

PROGRAM IMPLEMENTATION AUTHORIZED ECONOMIC OPERATOR (AEO) IN INDONESIA

Surono, Benedictus Janrian Purba

Customs and Excise Education and Training Center and KPPBC TMP C Pangkal Pinang
E-mail: mr.surono@gmail.com¹ benpurba1986@gmail.com²

Abstract: The national program of Authorized Economic Operators (AEO) program is a mandate that must be carried out by customs administrations in each country according to the agreement on WCO SAFE Framework of Standards, is adopted in 2005. Indonesia has expressed its commitment to implementing this program since the signing of the letter of intent of WCO SAFE FoS in 2005. The results of research analysis on the implementation of the AEO program in Indonesia show the conclusion that (1) the high interest of economic operator companies to participate in the AEO certification program is due to the potential benefit factor that will be received. Second (2), there are 13 standard conditions and requirements that must be met by AEO companies which are based on the DGCE Regulation number PER-4/BC/2015 breakdown into 51 criteria. This is a challenge that needs to be faced by enthusiasts of the AEO program to avoid administrative failure rates in the certification process. Finally (3), the efforts made by Customs in increasing the number of AEO certified companies, among others, by active socialization to economic operator companies and also Customs vertical units in the regions, carrying out Focus Group Discussions, and the most strategically developing a coaching clinic program as a form of assistance to economic operator companies who are interested in participating in the AEO program.

Keywords: *Authorized Economic Operator, AEO, WCO SAFE Framework of Standards*

1. Introduction

After the terrorist attacks on September 11, 2001 in the USA, business actors in the world, spearheaded by developed countries, are looking for ways to improve security in international supply chains. One of these concrete efforts was initiated by the World Customs Organization (WCO). In 2005, to be precise in June 2005, the WCO Council session succeeded in agreeing on the WCO Safe Frame Work of Standard (SAFE FoS) protocol.

a. WCO SAFE FoS Concept and Authorized Economic Operator (AEO)

WCO SAFE FoS is a security standardization and facilitation of international trade supply chains to increase certainty and ease of monitoring the predictable flow of goods. At the WCO Council meeting in June 2005, most of the WCO members expressed their intention to start the process of implementing the SAFE FoS framework. In recognition of the urgency of launching this new program without reason for delay, the Board adopted a basic SAFE FoS framework document that provides overarching principles on security and

facilitation of global supply chains. The SAFE Fos framework incorporates the Authorized Economic Operator (AEO) concept, and the Board subsequently directed the WCO to develop more detailed implementing provisions for the concept AEO.

The objectives and basic principles of WCO SAFE as stated in the updated version of SAFE 2018 are as follows:

- a. Establish global supply chain security standards that can provide predictable flow of goods.
- b. Integrate and harmonize supply chain management for all modes of transportation.
- c. Increase the role, function and capability of customs to face the challenges and opportunities of the 21st century.
- d. Strengthen cooperation between Customs administrations to improve their ability to detect shipments of high-risk goods.
- e. Strengthening cooperation between customs administrations, for example through information exchange and mutual recognition.
- f. Strengthen cooperation between Customs administration and other Government agencies involved in international trade and security such as through the Single Window.
- g. Strengthening cooperation between customs institutions and business people.
- h. Encouraging the flow of goods movement through a safe (secure) international trade supply chain.

WCO SAFE FoS is realized by emphasizing the central role of Customs in building partnership relationships with its stakeholders. There are three main pillars that must be built by Customs in order to run the SAFE FoS program, as shown in Figure 1 below.

Picture1: 3 Pillar SAFE FoS



Sources: <https://clikc.wcoomd.org/>

Pillar 1: Customs to Customs

How Customs can strengthen cooperation and build networking with Customs in other countries at large. This will increase Customs' ability to detect shipments of high-risk goods and can improve goods control along the international trade supply chain with better and more efficient allocation of customs resources. There are 11 standards recommended by WCO SAFE to build this first pillar, namely:

- Supply Chain Management
- Cargo Checking Authority
- Use of Modern Technology in Inspection/Inspection Equipment
- Risk Management System
- Selection, profiling, and targeting
- Electronic Information
- Targeting and Communication
- Measurement Performance
- Safety Assessment
- Employee Integrity
- Outbound Security Inspection

Pillar 2: Customs to Business

How Customs and the private sector can enhance their partnerships and collaborate to share information across the supply chain in order to secure supply chains and accelerate legal trade. Through this collaboration, Economic Operators will also benefit, such as faster delivery of imported goods, resulting in time and cost savings. There are 6 standards recommended by WCO SAFE to build this first pillar, namely:

- Partnership
- Security
- Authorization
- Technology
- Communication
- Facilitation

Pillar 3: Customs to OGA's

How Customs and other government agencies can gather information and resources and align their processes and systems to improve security and trade flows. There are 12 standards recommended by WCO SAFE to build this first pillar, namely:

- Cooperation with other Ministries/Institutions (K/L)
- Cooperation arrangements/procedures
- Security program alignment
- Harmonization of national control
- Next step development
- Harmonization of data archiving requirements
- Cooperation specifically with Ministries/Agencies involved in cross-border supply chains
- Development of Cooperation Regulations or Protocols
- Harmonization of security programs
- Harmonization of cross-border controls
- Formation of Cooperation
- Development of advanced cooperation arrangements or protocols

To garner support in realizing SAFE FoS, especially pillar 2 (Customs to Business) from the private sector, there needs to be a clear partnership that must be built by Customs. Therefore, the national AEO program is designed to provide tangible benefits to the private sector in the form of trade facilitation so that they voluntarily participate actively in efforts to

strengthen global supply chain security. The national AEO program is the key to the successful implementation of SAFE FoS.

