Authorized Economic Operator
WHY KGH?

- We are the global market leaders on development and implementation of AEO/TT and MRA Programmes;
- No other company have more experience of AEO/TT and MRA Programmes than KGH Border Services;
- We design state-of-the-art programmes in close interactive cooperation with our client, based on international standards and global best practices;
- We apply an holistic approach where national requirements and transfer of knowledge will be safeguarded;
- We create the next generation of AEO/TT Programmes, fully compatible and integrated with Single Window and Coordinated Border Management solutions;
- The KGH AEO/TT Concept will significantly increase ranking in international perception indexes;
- Guaranteed sharing of knowledge from KGH leading world experts with extensive experience from world leading AEO/TT Programmes, working closely with establishing of international standards and in-depth experience from actual implementation. We know what works and what does not; and
- We offer modern, fully flexible IT-support software for all steps of the AEO/TT process, together with technical solutions based on open-sources, which can be integrated into any existing IT-platform.
WORDS BY THE PRESIDENT

Authorized Economic Operator (AEO) and Trusted Trader Programmes (TTP) is currently the most wanted and requested modernization concept in the Customs world. KGH is the global market leader in design, development and implementation of AEO/TTP.

We created the first AEO concept, the Swedish Stairway, which is still considered being one of the best programmes ever. Since then, we have been involved and supported development in more than forty programmes all around the world. Our concept for AEO/TTP is founded on the basic principles behind the Stairway and fully meets requirements identified in international standards and global best practices. At the very same time, our concept reassures full flexibility and adaptation to every country’s specific needs and priorities.

To us, AEO/TTP is a modern management and control programme, which, if correctly developed, implemented and evaluated, secures real measureable and tangible benefits and results for all relevant stakeholders.

We also design and deliver national AEO Mutual Recognition Agreement (MRA) models, making it easier to establish MRAs with international trading partners.

AEO/TTP is the future, and we build the future. If you are in need of an AEO/TTP model, an AEO and MRA model or an update of your current programme, please do not hesitate to contact us. We are the champions on AEO/TTP.

Lars Karlsson
President, KGH Border Services
Vice President, KGH Group
KGH Border Services is an independent Swedish consultancy company, assisting government agencies all over the world with Strategies, Tactical Planning, Business Process Re-engineering, Reform/Modernization projects and Capacity Building.

We are experts on Customs Processes and Procedures including areas such as:

- Trade Facilitation;
- Risk Management;
- Enforcement and Control Techniques including NII;
- Authorised Economic Operators (AEO) and Trusted Trader Programmes (TTP);
- AEO Mutual Recognition Agreements (MRA);
- Single Window and Trade Information Portals;
- One-Stop-Shop;
- Legal Reviews;
- Customs Unions;
- Education/Training;
- Information and Communication Technology;
- System Integration;
- Human Development; and
- Implementation of Modernized Border Management.

KGH operates with an extensive global network of partners and international associated experts giving us a unique position to offer the latest state-of-the-art Customs solutions based on international standards and global best practices.

Our experts use the latest technology, international standards and best practices from all over the world, combined with their extensive experience of working in Governments as well as in international development projects. We are always focused on implementation and results. We know what works and we have a strong track record of leading and participating in successful development projects covering all continents. In addition, several of our experts have been involved in the development of international standards as well as implementing the leading models on the ground.

We work with Governments, Customs administrations and the public sector in countries all over the world. We also work with international institutions like e.g. the United Nations, the European Union/European Commission, the World Customs Organization, the World Bank, IMF, OECD and the Swedish International Development and Cooperation Agency (SIDA).

KGH offers knowledge, skills and experience based on full-scale modern authority model and trade solutions for the future. Our team has the competence, experience, networks and capacity to deliver state-of-the-art solutions. We will be your guide to the future of excellence. We have operational capacity, tested in a real time operational environment, for all areas of modernization and trade facilitation. We also know how to adjust and translate international standards and global best practices into the environment of a specific country, and how to integrate already existing systems with new solutions.

