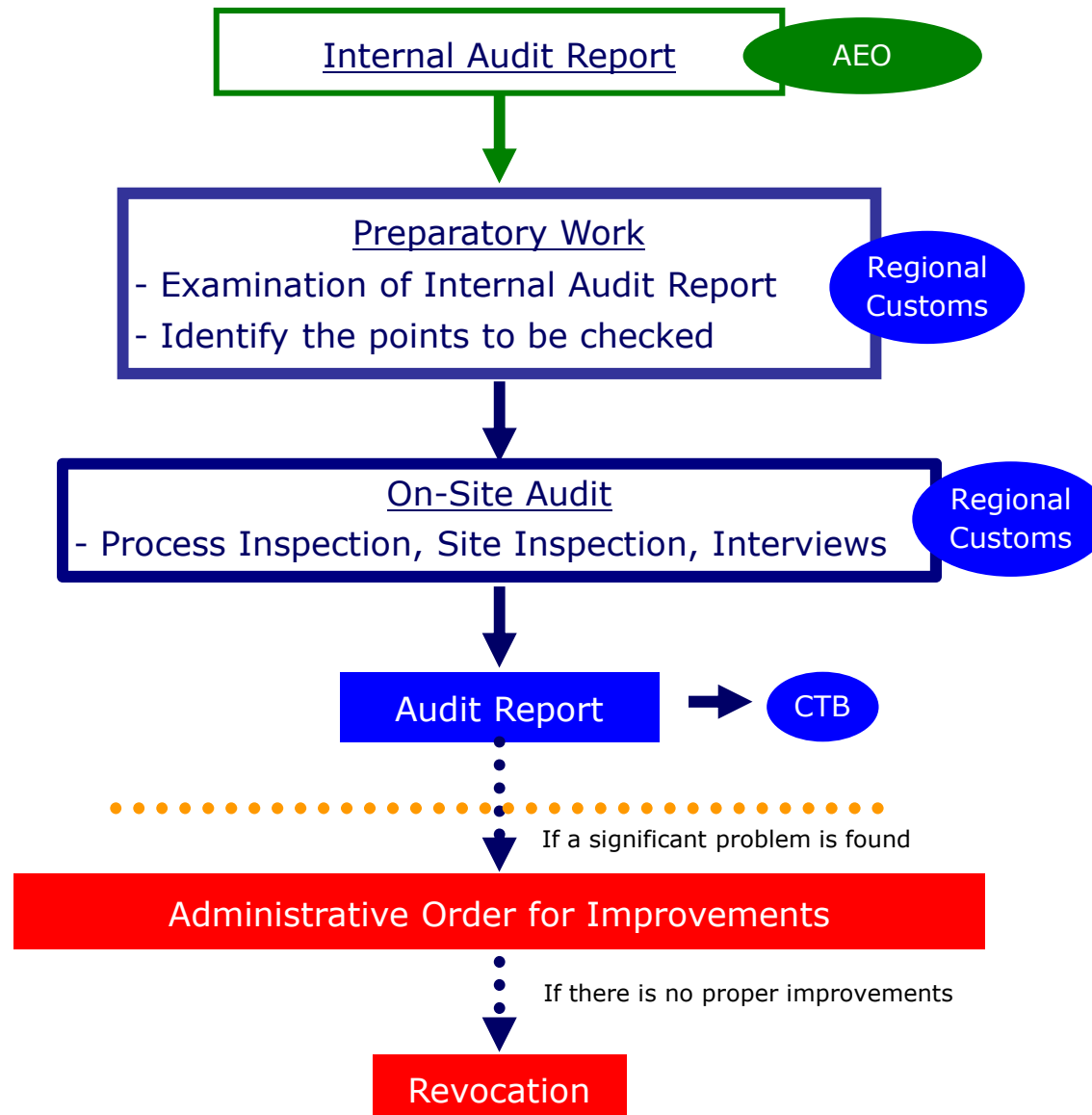
## Procedure for Authorized Exporters



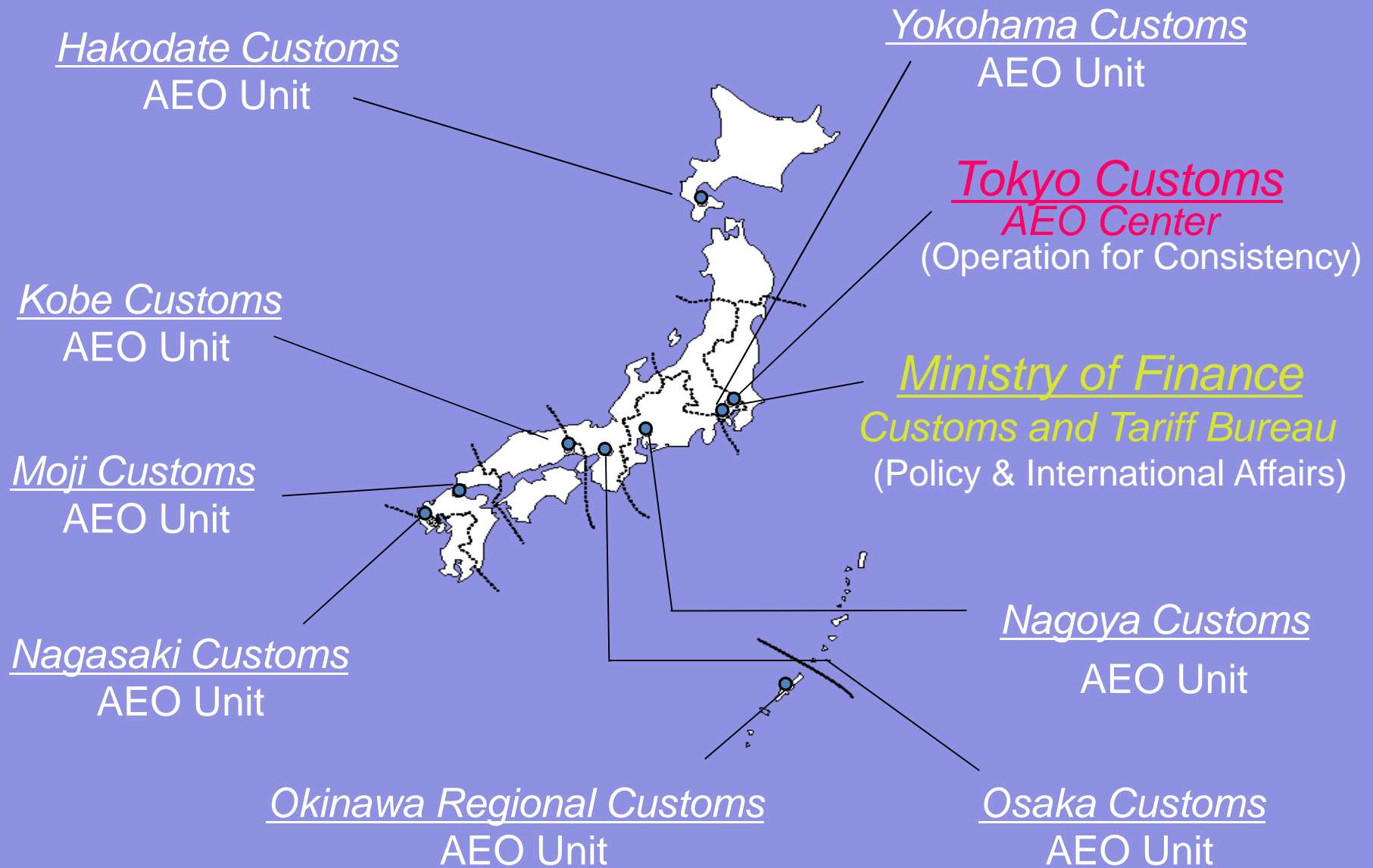
# Process of AEO Authorization



# Process of Post Authorization Audit



# Operational Structures: Japan Customs



## **II. Mutual Recognition Arrangement**

# Concept of Mutual Recognition

- Mutual Acceptance of AEO Status
- Preferential Treatment which corresponds with AEO status of other country



- Ensuring Security and Facilitation in the Global Supply Chain
- Enabling Efficient Allocation of Customs Resources
- Enhancing Competitiveness by Maximizing Benefits to Reliable Stakeholders

# History of Mutual Recognition

2008

- Signed with New Zealand (May), implementation (Oct.)



2009

- Signed with the United States (June), immediate implementation



2010

- Signed with the EU (June)
- Signed with Canada (June)



2011

- Signed with Korea (May), implementation (Nov.)
- Signed with Singapore (May), implementation (Aug.)
- Implementation of EU-Japan MRA (May)



2012

- Implementation of Canada-Japan MRA (Nov.)
- Full-implementation of Japan-US MRA (Dec.)

