



EXPANDING THE AEO PROGRAMME TO FREE ZONES: OPPORTUNITIES AND CHALLENGES FOR CUSTOMS AND BUSINESSES

6th
WCO Global
AEO Conference:
Harnessing the
Power of AEO
Programmes for
Inclusive and
Sustainable
Global Trade
8th - 10th MAY 2024,
Shenzhen, China



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CONTENT



-  INITIATIVE TO EXTEND THE AEO PROGRAMMES TO TENANT COMPANIES IN FREE ZONES
-  CHALLENGES IN CONDUCTING AEO VALIDATION
-  CHALLENGES IN SECURING CUSTOMS PROCEDURES AND CONTROLS IN FREE ZONES
-  REGIONAL/INTERNATIONAL COOPERATION WITH OTHER CUSTOMS ADMINISTRATIONS

Malaysia's Free Zone Legal Framework



Malaysian Government has enacted the Free Zones Act 1990

The activities in free zones are governed by the Free Zones Regulations 1991

**Section 3(1) Free Zones Act 1990
Declaration of free zones and appointment of Authority (Ministry of Finance)**

**Section 17A Free Zones Act 1990 -
Powers of enforcement, investigation and inspection**

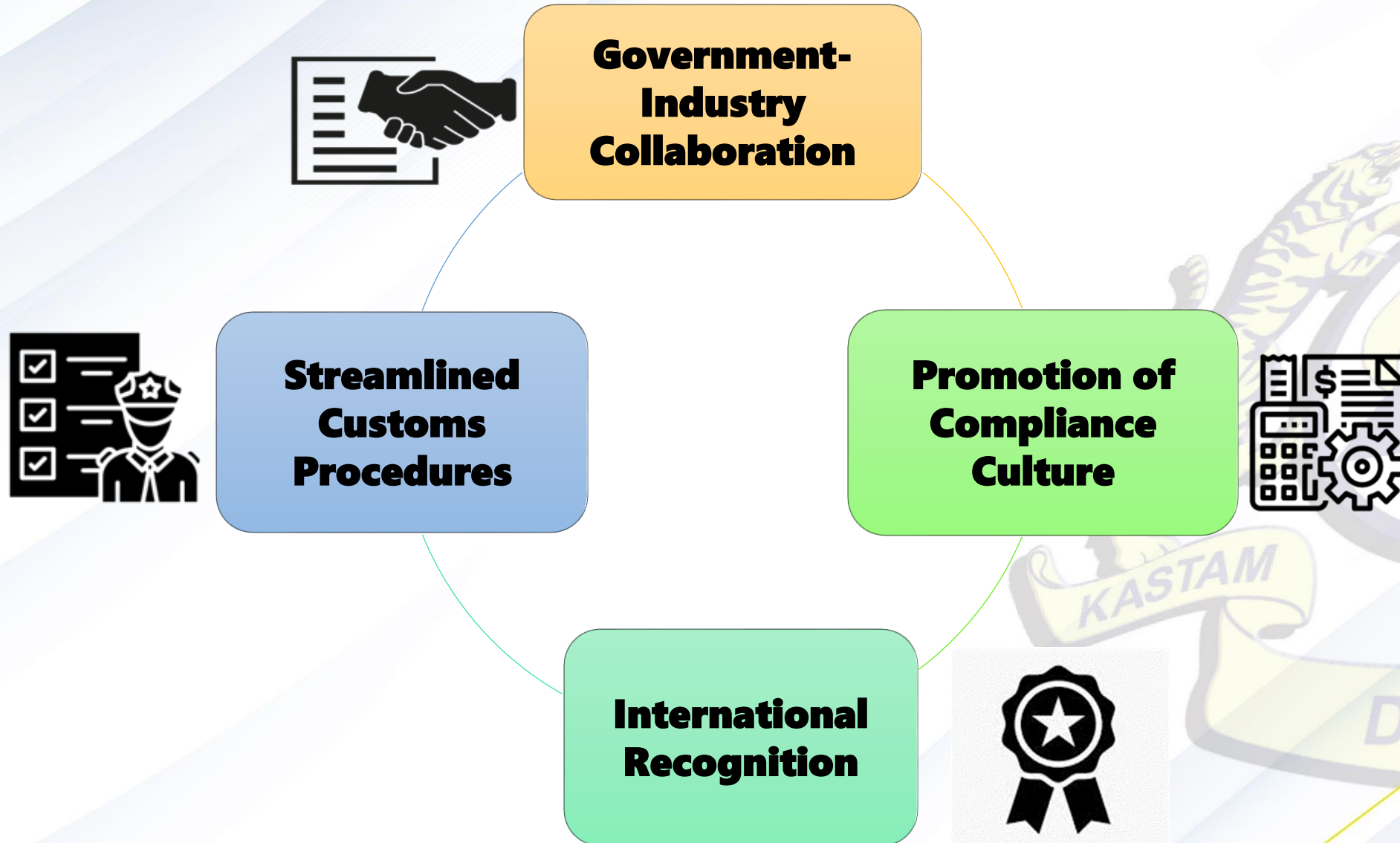
**Free
Commercial
Zone**

- **24 Zones**
- **1 AEO Accredited entity**
- **Trading, Breaking Bulk, Grading, Repacking and Relabelling**

**Free
Industrial
Zone**

- **21 Zones**
- **9 AEO Accredited entities**
- **Manufacturing**

Malaysia's initiative to extend the AEO programmes to tenant companies in Free Zones, including case study and pilot project



CASE STUDY – KEYSIGHT TECHNOLOGIES (M) SDN BHD



Company Background

- Began operations in the year 1972
- AEO accreditation in the year 2012
- Manufacture E&E Component- Signal analyser, test and measurement
- US based company

Advantage of AEO Programme

- Protection of revenue & less hassle
- Improve speed and efficiency
- Increase security of supply chain
- Cost effective: reduce of handling cost & physical cargo checking cost

Challenges in conducting AEO validation of tenant companies operating in Free Zones and working with other government agencies including Free Zones authority