With more than 50 years of experience, KGH Group, with its Head Office in Gothenburg Sweden, and offices in all the key ports and border crossings in Europe, is today one of the leading companies in Europe facilitating border crossing activities for business and trade. KGH employs almost 700 customs experts, serves more than 13,000 clients, including 50 Governments, across and outside Europe.
KGH WAS HERE

For full information, kindly visit our website www.kghborders.com
OUR SERVICES

• Design, development and implementation support for leading state-of-the-art AEO/TT Programmes based on international standards and global best practices;
• Rebuilding and upgrading of existing AEO /TT Programmes to latest standard;
• Development and introduction of tailor-made key-performance indicators;
• Development and implementation of a national AEO-MRA Strategy & model;
• MRA Negotiation support;
• AEO/TTP Education & training;
• AEO Validation support;
• AEO Private sector support:
  • AEO Diagnosis including cost/benefit analysis;
  • AEO Application support;
  • AEO Validation; and
  • AEO Benefit optimizing.

OUR APPROACH

• AEO is an integrated management concept;
• AEO will separate operators into different flows, where compliant/trusted operators are automatically identified;
• AEO offers a modern approach to flexible and well justified controls;
• AEO should be applied with a holistic approach;
• AEO includes both trade facilitation and security;
• AEO should include an advanced tailor-made benefit package; and
• AEO includes performance management and monitoring program with clearly defined KPIs.
FIND YOUR WAY

IN THE AEO SHOWROOM WITH KGH BORDER SERVICES

AEO Program Design
You need to carefully design your program. Scope, eligibility criteria, benefits, AEO processes and the dedicated organization must be defined.

National MRA Model
Your AEO program need to include a national model for Mutual Recognition with other AEO programs. Traders will appreciate it.

AEO Pilot
Even though you are sure you did everything right, you need to test the program and make necessary adjustments. Start with a few pilots, evaluate, improve and then add more pilots.

Planning
Professional Project Management and planning is key. Why don’t you create an initial cost-benefit analysis? Great sales pitch to the management.

Legislation
The rules for the AEO program needs to be clear and undisputable. This is where we take care of the legislation and defines an AEO policy.

Shortcut?
Tempting, but it won't work

Training
AEO means a new control strategy. It is not inspection, it is not audit. It is a new roles, tasks and responsibilities. Your staff need to be trained.

Change Management
An AEO program have impact on Customs, your Partnering Agencies and the Traders. They need to know what and how the change will happen.

Conceptualization
Before you start, define the scope, identify stakeholders, establish the project team and consider KGH as your partner.

ICT Solutions
Your ICT systems must distinguish AEO clients from non-AEOs. You also need to establish solutions to support the management of the AEO program. We know how.

Program Implementation
Now, it is time for action. Communication, branding and marketing of the AEO program needs to be developed and delivered.

Evaluation Model
Evaluation and continuous improvement ensures that you are on the right track. You need to measure success. We have the framework for you.

Entrance

Check-out
THE PROCESS

AEO ACCREDITATION PROCESS

1. APPLICATION

The AEO process starts with a voluntary application from the trader. The electronic application includes basic information about the company, enough for Customs to ensure that the applicant meets the eligibility criteria.

2. VALIDATION

During the validation, the company performs a Self-Assessment of its level of compliance, security, financial viability and record keeping. Customs use risk management and do physical visits to check that the company meets the required standards.

3. CERTIFICATION

If the validation is successful, the company receives an AEO certificate. This is a great opportunity for the Company to market its high level of compliance and security and the fact that Customs regard them as trustworthy!
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One of the benefits of becoming an AEO is that Customs provide a dedicated Key Account Manager (KAM). The KAM is a proactive and service minded problem solver who makes sure that the AEO receives the agreed benefits and coordinates any issues related to the AEO.

It is essential that Customs monitor and evaluate the AEO and its transactions on a daily basis, according to an individual Control Plan. This monitoring incorporates continued assessment of risks and changes in the operating environment.

Regularly the AEO will be fully or partly revalidated. Revalidations can be scheduled events or triggered by identified significant changes in the operational environment. The purpose is to ensure that the AEO still meets the AEO criteria.
Australia is a federation by six states and ten federal territories officially known as the Commonwealth of Australia. It is the sixth largest country in the world inhabited by 23 million people and located in one of the fastest growing regions of the world economy. In 2015 Australia ranked as the twelfth largest economy in the world.

