Raising Awareness of AEO Program

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I HEREBY CERTIFY THAT

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June 2013

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Secretary General

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III Experience (Korea)
   • Made promotion materials
   • Training
   • Suggestions
   • Others

IV  Q & A
1. Trend of AEO Program

- Paradigm Shift
- AEO Programs in the world
- AEO Program in Korea
1. Before 2001

- Logistics Cost; Over 10% of Trade volume
- WCO Kyoto Convention('73)
  - Customs Procedures; Simplification & Standardization
  - Electronic Declaration based on EDI
In the wake of 9.11, the security issues were highlighted in international trade community.
3. 9.11 to June, 2005

- Container Security Initiatives (CSI)
- 24 Hour Rule
- Customs–Trade Partnership Against Terrorism (C–TPAT)
4. Since July, 2005

WCO SAFE Framework

- Securing the international trade supply chain, and
- Facilitating the movement of global trade
I. Trend of AEO Program (Paradigm Shift)

1999/2006
Revised Kyoto Convention
- Authorized Persons
- General Annex Chapter 3 & 6

2002
ISCM Guideline
- Secure Economic Operator, Authorized Trader, Authorized Supply Chain

2005
SAFE Framework
- AEO
- LOI by 168 (March, 2015)

2009
21C Customs
- BB1, BB4

SAFE Framework
Pillar 1
Customs-to-Customs
11 Standards
S1 (Integrated Supply Chain Management)
S2 (Cargo Inspection Authority)
...
S11 (Outbound Security Inspection)

Pillar 2
Customs-to-Business
6 Standards
S1 Partnership
S2 Security
S3 Authorization
S4 Technology
S5 Communication
S6 (Facilitation)

In detail; Technical Specification to Pillar 1
In detail; Technical Specification to Pillar 2
In detail; Seal Integrity Programme for Secure Container Shipments

Four core elements of the SAFE Framework
- Harmonize the advance electronic cargo information requirements
- Employ a consistent risk management approach to address security threats
- Use non-intrusive detection equipment (X-ray, radiation) based on risk targeting methodology
- Provide to business that meet minimal supply chain security standards with benefits

Added in 2015 Pillar 3 (Customs-to OGA) 11 Standards
21st Century Customs Building Blocks

1. Globally Networked Customs
2. Coordinated Border Management
3. Intelligence Driven Risk Management
4. Customs-Trade Partnership
5. Modern Working Methods
6. Enabling Technology
7. Enabling Legal Powers
8. Professional Knowledge-Based Service Culture
9. Capacity Building
10. Integrity
I. Trend of AEO Program (Paradigm Shift)

**Pillar 1; Customs-to-Customs**
- Standard 1 (Integrated Supply Chain Management)
- Standard 2 (Cargo Inspection Authority)
- Standard 3 (Modern Technology in Inspection Equipment)
- Standard 4 (Risk-Management Systems)
- Standard 5 (Selectivity, profiling and targeting)
- Standard 6 (Advance Electronic Information)
- Standard 7 (Targeting and Communication)
- Standard 8 (Performance Measures)
- Standard 9 (Security Assessments)
- Standard 10 (Employee Integrity)
- Standard 11 (Outbound Security Inspection)

**Pillar 2; Customs-to-Business**
- Standard 1 (Partnership)
- Standard 2 (Security)
- Standard 3 (Authorization)
- Standard 4 (Technology)
- Standard 5 (Communication)
- Standard 6 (Facilitation)

**Pillar 3; Customs-to-OGA** (added in 2015)
- 11 Standards

In detail; Technical Specification to Pillar 1

In detail; Technical Specification to Pillar 2

In detail; Seal Integrity Programme for Secure Container Shipments
We reaffirm the importance for our economies to implement initiatives, such as communications mechanisms and other approaches to trade recovery, to build trusted relationships and to recognize one another’s Authorized Economic Operator (AEO) programs in alignment with the World Customs Organization (WCO) SAFE Framework of Standards.
WTO Agreement on Trade Facilitation

WTO members reached consensus on the Trade Facilitation Agreement (TFA) at the Bali Ministerial Conference in December 2013.

