AEO Program of China Customs

Ma Biao

General Administration of China Customs

October 2018
OUTLINE

- An introduction to the AEO program of China Customs
- How does the AEO program facilitate the international trade?
- Future endeavors
Part 1

The AEO program of China Customs
The AEO program of China Customs

Development of Chinese AEO program

- **Jun 2005**: Letter of Intent of SAFE
- **April 2008**: AEO Program (MCME) launched
- **Jun 2012**: First MRA signed
- **Dec 2014**: AEO program (“IMECM”) launched
- **Jul 2015**: 2 AEO validation Training Centers were founded
- **Dec 2017**: 8 MRAs Signed and 10 more in the process
- **May 2018**: Newest AEO program (“MECM”) launched
The AEO program of China Customs

Amendment of the AEO System

December 1, 2014
Decree No. 225 of GACC
Interim Measures for Enterprise Credit Management by the Customs Administration of the People’s Republic of China

May 1, 2018
Decree No. 237 of GACC
Measures for Enterprise Credit Management by the Customs Administration of the People’s Republic of China

December 1, 2014
CRITERIA OF CERTIFIED ENTERPRISES OF CUSTOMS ADMINISTRATION
The AEO program of China Customs

Credit Ranking

- Discredited Enterprise
- Strict Supervision
- Regular Management
- General Credit Enterprise
- General Certified Enterprise
- Advanced Certified Enterprise

Based on the credit status
Authorization Criteria and Process

Criteria of Authorized Enterprise

General Certified

Authorized Economic Operator

Advanced Certified

- Internal Control
- Financial Solvency
- Compliance
- Trade Security
Internal Control

- Structure Control
- Import/export Business Control
- Internal Audit Control
- IT System Control
Financial Status

Accounting Information → Financial Solvency

Profitability ← Tax Paying Ability
Compliance with Laws and Regulations

Regularity of Import & Export

Compliance with Customs Requirements

No Bad External Credit
Trade Security

1. Physical security
2. Physical access security
3. Personnel security
4. Business partner security
5. Cargo security
6. Container security
7. Security of means of transport
8. Crisis management
Part 2
How does the AEO program facilitate the international trade?
Publication and availability of information
Benefits to the AEO

- General certified enterprise:
  - Lower Inspection Rate
  - Priority
  - Lower Guarantee
In addition to the benefits applicable to GCEs, the following management measures shall also be applied to ACEs.

01. Lower Inspection Rate
02. Exemption of guarantee
03. Reduced auditing
04. Prior Declaration
05. Coordinator
06. AEO MRA benefits
07. Joint incentive
08. Prior clearance

In addition to the benefits applicable to GCEs, the following management measures shall also be applied to ACEs.
Benefits to the AEO

Average Inspection Rate (01-08, 2018)

0.5% for ACE

2.83% for GE
Benefits for AEO Mutual Recgonition

- Reduced documentation check
- Lower inspection rate
- Priorities in physical inspection of goods
- Customs coordinators responsible for solving problems during clearance
- Priorities in customs clearance if encountering with the interruption of international trade
Joint Incentive to the AEO

AEO Joint Incentive Program (AJI) Cooperation between Customs and Other government agencies

November 2016
40 government departments
49 benefits
More than 3000 ACEs
Custom-Business Cooperation Platform
Part 3

Future Endeavors
China’s entry-exit inspection and quarantine duties and workforce were integrated into the General Administration of Customs of China (GACC) in April 2018.
Thank you!

Ma Biao
mabiaogacc@customs.gov.cn