Australia plays an active role in the World Trade Organization, APEC and other trade forums and has signed numerous Free Trade Agreements with important counterparts such as Japan and ASEAN. Australia has recently signed the Trans Pacific Partnership Agreement (TPP) with is a trade and investment agreement having profound effects on trading rules and tariffs. The other countries in this would-be bloc are New Zealand, The United States, Canada, Mexico, Japan, Chile, Peru, Vietnam, Malaysia and Brunei Darussalam. The 12 countries together have a population of about 800 million - almost double that of the European Union’s and they are already responsible for 40 % of world trade. Presently a third of Australia’s export of goods and services is destined to these countries.

Australia is reputed for good performance in the area of border agency cooperation. In 2015 the Australian Customs and Border Protection Service was integrated with the Department of Immigration and Border Protection and the Australian Border Force was established which has further promoted integration. It has also facilitated the concept of working ahead of and behind the border to manage threats and take advantage of opportunities. Today the Department of Immigration and Border Protection is managing policy, regulatory and corporate support while the Border Force is the front-line operational agency within the Department.

Australia launched its Trusted Trader program in 2015 which is an AEO program that is consistent with international standards and aligned to the WCO SAFE Framework of Standards.

Australia was ranked 13 out of 189 economies in the World Bank Doing Business Index 2016 and according to the World Bank, 21 % of GDP is related to export of goods and services.
“The Department of Immigration and Border Protection Services engaged KGH Border Services in 2014 to support the development and implementation of the Australian Trusted Trader (ATT) programme. We have benefited from the international experience that KGH Border Services has brought to the project and valued the leadership provided by Mr Lars Karlsson. Mr Karlsson is professional in his approach and is committed to providing excellent service and advice to our Executive team about best practice in Authorised Economic Operator Programmes, associated risk management and change management practices. I have found Mr Karlsson to be an excellent coach and mentor to the leadership team as we move to implement the ATT in July 2016.”

Teresa Conolan
Assistant Secretary
Trusted Trader and Industry Engagement Branch
Brazil is the largest country in South America. It is inhabited by 200 million people and is the world’s fifth-largest country by both population and geography. Brazil has experienced substantial economic growth over recent years and is the world’s 9th largest economy.

Brazil is a full member of the MERCOSUR that is a customs union and a trade bloc having among its objectives the elimination of obstacles to regional trade, such as high tariffs. Among the other full members are Argentina, Uruguay and Venezuela. Brazil has preferential trade agreements with several of its neighbors. Brazil is one of the WTO’s most active participants, individually, and within the BRICS group of leading emerging economies.

The Department of Federal Revenue of Brazil (Receita Federal do Brazil) under the Ministry of Finance is responsible for the administration of taxes including those collected on foreign trade. Receita Federal is also responsible for the law enforcement related to among other things smuggling, trafficking, tax evasion and trade fraud. Brazil has recently made efforts to modernize its customs procedures and more than 85% of all import declarations risk managed and subsequently processed through the green channel.

In 2015 Brazil as the 11th country in Latin America and the Caribbean, officially launched its AEO program, which aims to improve security in the logistic chain, facilitate trade, and enhance private sector competitiveness. The AEO program is part of the customs modernization strategy undertaken by the Government of Brazil.

Brazil was ranked 116 out of 189 economies in the World Bank Doing Business Index 2016 and according to the World Bank, 11 per cent of GDP is related to export of goods and services.
"Lars Karlsson and KGH Border Services, together with Instituto Procomex, has given Brazilian Customs indispensable advice and support during the development of AEO Brazil. KGH has in this constellation brought an international perspective into our AEO programme, as well as sharing tremendous experience from successful implementation of AEO in other countries. This has been a fruitful real partnership between Government and the Private Sector developing together an AEO programme for the future.”
United Arab Emirates are a federation of seven emirates on the Arabian Peninsula that was created in 1971 (Abu Dhabi, Dubai, Ajman, Fujairah, Ras al-Khaimah, Sharjah, and Umm al-Quwain). Almost ten million people live in the country which has developed to a major economic hub, not just in the region but in the world. The Dubai port of Jebel Ali is presently ranked as the 9th largest container port in the world and The Economist recently predicted that it is likely to become the biggest container port in the world by 2030.