Members reached an agreement on the Protocol text which was adopted on 27 November 2014. The agreement does not fix a deadline date for acceptance of the Protocol.

The TFA will enter into force once two-thirds of the WTO membership has formally accepted the Agreement. As of 29 September 2015, 19 members have accepted the agreement: Hong Kong China, Singapore, the United States, Mauritius, Malaysia, Japan, Australia, Botswana, Trinidad and Tobago, the Republic of Korea, Nicaragua, Niger, Belize, Switzerland, Chinese Taipei, China, Liechtenstein, Lao PDR and New Zealand.
I. Trend of AEO Program (Paradigm Shift)

Trade Facilitation Agreement

Section I:
- 12 articles of technical measures

Section II:
- Special and Differential Treatment (SDT) Provisions for developing countries

Section III:
- Institutional Arrangements and Final Provisions

WT/L/940
TF Measures

**Transparency and Appeals**
- Publication/internet publication
- Enquiry Point for trade information
- Opportunity to comment
- Consultations
- Advance rulings
- Right of appeal

**Import/Export/Transit Fees & Formalities**
- Disciplines on fees
- Pre-arrival processing
- Risk management
- Post clearance audit
- Publish average release times
- Authorized operators
- Border agency cooperation
- Review formalities and documents
- Single window
- Eliminate use of PSI for tariff classification and customs valuation.
- Separate release from clearance
- Customs cooperation

**Transit**
- Restrictions on fees and charges
- Use of guarantee
I. Trend of AEO Program (Paradigm Shift)

At the border

Issues

✓ Inefficient border-crossing procedures

TFA Solutions

- Pre-arrival processing
- Risk management
- Post Clearance Audit
- Separation of release from final determination
- Authorized operators
- Electronic Processing
  - Single window
  - Electronic payment
- Border agency cooperation
- Customs-to-Customs Information
Trade volume of AEO Countries in 2012

World Export Volume

- AEO: 70%
- Etc.: 30%

AEO Programs

- Operation: 37 Programs in 64 Countries
- Scheduled: 16 Programs in 16 Countries
- Compliance: 23 Programs in 23 Countries


Source: WCO, “AEO Compendium” 2015 edition
**1. Trend of AEO Program (AEO Programs in the world)**

### AEO MRA

**Concluded:** 38 MRAs

<table>
<thead>
<tr>
<th>Country</th>
<th>KR</th>
<th>USA</th>
<th>JP</th>
<th>SG</th>
<th>EU</th>
<th>HK</th>
<th>CN</th>
<th>CA</th>
<th>NZ</th>
<th>TW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No.</strong></td>
<td>12</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yr</th>
<th>MRA</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘07</td>
<td>US↔NZ</td>
<td>1</td>
</tr>
<tr>
<td>‘08</td>
<td>US↔CA/OJ, JP↔NZ</td>
<td>3</td>
</tr>
<tr>
<td>‘09</td>
<td>US↔JP, EU↔NO/CH</td>
<td>3</td>
</tr>
<tr>
<td>‘12</td>
<td>US↔EU/TW, CN↔SG</td>
<td>3</td>
</tr>
<tr>
<td>‘13</td>
<td>KR↔CN, HK↔CN/IN, TW↔SG/IL</td>
<td>5</td>
</tr>
<tr>
<td>‘15</td>
<td>KR↔IL/DO/IN, HK↔TH</td>
<td>4</td>
</tr>
</tbody>
</table>
Signed

- Dominican Republic (15.4)
- India (15.10)
- U.S (10.6)
- Canada (10.6)
- Israel (15.3)
- Turkey (14.6)
- Mexico (14.3)
- Hong Kong (14.2)
- China (13.6)
- Singapore (10.6)
- Japan (11.5)
- New Zealand (11.6)