Legal responsibilities and jurisdictional boundaries



Differences in priorities, mandates, and operating procedures



Require additional resources and expertise

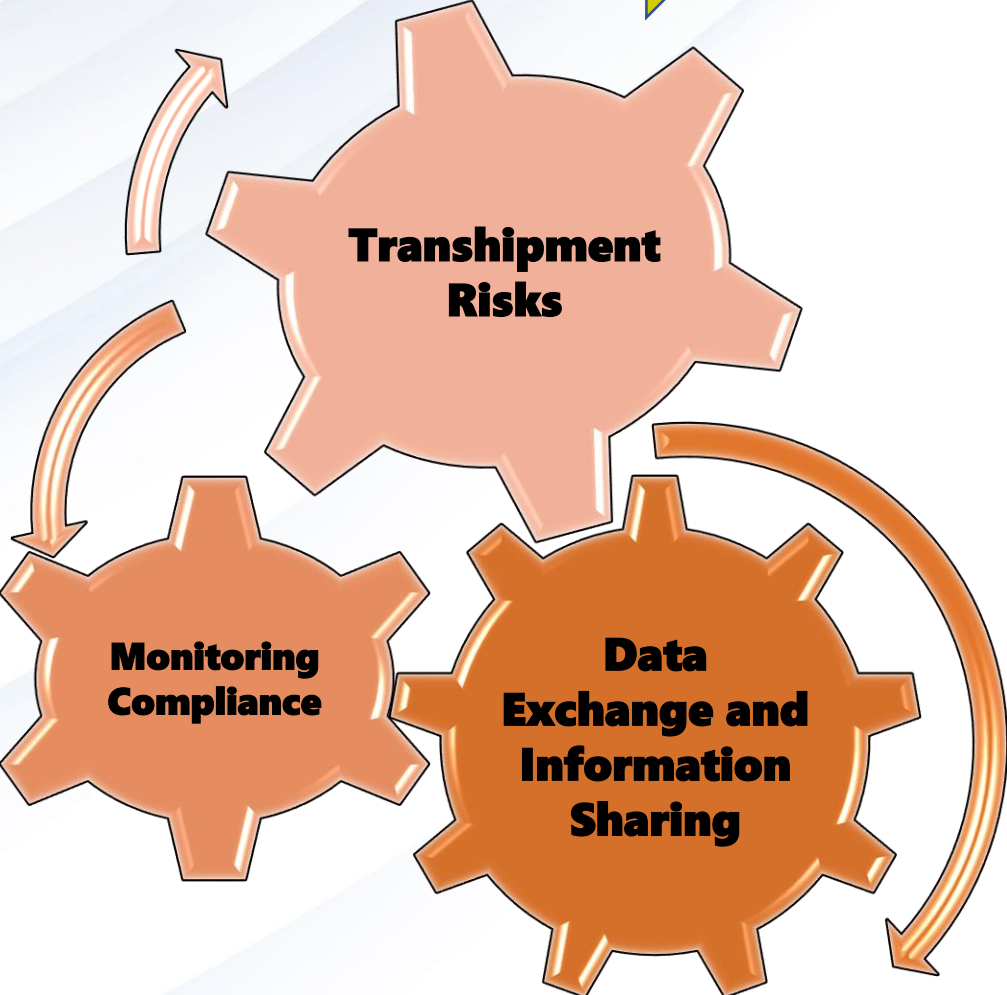


Educating and raising awareness

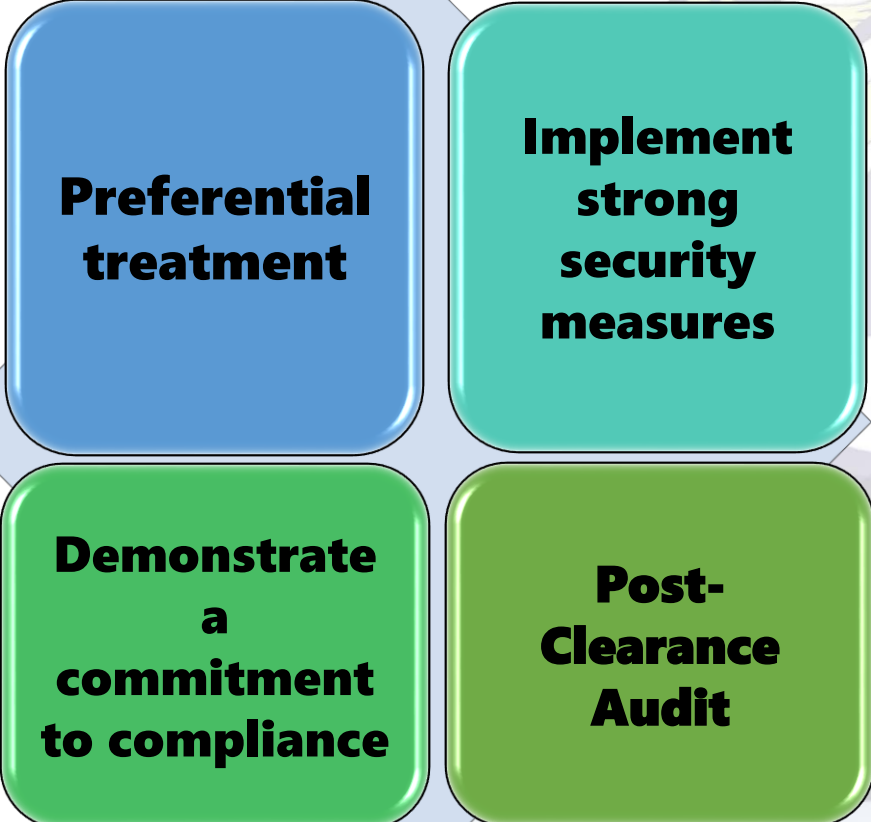
Challenges in securing Customs procedures and controls in Free Zones and how the AEO programme assists Customs in conducting examinations, inspections, risk assessment and audit