Furthermore, it is necessary to understand the basic definition of the AEO itself and what basic requirements must be met and become a reference for customs administrations in each member country in implementing the AEO program. The definition given by the WCO for AEO is as follows:

“a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national customs administration as complying with WCO or equivalent supply chain security standards”

In 2007 the WCO succeeded in adopting the basic requirements of the AEO which will serve as a reference for member countries in implementing the AEO program in their respective countries. The basic security requirements cover the following 13 scopes:

- a. **Demonstrated compliance with Customs requirements:** requirements specified for the AEO and taken into account when Customs considers qualifications of an AEO applicant.*
- b. **Satisfactory system for Management of commercial records:** recognizes the importance of maintaining accurate commercial records by an AEO and their ready availability to Customs*
- c. **Financial viability:** recognizes the critical role to be filled by good financial standing in allowing an AEO to fulfill its commitments under the SAFE Framework*
- d. **Consultation, Co-operation and Communication:** Establishes measures for both Customs and the AEO at fostering mutually beneficial working relationships*
- e. **Education, Training and Awareness:** recognizes the importance of reinforcing in employees (both Customs and the AEO) the necessity of learning proper procedures and dealing with anomalous situations.*
- f. **information exchange, Access and Confidentiality:** Provisions to secure information and to prevent its misuse or unauthorized alteration*
- g. **Cargo Security:** Seeks to ensure that cargo integrity and access controls are maintained at the highest levels.*
- h. **Conveyance Security:** Encourages Customs and the AEO to work together to secure and maintain transport conveyances*
- i. **Premises security:** Requirements to implement programs to secure buildings and to control and monitor perimeters.*
- j. **Security personnel:** Elements for both Customs and the AEO regarding recruitment, security checks and personnel procedures*
- k. **Trading Partner Security:** Encourages the AEO to conclude contractual provisions with partners in the Supply chain to bolster their level of security commitment.*
- l. **Crisis Management and Incident recovery:** Encourages advance contingency planning for recovery from adverse incidents*
- m. **Measurement, Analysis and Improvement.** Seeks to foster consistency, security integrity and the identification of security system requirements.*

b. AEO Implementation in Indonesia

Indonesia is one of the WCO member countries that also signed a letter of intent for the implementation of WCO SAFE FOS in 2005. However, it was only recently that the AEO

standard conditions and requirements were effectively implemented, based on the Minister of Finance Regulation number 227/PMK.04/2014 concerning Certified Economic Operators (Authorized Economic Operators). This long period of time, since the signing of the letter of intent with the implementation of the AEO standard in Indonesia, is due to the fact that WCO SAFE FoS is still evolving and is periodically adjusted to be able to effectively deal with new developments that emerge.

Besides this, according to Sujendro, the application of SAFE FoS regulates how Customs around the world have standards related to security safety from the movement of goods in the global trade supply chain, but at the same time Customs must also facilitate the trade. This requires a paradigm shift from the customs administrator, from being a revenue collector to being a trade facilitator and also industrial assistance. This paradigm shift certainly takes time for the learning process, especially for Indonesia.

Indonesia's commitment to WCO SAFE FoS, especially regarding the implementation of AEO, was strengthened by the issuance of Presidential Instruction No. 1 of 2010 concerning the Acceleration of Implementation of National Development Priorities. The WCO SAFE FoS implementation policy is one of the priority agendas to support the investment climate and business climate. In 2010, the Minister of Finance Regulation Number PMK 219/PMK.04/2010 was first issued regarding Customs Treatment of Authorized Economic Operators, although the AEO certification program was effectively realized in 2015.

In accordance with the mandate of the WCO SAFE Framework, to achieve the goals of security and trade facilitation globally, customs administrations must adopt a transparent and open attitude in customs administration which can be further modernized, adapted and improved for the benefit of the international trading community. In this case, Customs should proactively consider ways in which Customs can help trades complete their business in the most effective way. The international trade and transport community has experience and knowledge that can benefit customs administrations in managing their facilitation and security responsibilities.

The real steps for implementing SAFE FoS, especially in the AEO certification program, are described in the following milestones. Indonesia has just completed the standardization of AEO standards as stipulated in PMK number 227/PMK.04/2014 concerning Authorized Economic Operators, which at the same time revoked the provisions of PMK number 219/PMK.04/2010. The AEO certification program was effectively launched in March 2015 with the enactment of the Regulation of the Director General of Customs and Excise number PER-4/BC/2015 concerning Procedures for Granting Customs Recognition as an Authorized Economic Operator.

Picture2: Milestone of WCO SAFE FoS Implementation in Indonesia



As a pilot project for the AEO certification program, Customs Indonesia provides AEO certificates to five companies that have met the AEO criteria and requirements, namely:

- PT LG Electronic Indonesia;
- PT Nestle Indonesia;
- PT Toyota Manufacturing Indonesia;
- PT Indah Kiat Pulp and Paper Tbk.; and
- PT Unilever Indonesia Tbk.

Since the launch of this AEO certification program, the interest of business actors, especially those that are in direct contact with global supply chains, has increased. Interests for the AEO certificate do not only come from importers, but also exporters, PPJK, and other economic operators. According to Made Dana Tangkas, General Chairperson of the Priority Path Entrepreneurs Association, as quoted from Bisnis.Com:

"According to him, this AEO facility needs to be immediately implemented by Indonesian import-export entrepreneurs considering the current world trend that is entering the era of globalization. Moreover, Indonesia will face the Asean economic community or MEA in 2015".