Processing

- Thailand, Vietnam, Malaysia, Taiwan, Peru
# I. Trend of AEO Program (AEO Program in Korea)

<table>
<thead>
<tr>
<th>Entities (9)</th>
<th>Exporter, Importer, Customs Broker, Freight Forwarder, Transporter (Bonded transporter), Sea Carrier, Air Carrier, Ground Handler, Warehouse Operator (Bonded area operator including port terminal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit method</td>
<td>Documentary Audit (within 60 days) + On-site validation (within 60 days)</td>
</tr>
</tbody>
</table>
| Type and Grade of Authorization | - Basic Requirements: Financial soundness + Meeting security requirements + 80 points or more for internal control system  
- A Level: 80 points or more for law compliance  
- AA Level: 90 points or more for law compliance  
- AAA Level: AEOs in Class AA meeting 95 points or more for law compliance + Best practices |
| Post management | - Annual internal assessment report (once a year) |
| Account Manager (AM) | - Counseling from Customs official designated to each AEO for improving law compliance & AEO standards |
| Comprehensive Audit | - Subject: companies authorized as AEO  
- Period: From 1 year after authorization to no later than 6 months before expiration  
- Contents: authorization criteria (ex/importer: 8 additional criteria including customs value, tariff classification, etc)  
- Method: on-site audit in principle  
- Use: basis for grade adjustment, cancellation, renewal of authorization |
|----------------------|---------------------------------------------------------------|
| Validity period      | - 3 years from issuing date  
< Renewal of AEO grade after completing the comprehensive audit >  
- A & AA Level: 4 years after renewal date  
- AAA Level: 5 years after renewal date |
| Stop & suspension of benefits | - Stop: partial or entire stop with the scope of 6 months  
* For minor offence, no report of change, no submission of annual evaluation  
- Suspension: after suspension, cancellation procedure will follow.  
* Major offence, failure to meet criteria, non-implementation of correction order |
| AEO Company’s managers | - Should designate an Internal AEO director and export/import managers  
- Should do internal assessment, staff training, information exchange, etc  
- Should take training course from Customs authorities  
  · Prior to application: Director 4 hrs, managers 16 hrs  
  · Annually after authorization: Director 4 hrs, managers 8 hrs |
# Phased expansion of organization

<table>
<thead>
<tr>
<th>Phase</th>
<th>Period</th>
<th>Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>~ Aug., 2008</td>
<td>Program managers (2 Personnel)</td>
</tr>
</tbody>
</table>
| Pilot Project  | Sep., 2008 ~ Mar., 2009 | 2 TF Teams (8 Personnel)  
- Program managers (2)  
- AEO auditors (6) |
| Implementation | April, 2009 ~ Aug., 2009 | 17 dedicated personnel  
- AEO Center (Headquarter; 8 Program managers)  
- AEO Validation Team (Headquarter; 9 AEO auditors) |
| Expansion      | Sep., 2009 ~    | 34 dedicated personnel  
- AEO Center (Headquarter; 8 Program managers)  
- AEO Validation Team (Headquarter; 26 AEO auditors)  
22 support personnel  
- AEO audit & Comprehensive audit |
As of Oct.15, 2015
(Since April, 2009)