2014

- Signed with Malaysia (June)



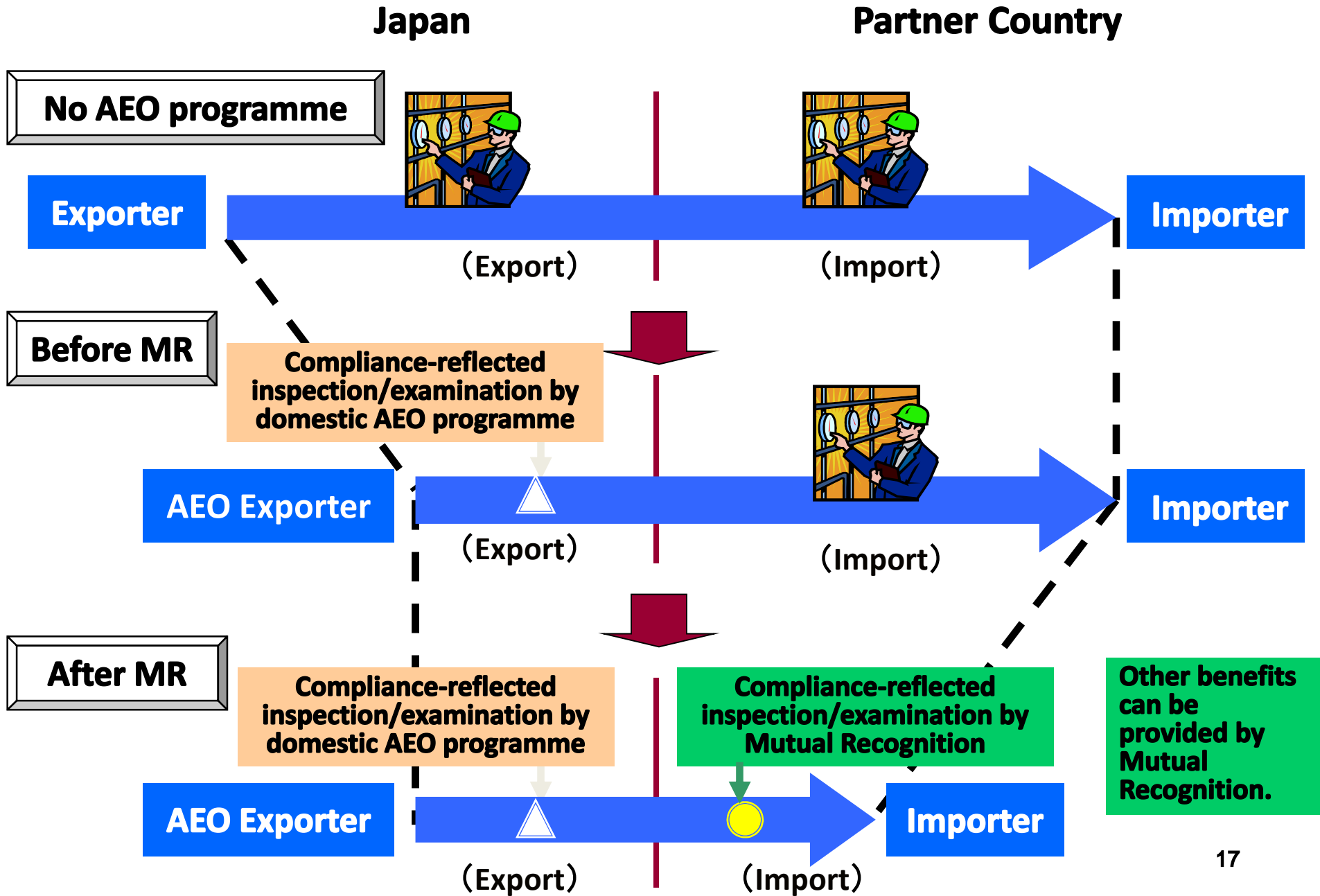


# History of Mutual Recognition

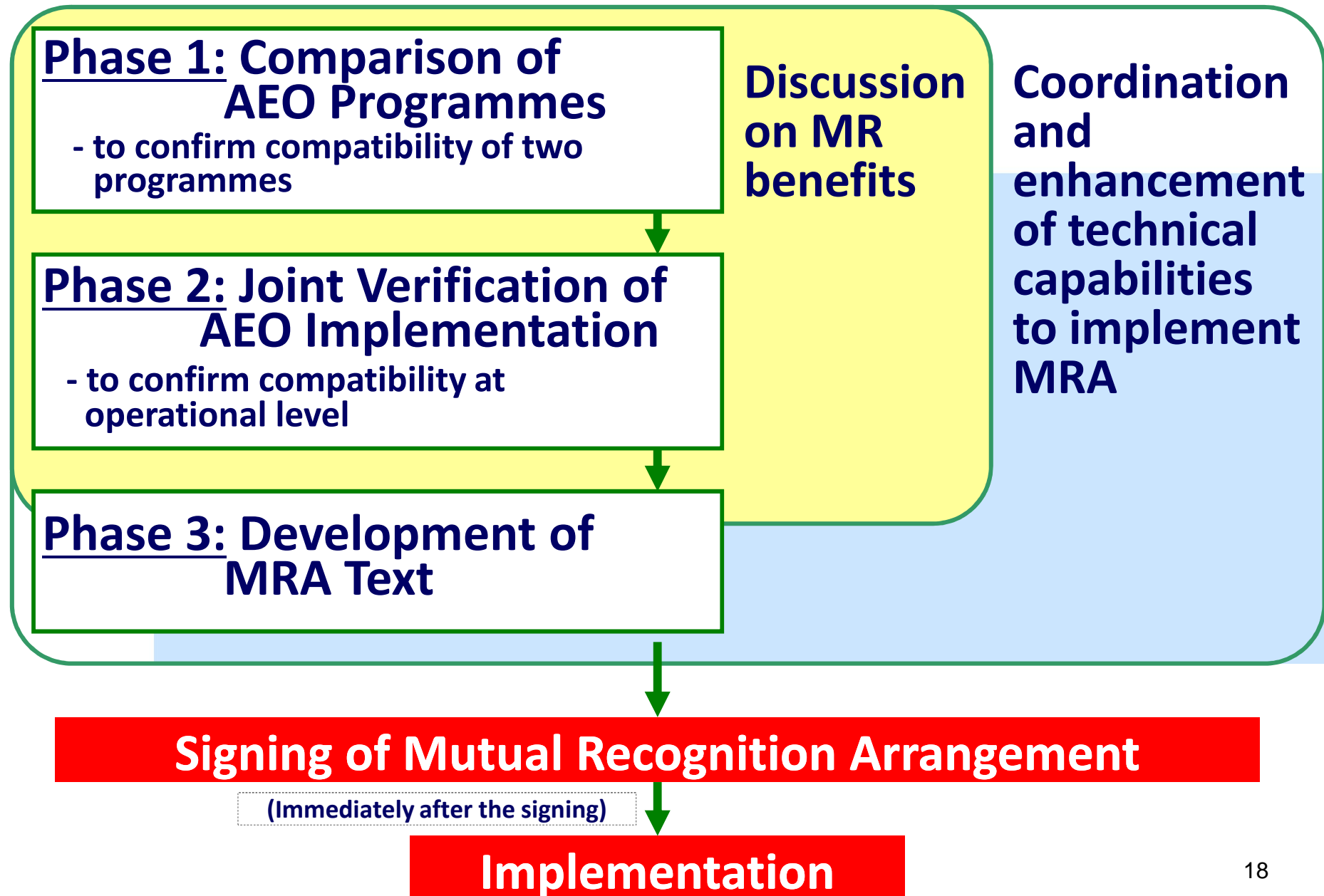


Signed MRA with Malaysia  
on the occasion of WCO 2014 Council

# Benefits of Mutual Recognition



# Three Phase Process toward Mutual Recognition



### <Well-functioning AEO programmes>

- **Fully operational AEO programmes in line with the WCO SAFE Framework**
- **AEO programmes must have:**
  - ✓ **Proper mechanism to maintain the quality of AEOs**
  - ✓ **Transparency and predictability**
  - ✓ **Measures to ensure consistency of operation**

## Enabling Factors (2)

### <Organizational Setting>

- **Adequate organisational settings within Customs to run its programme and to implement MRA**

### <Framework of Information Exchange>

- **Steady and well-functioning channel for information exchange for effective implementation, supported by legal framework on information exchange**

## Enabling Factors (3)

### <Operational capabilities>

- **Adequate customs database and proper process to examine compliance records of applicants**
- **Proper IT system for Customs procedures and risk assessment to properly realise mutually recognized AEOs**
  - **Automated risk assessment system including selectivity criteria**
  - **Selectivity criteria including 'foreign exporters' and 'foreign importers' as indicators**
  - **Identifier (i.e. code for foreign exporters/importers)**

# III. Challenges

# Challenges

- 1. Further expansion of AEOs and  
Follow-up of existing members**
- 2. Automatic data exchange system of AEOs with  
partner countries**
- 3. Cooperation between Customs and Aviation  
Authorities (AEO and KS/RA)**



# *Thank you!*



- Japan Customs:  
<http://www.customs.go.jp/english/index.htm>
- You Tube (Customs Channel):  
<http://www.youtube.com/user/mof>
- Facebook:  
<https://www.facebook.com/Japan.Customs>
- Twitter:  
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