Problem

The fact that the AEO program is in great demand by logistics stakeholders in Indonesia can be seen from the milestones in the implementation of the AEO program in Indonesia (figure 2). That since the launch of the AEO certification program in March 2015 until the end of October 2021, Customs has issued 137 AEO certificates to Economic operators in Indonesia. Of these, 112 companies are importers and exporters. While the rest, as many as 25 companies, are other economic operators, such as: PPJK, Warehousing, and TPS entrepreneurs. The high interest of economic operators in the AEO certification program is also illustrated in table 1 below. This table illustrates the recapitulation of the AEO certification application process for two years, from 2020 to 2021.

Table1: AEO Certification Application Process 2020 and 2021

	Saldo Awal 2020	Pengajuan	Proses Sertifikasi*	Gagal Administrasi	Sertifikat	Saldo Akhir 2020
Importir/Eksportir	43	8	51	43	2	6
Non Importir/Eksportir**	36	1	37	34	0	3
Total Perusahaan	79	9	88	77	2	9
	Saldo Awal 2021	Pengajuan	Proses Sertifikasi*	Gagal Administrasi	Sertifikat	Saldo Per Oktober 2021
Importir/Eksportir	6	18	24	2	3	19
Non Importir/Eksportir**	3	14	17	2	1	14
Total Perusahaan	9	32	41	4	4	33
Keterangan :						
*Proses sertifikasi meliputi penelitian administrasi, pemaparan SOP, validasi lapangan, dan pelaksanaan forum panel termasuk tindak lanjut rekomendasi perbaikan dari perusahaan						
**Non Importir/Eksportir termasuk PLB, TPS, Gudang, PPJK, Pengangkut, PJT						

Based on the data in Table 1, it can be seen that the interest in the AEO certification program in 2020 is relatively high (88 application files). This figure according to information from the staff of the AEO Certification Section is the accumulated number of applications from previous years that have not been processed as many as 79 files and new file submissions in 2020 (9 files). Despite being constrained by the COVID-19 pandemic that began to spread in 2020, the DJBC AEO Certification unit was still able to process most of the applications (79 files). From the results of the certification process, it turned out that only 2 application files successfully passed the certification, while 77 other files were declared

administrative failures. The number of application files that cannot be processed in 2020 is 9 files.

Meanwhile, the certification process in 2021 (until the end of October) is still hampered by the COVID-19 pandemic. The number of incoming certification application files is 41 files, but only 8 files have successfully completed the certification process. From these results, as many as 4 files passed the certification and 4 others failed. Until the end of October 2021, Customs still has 33 outstanding files.

Based on the description of the data and facts that have been submitted, an analysis of three main points is needed. The first is what causes the high interest of economic operator companies to join the AEO certification program. The second is, what criteria and requirements must be met by economic operators in obtaining an AEO certificate. Lastly, what efforts have been made by Customs in an effort to increase the number of companies holding AEO certificates.

2. Research Method

a. Types of research

This research uses a descriptive method. Masyhuri and Zainuddin explain that descriptive research is research that provides as accurate a picture as possible about a particular individual, situation, symptom, or group. The reason the author uses the descriptive method is because this method has the characteristics of focusing on solving problems in the present and actual.

In analyzing the research results, the author uses a qualitative approach because in answering the problem, it requires an in-depth and thorough understanding of the subject under study.

b. Research Objects and Locations

The object of research is a scientific goal to obtain data with a specific purpose and use about something objective, valid, and reliable about a thing (Nasution, 2003). In this research, the object of research is AEO certification program.

The location of the research shows the notion of place or social location of research which is characterized by the presence of elements, namely actors, places, and activities that can be observed. The location of this research is in the DGCE AEO Certification unit.

c. Data Types and Sources

Data is the most important thing in a study. Sources of data used in this study, consisting of:

(1) Primary data (*primary data*)

Primary data was obtained from data from the AEO certification program from March 2015 to the end of October 2021, where Customs and Excise had issued 137 AEO certificates to Economic operators in Indonesia. Of these, 112 companies are importers and exporters. While the rest, as many as 25 companies, are other economic operators, such as: PPJK, Warehousing, and TPS entrepreneurs.

(2) Secondary data (*secondary data*)

Sources of data obtained through library research (library research). The secondary data sources are divided into 3 (three), namely:

a) Primary material

This study examines and analyzes the meanings contained in various provisions of laws and regulations and their implementing regulations, as follows:

- the 1945 Constitution of the Republic of Indonesia;
- Law Number 17 of 2006 concerning Amendments to Law Number 10 of 1995 concerning Customs (State Gazette of 2006 Number 93, Supplement to State Gazette Number 4661);
- Law Number 39 of 2007 concerning Amendments to Law Number 11 of 1995 concerning Excise (State Gazette of 2007 Number 105, Supplement to State Gazette Number 4755);
- PMK Number 227/PMK.04/2014 concerning Authorized Economic Operators;
- PMK Number 219/PMK.04/2010 concerning Customs Treatment of Authorized Economic Operators;
- Regulation of the Director General of Customs and Excise Number PER-4/BC/2015 concerning Procedures for Granting Customs Recognition as an Authorized Economic Operator.

b) Secondary material

Secondary materials consist of evidence, notes, or historical reports that have been compiled in published and unpublished archives (documentary data), including legal opinions/doctrine/theories obtained from textbooks, scientific journals, research reports, scientific works, papers, and articles on various research-related websites.

c) Tertiary material

Tertiary materials were obtained from the Indonesian Language Dictionary, English Dictionary, Legal Dictionary, Encyclopedias, cumulative indexes, and others related to the object of research, as well as other sources that support the research.

d. Data collection technique

Data collection techniques are the most strategic step in research, because the main purpose of research is to obtain data. In qualitative research, data collection is carried out in natural conditions (natural setting), primary data sources, and data collection techniques are mostly on participant observation, in-depth interviews, and documentation.