<table>
<thead>
<tr>
<th>Entities</th>
<th>Application (Under validation)</th>
<th>Number of AEOs</th>
<th>AEOs</th>
<th>Number of SME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exporter</td>
<td>30</td>
<td>211</td>
<td>AAA: 13, AA: 31</td>
<td>105</td>
</tr>
<tr>
<td>Importer</td>
<td>10</td>
<td>138</td>
<td>AAA: 13, AA: 32</td>
<td>25</td>
</tr>
<tr>
<td>Customs broker</td>
<td>7</td>
<td>102</td>
<td>AA: 10</td>
<td>101</td>
</tr>
<tr>
<td>Freight forwarders</td>
<td>12</td>
<td>187</td>
<td>AA: 2</td>
<td>167</td>
</tr>
<tr>
<td>Bonded Warehouse operator</td>
<td>3</td>
<td>44</td>
<td>AA: 5</td>
<td>22</td>
</tr>
<tr>
<td>Bonded transporter</td>
<td>-</td>
<td>29</td>
<td>AA: 1</td>
<td>21</td>
</tr>
<tr>
<td>Sea carrier</td>
<td>1</td>
<td>9</td>
<td>AA: 2</td>
<td>1</td>
</tr>
<tr>
<td>Airlines</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ground handler</td>
<td>0</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>728</strong></td>
<td><strong>AAA: 26, AA: 83</strong></td>
<td><strong>422</strong></td>
</tr>
</tbody>
</table>

- Note: Applicant is allowed to apply for business area each and KCS give respective accreditations for each business area to the same company. If they apply for ‘exporter & importer’ at the same time, they get two accreditations. If they apply for exporter only, they get one accreditation.
1. Trend of AEO Program (AEO Program in Korea)

**Authorization Criteria**

**Law Compliance**
- 1.1 Disqualification such as Offence on Acts and Customs adm.-related compliance

**Internal Control System**
- 1. Objective and Operation Policy of AEO
- 2. Documentation on procedures, Accuracy of information, and Interactions of information.
- 3. Mgt of risk factors and internal control and Integrity & anti-corruption program
- 4. Traceable accounting, IT, and goods movement management systems and Safekeeping of Data & Documentation

**Financial Solvency**
- 1. Volume of Business
- 2. Financial soundness

**Security MGT**
- 1. Business Partner management
- 2. Conveyance & Container Security
- 3. Physical access controls
- 4. Personnel security
- 5. Procedural security
- 6. Facility/equipment mgt
- 7. IT security
- 8. Training & awareness

※ Adopting US C-TPAT mandatory criteria in Security Management for MRA
AEO Criteria *(Section 1, 2, 3)*; 20 Criteria
Customs Compliance (Compliance Record + Internal Control)

- **Section 1**
  Law Compliance Records
  (5 criteria)

- **Section 2**
  Internal Control System
  (12 criteria)

- **Section 3**
  Financial Solvency
  (2 Chapters, 3 criteria)
AEO Criteria (Section 4); 60 criteria
Security and Safety Requirement

Chapter 1
Business Partner
(9 criteria)

Chapter 2
Conveyance
(Container, ULD, Trailer)
Security
(11 criteria)

Chapter 3
Physical Access Controls
(9 criteria)

Chapter 4
Personnel Security
(4 criteria)

Chapter 5
Procedural Security
(9 criteria)

Chapter 6
Facility & Device Security
(12 criteria)

Chapter 7
Information & Technology Security
(2 criteria)

Chapter 8
Security Training
(4 criteria)
AEO Criteria (Section 1, 2, 3)
– Customs Compliance

- Evaluate the past compliance level considering historical compliance record
- Evaluate the future compliance level considering established internal control system
- Enhance the company’s compliance level
AEO Criteria (Section 4)
–Security and Safety Requirement

• Evaluate the safety and security level considering cargo handling, transporting, and storage

• Evaluate the safety and security level considering physical access to facilities and conveyance

• Ensure the cargo integrity in trade supply chain
AEO Authorization Criteria – WTO TFA  
(article 7: Release and Clearance of goods  
7. Trade Facilitation Measures for Authorized Operators)

7.2 The specified criteria to qualify as an authorized operator shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member's laws, regulations or procedures.

(a) Such criteria, which shall be published, may include:
   (i) an appropriate record of compliance with customs and other related laws and regulations;
   (ii) a system of managing records to allow for necessary internal controls;
   (iii) financial solvency, including, where appropriate, provision of a sufficient security or guarantee; and
   (iv) supply chain security.