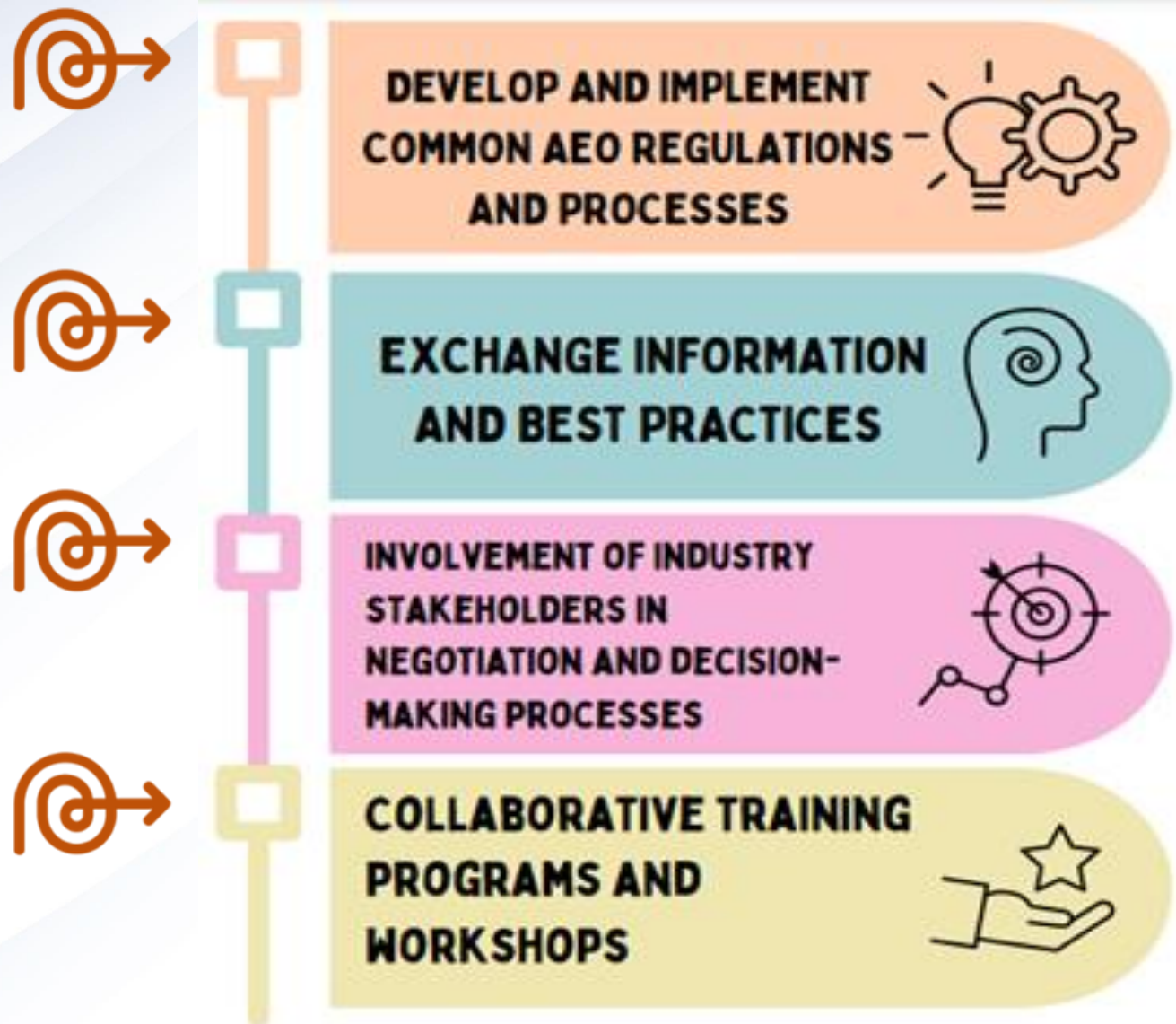
Challenges



AEO Programme




Regional/international cooperation with other Customs administrations in strengthening Customs control in Free Zones through the AEO programme






THANK YOU



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