In this study, data collection techniques, as follows:

(1) Observation

Observations are observations made systematically on the activities of individuals or other objects being investigated. This research is qualitative, so that observations are made by direct observation of the object to determine the existence of the object, situation, context, and meaning in an effort to collect research data.

In accordance with the object of research, the authors use unstructured observation, namely data collection that does not limit the author to make observations on certain behaviors or events. This is done because in conducting observations, the authors do not use standard instruments, but only in the form of observation signs.

(2) Interview

Interview is a process of collecting data or information through face-to-face between the questioner (interviewer) and the party being asked or the answerer (interviewee).

This study uses a semi-structured interview technique (semi-structured interview). This type of interview is included in the in-depth interview category, which in its implementation is more free when compared to structured interviews. The author's purpose is to use a semi-structured interview method to find problems more openly, namely the parties invited to the interview are asked to express their opinions and ideas. In conducting interviews, the author uses tools, including notes, voice recorders, and cameras that can help make the interview run smoothly. The recording results are transcribed through recording, making it easier to group data.

Given the outbreak of the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS CoV-2) or known as the Corona virus in a number of regions in Indonesia, some interviews with informants were conducted via teleconference. In this study, using an unstructured interview method, but using a predefined question guide and functioning as a controller so that the interview process does not lose its way.

(3) Literature study (documentation)

Documentation studies are complementary to the use of observation and interview methods in qualitative research. With the documentation study, the results of observations and interviews will be more credible or trustworthy.

Documentation studies are very important in conducting research, this is because a study cannot be separated from scientific literature. Documentation study is a way of collecting data on various materials contained in the library room, which are relevant to research.

e. Data Analysis Techniques

Data analysis technique is an effort made by working with data, organizing data, sorting it into manageable units, synthesizing it, looking for and finding patterns, deciding what can be told to others. Data analysis is done by organizing the data, breaking it down into units, synthesizing it, arranging it into a pattern, choosing what is important and what will be studied, and making conclusions that can be told to others.

In this study, the data analysis technique used the Analysis Interactive model of Miles and Huberman (1994), whose elements include data collection (data collection), data reduction (data reduction), data presentation (data display), and data verification (conclusions). : drawing/verifying).

In general, data analysis in this study was carried out through the following stages:

- a) Record all phenomena found in the field either through observations, interviews and documentation.
- b) Reviewing the records of observations, interviews and documentation studies, as well as separating the data that are considered important and unimportant, this work is repeated to check for possible misclassifications.
- c) Describe the data that has been classified by taking into account the focus and objectives of the study.
- d) Make a final analysis in the form of a research report.

f. Data Validity

Examination of the validity of the data is basically used to refute the allegations against qualitative research that say it is unscientific, which is an inseparable element of the body of

qualitative research knowledge. The validity of the data is carried out to prove whether the research conducted is really a scientific research as well as to test the data obtained.

Test the validity of the data in qualitative research, including the credibility test, transferability, dependability, and confirmability. In qualitative research, the credibility of the data or the trustworthiness of the research data can be carried out in various ways, including by extending observations, increasing persistence in research, triangulation, discussions with colleagues, negative case analysis, and member checks.

This study uses triangulation techniques to check the validity of the data. Triangulation is a technique of checking the validity of data that utilizes something other than the data for checking purposes or as a comparison against the data.

Sutopo distinguishes 4 (four) types of triangulation that can be used in research, namely source triangulation (data triangulation), method triangulation (methodological triangulation), researcher triangulation (investigator triangulation), and theoretical triangulation (theory triangulation).

This study uses triangulation of sources, namely collecting data must use a variety of different data sources. Testing the credibility of the data is done by checking the data that has been obtained through several sources, as follows:

- a. Agus Sujendro, Head of AEO Certification Section of DJBC

3. Results and Discussion

a. Analysis of the High Interest of Economic Operators in Participating in the AEO Certification Program

Indonesia effectively launched the AEO certification program in March 2015. At the beginning of its implementation, as a pilot project program, 5 five companies were designated as AEOs. Furthermore, in 2017, the number of AEO certificate holders increased to 75 companies, in 2018 increased to 110 companies, and in 2019 until 2021 to 137 companies.

The high interest of Economic Operators in participating in the AEO certification program is also recognized by Sujendro. According to him:

“This AEO is a partnership program between Customs and business actors. So, it is they who submit voluntarily to be assessed by Customs, whether their company is in accordance with global standards or not. International supply chain actors, whether importers, importers, warehousing, PPJK, transporters, and others are very interested in AEO for several reasons: first, related to tangible benefits that will be received. The second is reputation, which will be an added value for companies so that they are classified as reputable or low-risk companies. Things like this are very important to them.”