(b) Such criteria shall not:
   (i) be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between operators where the same conditions prevail; and
   (ii) to the extent possible, restrict the participation of small and medium-sized enterprises.
II. Awareness of AEO Program

- What to do & to whom
- How to
II. Awareness of AEO Program

What to do?

To whom?

How to?
What to do?

Promote Benefits
(meaningful, measurable, reportable, tangible, demonstrable, and transparent)

Make Voluntary Program
Benefits - Government

- Secure and facilitate global trade
- Contribute to economic growth and development

1. Improve revenue collection
2. Invite Foreign Direct Investment
3. Co-operate with other government agencies
4. Ensure co-ordinated border management
Benefits - Customs

1. Exchange information timely and accurately
2. Allocate efficiently Customs resources
3. Eliminate duplication and multiple reporting requirements
4. Undertake Customs reform and modernization
Benefits – Customs (Risk Management)

- **AEO** 
  - Trust, But Verify 
  - Benefits
  - Indirect Customs Control

- **Non-AEO** 
  - No trust, So Check 
  - No Benefit 
  - Direct Customs Control
Benefits - Business

1. Save time
2. Save costs
3. Reduce multiple and complex reporting requirements
4. Improve security systems, practices, and internal control
5. Increase business opportunity (enhance reputation leads to get more business contracts)

Secure international supply chain and facilitate global trade

Faster processing of trade goods
Comparative Advantage (SMEs)

**Less burdensome** to meet some security measures, even though the proportionate cost impact of security investments on SMEs is greater than on larger companies.

- (e.g1) Personnel screening
- (e.g2) Cargo integrity
- (e.g3) Employee ID system
Benefits – Study 1
(sourced by the Stanford University Study)

Supply chain security investments may not only be offset, but actually be outweighed by benefits

- Improved product safety (38% reduction in theft, loss, pilferage)
- Improved inventory management
  (14% reduction in excess inventory, 12% reported on-time delivery)
- Improved supply chain visibility
  (50% increase in access to supply chain data, 30% increase in timeliness of shipping information)
- Speed improvement
  (29% reduction in transit time, 28% reduction in delivery time window)
- Higher customer satisfaction
  (26% reduction in customer attrition and 20% increase in the number of new customers)
Many high cost security investments, such as high cost technical solution to cargo inspections, physical access control, and cargo/conveyance tracking, actually produced relatively low levels of security effectiveness.

Certain low cost security investments produced the following kinds of benefits:

• Improved oversight of the shipping process and activities
• Clearer and more transparent organizational roles and responsibilities
• Better employee hiring and exit processing policies and practices
• Enhanced internal security management practices
• Greater accuracy in shipping information and recordkeeping
• Increased precision in the qualitative evaluation of business partners
Benefits – Study 3
(sourced by the University of Virginia Survey in 2007)

C-TPAT benefits equaled or outweighed the affiliated costs

- Greater ability to predict lead time
- Decrease in supply chain disruptions
- Decrease in wait times for carriers at border
- Increase in number of customers and revenues
- Establishment of supply chain security procedures where none existed before
- More frequent review of service providers security standards
- Reduce cargo theft and pilferage
- Improve security for workforce
Benefits – Korea

- Simplified and Less Physical Inspection
- Simplified Customs Procedures
- Less Financial Burden
- Others