Each emirate has its own Customs Authority and at the federal level the Federal Customs Authority is responsible for policy, legislation and supervising their implementation as well as coordination between other government agencies relevant for border management. Customs have a clear mandate related to trade facilitation and to combat fraud and smuggling. Dubai Customs is presently developing an innovative AEO program that is the Federal Customs Authority’s pilot AEO program for the UAE.

UAE is, together with Bahrain, Kuwait, Oman, Qatar and the Kingdom of Saudi Arabia, also a part of the Gulf Cooperation Council (GCC) that is a regional intergovernmental political and economic union. From a customs and trade perspective GCC is a customs union and as such provide the overarching customs legislation which is then translated into national regulations at the federal level and implemented at the operational level by the respective emirate’s customs authorities.

For many UAE is associated with oil and gas, but during the last decades the government has made focused efforts on reducing the dependency on oil exports by diversifying the economy, creating booming business, tourism and construction sectors. Customs and trade policy is an important part of this strategy and are actively promoting different innovative aspects of trade facilitation.

UAE was ranked 31 out of 189 economies in the World Bank Doing Business Index 2016 and according to the World Bank, 98 % of GDP is related to export of goods and services.
“Dubai Customs and UAE have very high ambitions and we only want the best. That is why we have developed a state-of-the-art AEO programme, an AEO concept of a new generation for the future. We aim to be number one. KGH Border Services has been instrumental in the process of designing and developing our AEO programme. They are global market leaders, very competent, delivery focused and of top class. The kind of partner we want to work with”
Uruguay is a small country in South America with 3 million inhabitants renowned for its strong economic performance and high ratings on several measures of well-being. Uruguay is bordering Argentina and Brazil who are its main trading partners.

Uruguay has an open trade and investment regime, with few border restrictions and limited use of non-tariff measure. Uruguay is a full member of the MERCOSUR that is a customs union and a trade bloc having among its objectives the elimination of obstacles to regional trade, such as high tariffs, and Uruguay is active in advancing with the cooperation and trade agreement between Mercosur and the European Union. Additionally Uruguay is a founding Member of the WTO and an active participant in the multilateral trading system.

Customs (Dirección Nacional de Aduanas) has undertaken a modernization programme that incorporate different aspects required to further improve trade facilitation and international competitiveness. Customs is actively driving change and transforming the culture of control to a culture of compliance. In 2014 Uruguay launched its AEO program that is now being further developed and will include a national model for Mutual Recognition Agreements (MRA).

Uruguay was ranked 92 out of 189 economies in the World Bank Doing Business Index 2016 and according to the World Bank, 49 per cent of GDP is related to export of goods and services.
“It is my pleasure to recommend KGH Border Services, as they have been working as a consulting firm that he will be a valuable addition to any organization. We contracted KGH Border Services to support the development of the Uruguay AEO/OAE programme and our national AEO/OAE MRA Model.

They did a great job supporting our development building a quality programme that has given us new opportunities from both a trade facilitation and a security perspective. The KGH experts were really engaged, and delivered their services in time with high quality and integrity, adding real value to our programme.”

Mr. Enrique Canon
Director General
Uruguay Customs
Iceland is a small island country with 320,000 inhabitants situated between the North Atlantic and the Atlantic Ocean. Iceland is a part of Europe, but not a member of the European Union. However, through the European Free Trade Association (EFTA) and the Agreement on the European Economic Area (EEA), Iceland is part of a free trade area covering both its main trading partners and its main export products; industrial goods and fishery products. Two thirds of Iceland’s foreign trade is with EU Member States. In 2013 Iceland was the first European country to sign a Free Trade Agreement with China.

Customs (Tollstjóri) contributes to Iceland’s competitiveness, collects revenues and protects the society. The vision for Customs2020 is that collection of public levies and customs control will be simple, effective and efficient. Iceland’s import procedures are already straightforward and are nearly always completed through electronic data interchange. Customs modernisation process is conducted in cooperation with stakeholders and as a result an AEO program is being developed.