Referring to the WCO SAFE FoS and also the implementation of the AEO program in accordance with the Minister of Finance Regulation number 227/PMK.04/2014, the benefits that will be received by AEO certified economic operators can be in the form of two things, namely:

- (1) *Tangible benefits*, in the form of facilities in the import and export customs service system, including:
 - Document research and/or minimal physical examination

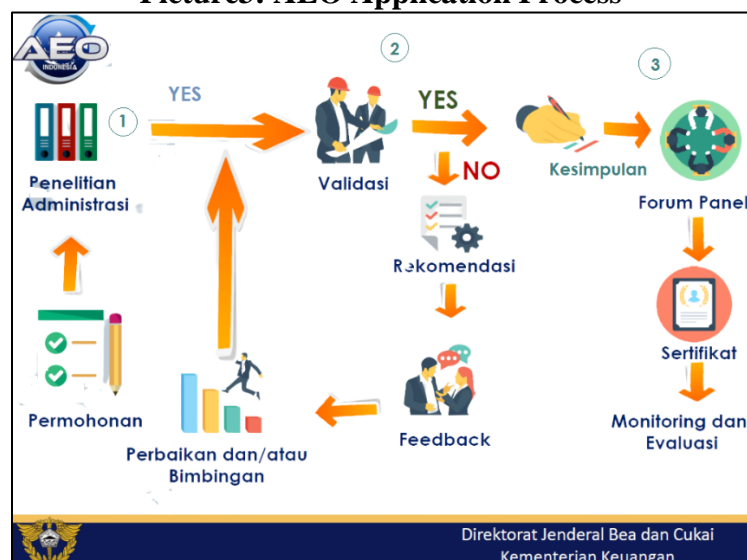
- priority to get the simplification of customs procedures;
 - Special services in the event of disruption to the movement of logistics supplies and increasing threats
 - Ease of pre-notification
 - Can use company guarantee (corporate guarantee)
 - Ease of payment in periodic form
 - Ease of unloading and/or direct loading without stockpiling
 - Priority to be included in DGCE's new programs
 - Special service by Client Manager
 - Customs clearance service outside the Customs Office
 - Priority in Settlement of Tax Refunds
 - Facilities that are mutually agreed upon with the customs administration of other countries in the Mutual Recognition Arrangement
- (2) *Intangible benefits*, namely increasing the value of the company's reputation globally. AEO certified companies will be recognized globally as safe and secure companies and recognized as compliant and obedient business partners in international trade.

Based on the description above, it can be concluded that the rationale that makes the AEO certification program very attractive to national logistics players is about the benefits that AEO companies will receive. When referring to tangible benefits, of course, the importing company will only enjoy it optimally. However, recognition as a company with safe and secure standards in accordance with global standards will be a special attraction, not only for importing companies but also for other logistics players.

b. Analysis of AEO Standard Conditions and Requirements

Before analyzing the standard conditions and requirements of the AEO, the procedure for obtaining the AEO Certificate will be discussed first. The following image presents a simple step-by-step process that an AEO Certificate applicant must go through.

Picture3: AEO Application Process



Source: Directorate of Customs Technical Directorate of DGCE

The AEO certification process generally includes 3 important stages, namely: administrative research, field validation, and SOP presentation. Administrative research stages include the following activities:

- Examination of documents submitted by Economic Operators
- Request for recommendation to the Directorate of Audit regarding audit history, number of audits and assessment of Economic Operators Internal Control System
- Request for recommendation to Customs Registration regarding registration scores and details of assessment scores for the last 2 (two) years
- Request for recommendation to the Directorate of Enforcement and Investigation regarding company profiling status, blocking status, frequency of errors, number and total value of transactions, data on criminal acts, volume of export and import activities carried out by economic operators during the last 2 (two) years
- Request for recommendation to the Directorate of Appeals and Regulations on objections and appeals data for Economic Operators for the last 2 (two) years
- Request for recommendation to the Directorate of Strategic Planning and Revenue regarding data on debt arrears in customs and/or excise for the last 2 (two) years
- Request for recommendation to the Directorate of Customs Facilities regarding company profiling and company track record if the Economic Operator has customs facilities for the last 2 (two) years
- Request for Recommendation to the Service Office related to the customs activities of Economic Operators regarding compliance data and company track record in the supervision area for the last 2 (two) years
- Preparation of Administrative Requirements Research Report (LHPPA) to ensure that Economic Operators are ready and eligible for field review
- Submission of the results of the AEO Team LHPPA to the Head of the AEO Certification Section to get a decision whether it is feasible to be followed up by conducting a field review, if it is not feasible there will be a notification to the Economic Operator stating the reason and finding a joint solution to meet all administrative requirements, but if no solution is given time to meet administrative requirements

Field validation activities are carried out if based on the results of administrative research on the AEO application file it is declared feasible to be followed up. The important points implemented in this field validation stage are as follows:

- Making a rundown on the implementation of field validation
- Prior to field validation, a briefing was held to notify the field validation schedule and provide an overview of the activities in the field validation later.
- Requests for data related to the implementation of field validation to economic operators
- Implementation of field validation by checking 13 AEO conditions and requirements
- Creation of Validation Report for 25 days
- Submission of recommendations to economic operators about what needs to be improved from the results of field validation
- If repairs have been made, the Economic Operator submits the results of these improvements and requests a follow-up to the AEO Team. The AEO Team will decide whether to re-validate the field or just make a presentation of improvements to the AEO Team

- If it is necessary to re-validate the field, the Economic Operator shall submit an application to the Technical Director of Customs.

