

EXECUTIVE SUMMARY

As a boarder protection agency, Sri Lanka Customs (SLC) plays a vital role with related to clearance of goods crossing the national boundary. Sri Lanka is bound to obey and implement international obligations forced by international organizations and trading community. SAFE Framework introduced to facilitate international trade with a minimum intervention of Customs control and to secure international trade supply chain. Authorised Economics Operator (AEO) programme introduced by the SAFE Framework is a significant concept discussed in supply chain security.

This project is aimed at implementing AEO programme in SLC within one year. Members are encouraged to develop authorized operator schemes on the basis of international standards by TFA. As a ratified member of the TFA, SLC had failed to take necessary steps to implement the AEO programme yet. SLC executed Compliant Trader Facilitation Programme as an initiative to implement the AEO programme and now the time has come to complete it.

Theoretical background to the problem is discussed deeply in the literature review. Global scenario and historical development of AEO concept are explained. Further, the literature review explained components identified through this project to implement the AEO programme in SLC. Developing a Stakeholders' pool, technological advancements and capacity building were the key components identified. Theoretical background for each component was explained for clear understanding. A study framework was developed for the implementation of AEO programme in SLC which helped finding solutions and to give recommendations.

Current situation analysis helped identifying key issues to implement the AEO programme in SLC, which are non-availability of suitable traders/operators' pool, insufficient technological improvements and lack of knowledge of the Customs staff and lack of awareness of the traders and stakeholders regarding the AEO concept and its requirements, benefits, etc. Those gaps could be removed by developing a stakeholders' pool, improving and establishing required technological advancements and capacity building programmes. Resources allocation, benefit-cost and projected outputs and outcomes were discussed as well.

By implementing the AEO programme, it is expected to increase compliance and revenue collection. Further it is expected to reduce frauds, revenue leakages, physical examinations, clearance time, and cost. However, the most significant benefit of this project goes beyond the fiscal measures. The AEO programme facilitates legitimate traders in several means. It is a pre-qualification for simplified procedures practices by Customs administrations which will improve the image of Customs as well as the country. This will gain a better ranking in ease of doing business index and other international rankings which brings more FDIs to the country due to the international recognition. Finally, the growth of the economy increases gradually, benefits the people by improving the standard of living.