Iceland was ranked 19 out of 189 economies in the World Bank Doing Business Index 2016 and according to the World Bank, 100 per cent of GDP is related to export of goods and services.
"Lars Karlsson and KGH Border Services have provided strategic advice to Islandic Customs during the development of our AEO programme. There is no doubt that they have profound knowledge and experience not only of design and development of Trusted Trader and Authorised Economic Operator programmes, but also of successful implementation, management and monitoring of such programmes. I recommend their services to everyone in need of advice on AEO and MRA."

Snorri Olsen
Director General
Customs of Iceland
CCES is the international centre of excellence for innovative training, education, professional development, technical assistance and capacity building in relation to customs, excise, revenue management, border management and related areas. CCES is the first of its kind in the world. Its international leadership role has been acknowledged by the World Customs Organization (WCO), with whom they have a formal Memorandum of Understanding, and who recently presented CCES with a Certificate of Recognition for its continuing support of customs development and the establishment of the International Network of Customs Universities of which the CEO of CCES, Professor David Widdowson, is president.

CCES’ client base includes customs, other government agencies, international organisations and private companies in over 180 countries. A key strength is the global network of experts, which is rapidly expanding to keep pace with unprecedented levels of business growth.

In 2013 CCES announced a new partnership with Charles Sturt University (CSU). The partnership provides their students with further opportunities to formalise their skills in Customs Administration, Border Management and related fields.

CSU is the largest regionally based university in Australia, enrolling nearly 37,000 students in over 120 countries around the world. It is a leader in quality online-supported distance learning. Being the largest and one of the most experienced providers of courses delivered by innovative distance education, Charles Sturt University is a perfect fit for CCES programs, providing opportunities for students to go to university regardless of where they live, or their work and other commitments.
"Based on the Swedish ‘Stairway’ principles of contemporary regulatory compliance management, the leading-edge approach adopted by KGH Border Services is fully compliant with the WCO SAFE Framework of Standards. The KGH model is outcome focused, thereby ensuring tangible benefits to both Customs and the trading community. By taking full account of the national context, strategies are entirely relevant and appropriately tailored to the economic environment in which the scheme is being implemented. Importantly, the model is sufficiently robust so as to provide a solid basis for the negotiation of future Mutual Recognition Agreements with an economy’s trading partners."

Professor David Widdowson
Centre for Customs and Excise Studies
Charles Sturt University
The Alliance to Modernize Brazil’s Foreign Trade better known as Procomex was created in 2004 and is a civil initiative, a nonpolitical and non-partisan interest group, that brings together 75 institutions of the private sector, bilateral agencies, experts and Brazilian foreign trade agents, with the purpose of providing Brazil with modern and competitive customs process updates, promoting and providing business activities and serving as a benchmark for other MERCOSUR countries. Senior officials from Customs and the Ministry of Development, Industry and Trade participate in Procomex and the organization has also signed a Memoranda of Understanding with Receita Federal (Customs). Procomex proactively works in collaboration with Brazil’s government agencies for the modernization of customs procedures and enjoys good relations and cooperation with all agencies and public institutions involved in different aspects of cross border trade.

Companies that participate provide business specific knowhow and financial support to the Alliance’s operational arm, the Procomex Institute.

UNECE experience suggests that the model used by Procomex to foster communication and cooperation could become instrumental in helping build a new paradigm of partnership that engages all stakeholders to develop the international supply chain.
"Aliança Procomex is an expert facilitator of Government and Private Sector partnership and cooperation, organizing a large part of the Brazilian business environment. Together with the Federation of Brazilian Industry (CNI), we engaged KGH Border Services to work with us and with the Brazilian Revenue Service for the development of the Brazilian AEO programme.

We approached KGH Border Services because they are the best in the world on AEO and since they have experience both from the Government and the Private Sector side of AEO. We are very pleased with the decision and with the result. KGH has delivered on all accounts."

John Mein
Executive Coordinator
Aliança Procomex
If you think compliance is expensive – try non-compliance

Former U.S. Deputy Attorney General Paul McNulty