Conclusions from the results of field validation and also suggestions for improvement can be used as material for preparing reports on the results of field observations. This report will then be followed up in the panel forum. The implementation of the panel forum is at least attended by the Technical Director of Customs or his representative, the Director of Enforcement and Investigation or his representative, the Director of Audit or his representative and the Director of Customs and Excise Information or his representative. This forum will comprehensively discuss various considerations according to the portfolio of supervision activities carried out by Customs.

Panel forums are held to agree on research results and administrative requirements, field review reports or field reviews and available data and information from internal and external DJBC parties. If the results of the panel forum are in the form of approval, a decision and certificate will be issued in the form of recognition of the Economic Operator as an AEO. However, if the results of the panel forum are in the form of suggestions for suggestions and improvements, suggestions and improvements will be submitted to the Economic Operators. In this case, the economic operator is obliged to fulfill the recommendations for suggestions and improvements to the results of the panel forum. If the suggestions and improvements have been followed up, the Economic Operator will submit a request for field validation again.

The high number of failures in meeting AEO administrative requirements based on data for 2020 and 2021 certainly has a close relationship with the standard conditions and requirements of AEO. To understand the causes of this administrative failure, the standard conditions and requirements for AEO will be described based on the Minister of Finance Regulation number 227/PMK.04/2014.

Based on the standard conditions and requirements of AEO as regulated in Article 2 of PMK 227/PMK.04/2014, to obtain recognition as AEO, economic operators must meet the following 13 conditions and requirements:

- a) demonstrate compliance with customs and/or excise regulations
- b) have a trading data management system
- c) have financial capacity;
- d) have a system of consultation, cooperation, and communication;
- e) have a system of education, training, and care;
- f) have a system of information exchange, access, and confidentiality;
- g) have a cargo security system;
- h) have a security system for the movement of goods;
- i) have a location security system;
- j) have an employee security system;
- k) have a trading partner security system;
- l) have a crisis management and incident recovery system;
- m) have a planning and implementation system for monitoring, measuring, analyzing, and improving the system as referred to in letters a to l.

Each of these standards has several criteria that become indicators of the fulfillment of these standards. The details of each standard fulfillment criteria are further regulated in the Regulation of the Director General. Customs and Excise number PER-4/BC/2015, as follows:

a) Standard criteria for compliance with customs and/or excise regulations

- Have a reputation for compliance with customs, excise, and/or tax regulations within a period of 2 (two) years;
- Do not have arrears of customs obligations that are past due;
- Have never committed a criminal offense in the field of customs, excise, and/or taxation;
- Design and implement Standard Operating Procedures (SOP) and Monitoring Evaluation (MONEV) that support the implementation of compliance with customs regulations, excise.

b) Standard criteria: trading data management system

- have and maintain a recording system that is accurate, complete and can be verified, as well as enabling Customs and Excise to carry out inspections and tracking of data on the movement of import and export cargo (traceable);
- have a recording system that provides full access to Customs and Excise to obtain the necessary (accessible) data on accounting and movement or movement of goods in Export and Import activities; and
- implement information systems and technologies that are able to prevent and detect illegal access or intervention from parties who do not have the authority (secure).

c) Standard criteria: financial ability

- has an adequate financial position to meet all financial commitments and obligations according to the character of its line of business based on financial statements audited by a public accountant, among others showing good liquidity;
- obtain an unqualified opinion or a qualified opinion based on the audit results of a public accountant on the financial statements of the last 2 (two) years.

d) Standard criteria: system of consultation, cooperation, and communication

- appoint a manager who handles AEO who is given exclusive authority over certain information access of Economic Operators;
- has a special information mechanism by Economic Operators to Customs regarding the existence of transactions
- unnatural or suspicious in the documentation of imported or exported goods, or related to abnormal requests by certain parties in a transportation; and
- conduct consultations and cooperation with Customs in internal discussions regarding customs provisions or goods security with its supplier network.

e) Standard criteria: education, training and care system

- have a training mechanism for employees related to supply chain security for the movement of goods, a mechanism for identifying potential internal threats to supply chain security for the movement of goods, a mechanism for identifying deviations from a policy, and handling actions that must be taken for such incidents; and
- organize education and training that can foster employee awareness of the safety of goods, the ability to identify irregularities or the emergence of a threat, and analysis of actions that must be taken by Economic Operators.

f) Standard criteria: information exchange system, access and confidentiality

- have a technology and information system as a mechanism for exchanging data and information, so that confidential information can be protected from misuse and unauthorized use;
- have procedures that ensure the accuracy, protection and validation of all data and information regarding the release or receipt of goods as well as an adequate back-up system to protect and prevent the loss of information related to the supply chain of goods movement;
- has a policy to document all information and security procedures and/or controls related to security, such as firewalls, passwords, and others; and
- have procedures to ensure that information on goods transported in cargo accurately reflects the information provided to business actors by shippers or their agents, and submitted to DGCE in a timely manner.

g) Standard criteria: cargo safety

- Have and develop security procedures or other guidelines to ensure the correctness of cargo while it is under control;
- Ensuring the integrity of cargo as a top priority that must be maintained and controlled, as well as establishing routine procedures;
- Have and develop a sealing mechanism and system in accordance with the specified criteria;
- Have and develop checking procedures and routine checks on the safety of building structures for cargo handling; and
- Have and develop routine checking and inspection procedures for the safety of transportation means.

h) Standard criteria: safe movement of goods

- Have procedures to ensure that all conveyances used to transport cargo in the supply chain have complied with security elements;
- Have procedures to ensure that the carrier used for cargo transportation has been given training to maintain the safety and integrity of the transportation means;
- The carrier appointed by the economic operator must have and develop a reporting and recording system for any occurrence that is considered suspicious to be submitted to the security officers;
- Have procedures for inspection of potential rooms/places to hide goods in transportation means and record these activities.

i) Standard criteria: site safety

- Have a building construction, which is able to prevent the possibility of easy entry of people;
- Have procedures to carry out routine inspections and repairs of buildings carried out by security officers;
- Have procedures for locking or with the application of electronic lock equipment, and implementing SOPs for key storage;
- Adequate lighting must be available outside and inside the location, especially in the loading area, cargo handling, stockpiling areas, fences and parking areas;
- Have procedures to maintain, monitor and control as well as limit access in/out of people or goods at the gate;

- Have a car park in a designated and supervised place, and the vehicle number is recorded;
- Installation of alarm systems, CCTV, and clearly defined restricted and prohibited areas (zoning);
- Designing access to goods and documents through identification and authorization systems and procedures;
- Economic operators can provide access to DGCE to monitor certain areas or internal security information.

j) Standard criteria: employee safety

- Have procedures to take preventive measures during the selection of new staff with verification, whether they have previously been convicted of a security case, customs violation or other criminal offence;
- Have procedures to periodically check the background and behavior of employees, especially for employees who are placed in vulnerable positions such as document processing, receiving, processing and storing cargo;
- Have a staffing policy in the company relating to security and safety requirements, including the person responsible for this;
- Have procedures for deleting all data and information and deleting authorization for access in the company for employees who have been dismissed from the company;
- Have identification and recording procedures on each guest or visitor at each entrance.

k) Standard criteria: security of trading partners

- Review relevant trade information related to trading partners before the economic operator starts a cooperative relationship with the trading partner;
- Encouraging trading partners to assess and improve the trade supply chain that has been implemented by trading partners in accordance with business practices carried out when starting to negotiate cooperation contracts with trading partners; and
- The trading partner appointed by the economic operator is willing to make efforts to improve security measures in accordance with the commitments contained in the work contract between the trading partner and the economic operator.

l) Standard criteria: crisis management and incident recovery

- Have and develop crisis management contingency plans and recovery procedures for security emergencies or if a risk occurs so as to minimize the impact of the risk
- Provide training on the contingency plan to employees and it should be tested that the contingency plan can be implemented; and
- Have procedures for reporting, investigating and analyzing attempted security breaches

m) Standard criteria: compliance system planning and implementation of monitoring, measurement, analysis and system improvement

- Have procedures to conduct independent evaluation of the existing security management system and provide recommendations for periodic improvement of the security management system;
- Examine the consistency of implementation of the directives and instructions that have been given, ensure compliance and appropriateness of the security management system, and identify potential areas for improvement to achieve supply chain security;
- Have procedures to make improvements and enhancements to security risks.

Based on the description of the standard conditions and requirements that must be met by AEO companies, there are 13 standards with the criteria for meeting the requirements as many as 51, of course it can be understood that it is not an easy thing to achieve global standards. The information that the author obtained from the administrative staff of the AEO Certification Section stated that the forms of administrative failure in fulfilling the AEO requirements were very diverse. This means that each AEO certificate applicant has different problems in terms of meeting the criteria for AEO standard requirements.

c. Analysis of Efforts Made by Customs in Increasing the Number of AEO Companies

The fact that the AEO Certification program is important to develop can be seen in the benchmarking data for the implementation of the AEO program in various countries. When comparing the development of AEO programs from other countries, especially in ASEAN and also several developed countries in Asia, Indonesia is not far behind what has been done from other countries. However, the increasingly global trend of AEO development should remain a reference in implementing the AEO certification program in the future. The following are benchmarks for implementing AEO programs from various countries as compiled in the 2020 AEO Compendium release version.

Table2: 2020 AEO Number Development Benchmark

NO	NEGARA	JUMLAH AEO	MULAI PROGRAM
1.	Korsel	840	15 April 2009
2.	Australia	735	1 Juli 2016
3.	Japan	706	2006
4.	Thailand	384	Februari 2011
5.	Malaysia	145	1 Januari 2010
6.	Indonesia	110	17 Maret 2015
7.	Singapore	91	25 Mei 2007
8.	Vietnam	70	27 Juni 2013
9.	Philipine	0	2 Desember 2019

Source: AEO Compendium Program, WCO, 2020 edition

The results of a study conducted by Laszuk & Ryciuk (2016) also concluded the same thing that the AEO program has grown steadily since its inception and now there are more than 50 countries running AEO programs with more than 30,000 certified companies. In addition, there are 11 other country AEO programs under development. However, it should be clearly emphasized that the institutional expansion of AEO is very much needed. AEO certificates enable organizations to become trusted members of international supply chains and to meet high security standards. The certificate demonstrates the company's reliability and commitment to enforce security procedures. It is also a testament to the solvency of the company.

Another study, conducted by Nurviana & Nurhidayati (2020) using the partial lest square (PLS) analysis method, shows that security certification is proven to have a positive effect on supply chain efficiency. So that the government, especially DJBC as the incharge unit in the

development of the AEO program, should continue to disseminate information both to companies as targets for implementing the AEO program as well as to internal government circles, as trade support agencies, to be more aware of the influence of AEO on the supply chain and its development so that it can support effectiveness of AEO program implementation.

According to Sujendro, the efforts that have been made by Customs in increasing the interest of service users in utilizing the AEO program are carried out with activities, including:

- a) Socialization activities are carried out by cooperating with related trade associations, Service Offices, Regional Offices to provide enlightenment about the AEO program. The support of DGCE vertical agencies in the regions is very important considering that they know more about the characteristics of companies in their respective regions.
- b) *Focus Group Discussion* with stakeholders, especially to manufacturing-based companies.
- c) *Coaching Clinic* (Mentoring Program) to companies that are interested in joining the AEO certification program. This mentoring activity is intended so that they first understand the concept of the AEO program, the certification process that must be carried out and most importantly, help these companies to be able to meet the global requirements of AEO companies.

4. Conclusion

In principle, the more companies that are able to have AEO certificates, the duties of Customs will also be lighter. Compliance with security and safety standards in accordance with global standards will improve the company's reputation and reduce the level of risk for AEO companies. This will encourage the improvement of Indonesia as a trust worthy country.

Based on the analysis of the discussion above, it can be concluded that there are three main things that become solutions to the problems that have been stated previously. First, that the phenomenon of the high interest of business actors to take part in the AEO certification program is caused by the potential benefits that AEO companies will receive. These benefits can be in the form of tangible benefits, in the form of ease of service in the import and export procedures of goods. Apart from that, it also takes the form of intangible benefits, in the form of increasing the company's reputation because it has met global standards related to safety and security.

The second conclusion relates to the high level of administrative failure in the AEO certification process, especially based on the recapitulation data for 2020 and 2021. This is understandable considering that in order to obtain an AEO certificate, the applicant must meet all global AEO company standards. There are 13 standard conditions and requirements that must be met with a total of 51 criteria for meeting this standard. Therefore, pre-certification education is needed that must be carried out by Customs for companies interested in this AEO certificate.

The final conclusion, regarding the efforts that have been made by Customs in increasing the number of AEO certificate holders, has been carried out with several approaches. That is through comprehensive socialization efforts both to logistics business actors by cooperating with several related associations. Also by conducting socialization to Customs vertical agencies in the regions, namely regional offices and service offices. It is hoped that the

Customs vertical agency in the regions can assist the task of the Central AEO Certification unit. Another effort that has been made is by holding focus group discussions with relevant stakeholders, especially companies based on the manufacturing industry. Another very strategic effort is to develop a coaching clinic for the AEO certification program.

Suggestions and Recommendations

Based on the results of the analysis and study conclusions, the authors provide suggestions and recommendations as alternative solutions to problems related to efforts to increase AEO certification. The suggestions and recommendations given refer to the three main problems as the analysis of the discussion that has been carried out.

First, related to the phenomenon of the high interest of business actors to take part in the AEO certification program, this should be actively addressed by the operational unit that handles the certification program. Customs anticipation efforts in the form of a coaching clinic program for AEO certification enthusiasts must be increased and expanded to the operational level of the Service Office. This can imitate the export clinic program which has helped many exporters.

Second, related to the relatively high level of administrative failure in the certification process, it should be anticipated by providing pre-certification education. Providing an understanding of global requirements regarding security and safety standards according to AEO requirements to prospective applicants can be done by utilizing socialization and mentoring programs.

Finally, regarding efforts to increase the number of companies receiving AEO certificates, as has been done, the intensity can be increased periodically and expand the coverage of the media used. For example, intensive socialization by utilizing social media is something that can be done. Cooperation with the Customs and Excise Education and Training Center as a supporting unit, to organize seminars, workshops and other educational activities that involve more massive stakeholders.

References

Scientific work :

- Compendium of Authorized Economic Operators Program*, World Customs Organization, 2020 edition.
- Laszuk, Mirosława dan Ryciuk, Urszula. 2016. The Importance of Authorized Economic Operator Institution for the Security of Supply Chain in the International Goods Turnover of Polish Enterprises. *Eurasian Journal of Business and Management*, January 2016.
- Nurviana, Ima dan Nurhidayati, 2020. Apakah sertifikasi Standar Keamanan Penting? Persepsi Perusahaan Authorized Economic Operator. *Jurnal Perspektif Bea dan Cukai* Vol. 4, No. 1, 2020.
- Pengantar Authorized Economic Operator*, Bahan Tayang Diklat Validasi AEO, Direktorat Teknis DJBC, 2021.
- Sertifikasi Authorized Economic Operator*, Bahan Tayang Diklat Validasi AEO, Direktorat Teknis DJBC, 2021.
- The Authorized Economic Operators and The Small and Medium Enterprise*, World Customs Organization, 2010.

WCO SAFE Framework of Standards Authorized Economic Operator Guidelines, World Customs Organization, 2006.

Wawancara dengan Agus Sujendro, Kepala Seksi Sertifikasi AEO DJBC, Rabu 24 November 2021.

Regulations and Laws:

Law of the Republic of Indonesia Number 17 of 2006 concerning Amendments to Law Number 10 of 1995 concerning Customs.

Regulation of the Minister of Finance of the Republic of Indonesia Number 219/PMK.04/2010 concerning Customs Treatment of Authorized Economic Operators.

Regulation of the Minister of Finance of the Republic of Indonesia Number 227/PMK.04/2014 concerning Authorized Economic Operators.

Regulation of the Director General of Customs and Excise Number PER-4/BC/2015 concerning Procedures for Granting Customs Recognition as an Authorized Economic Operator.

Websites:

<https://ekonomi.bisnis.com/read/20131217/12/192961/apjp-pengusaha-akan-tertarik-ikuti-cepat-aeo> (accessed November 24, 2021)