Benefits

AEO

Non-AEO
## Benefits – Korea

<table>
<thead>
<tr>
<th>Benefits (for all entities)</th>
<th>Sort by AEO Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration of disposition notice, administrative penalty, etc preferably to administrative punishment in case of law violations</td>
<td>○</td>
</tr>
<tr>
<td>Reduction of fine</td>
<td>20%</td>
</tr>
<tr>
<td>* Up to 3 times in a year</td>
<td>30%</td>
</tr>
<tr>
<td>* Additional 20% cut in case of voluntary payment during the period of opinion statement</td>
<td>50%</td>
</tr>
<tr>
<td>Exemption from specialized audit</td>
<td>○</td>
</tr>
<tr>
<td>* except for flagrant depict, or significant and obvious information on offense</td>
<td>○</td>
</tr>
<tr>
<td>Exemption of the representative (CEO &amp; General Manager) from passenger inspection</td>
<td>○</td>
</tr>
<tr>
<td>Immigration inspection of the representative (CEO) at the exclusive counter</td>
<td>○</td>
</tr>
<tr>
<td>Security inspection of the representative (CEO) at the channel exclusively for crew</td>
<td>○</td>
</tr>
<tr>
<td>Going through a VIP lounge at international airports available to the representative</td>
<td>×</td>
</tr>
</tbody>
</table>

* +GM indicates GM only.*
## Benefits – Korea

<table>
<thead>
<tr>
<th>Benefits (for importer)</th>
<th>Sort by AEO Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import declaration by corporate ERP</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td>○</td>
</tr>
<tr>
<td>Exemption from selection of goods to be controlled</td>
<td>50%</td>
</tr>
<tr>
<td>* Except for random selection</td>
<td></td>
</tr>
<tr>
<td>Permission to carry in imported goods subject to control inspection into the place the importer wants</td>
<td>50%</td>
</tr>
<tr>
<td>Exemption from the selection of document submission for import declaration (import P/L)</td>
<td>50%</td>
</tr>
<tr>
<td>Exemption from inspection of imported goods</td>
<td>50%</td>
</tr>
<tr>
<td>* Except for random inspection</td>
<td></td>
</tr>
<tr>
<td>Exemption from credit security for case-by-case post payment</td>
<td>○</td>
</tr>
<tr>
<td>Increase credit security limit for monthly post payment</td>
<td>365/365</td>
</tr>
<tr>
<td>Monthly duty payment</td>
<td>○</td>
</tr>
<tr>
<td>Simplified procedures in its bonded factory</td>
<td>○</td>
</tr>
</tbody>
</table>
Benefits – Korea

- Benefits for ASC (Authorized Supply Chain) (Considering)

Example

Automated Import Clearance

(Freely, 24/7)

Freight Forwarder

Importer ("AAA")

Broker
Benefits – WTO TFA
(article 7: Release and Clearance of goods
7. Trade Facilitation Measures for Authorized Operators)

7.3 The trade facilitation measures provided pursuant to paragraph 7.1 shall include at least three of the following measures:

(a) low documentary and data requirements, as appropriate;
(b) low rate of physical inspections and examinations, as appropriate;
(c) rapid release time, as appropriate;
(d) deferred payment of duties, taxes, fees, and charges;
(e) use of comprehensive guarantees or reduced guarantees;
(f) a single customs declaration for all imports or exports in a given period; and
(g) clearance of goods at the premises of the authorized operator or another place authorized by customs.
### II. Awareness of AEO Program (How to?)

<table>
<thead>
<tr>
<th>Media</th>
<th>Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Education</td>
</tr>
<tr>
<td>Network</td>
<td>Cooperation with related parties</td>
</tr>
<tr>
<td>MRA</td>
<td>Drive MRA negotiation</td>
</tr>
</tbody>
</table>
1. Advertise to public
   (e.g. TV/Radio advertisement, appoint advertising entertainer, TV/Radio interview, pop-up advertisement on internet or airport screen, write to newspaper/magazine)

2. Develop brand and logo
   (use business card, and promotion materials)
II. Awareness of AEO Program (How to?)

1. Persuade government & congress
   (e.g. visiting presentation, deliver special report, workshop)

2. Persuade business community
   (e.g. presentation tour, visiting presentation to CEO, presentation with related associations or related experts, workshop)

3. Touch Awareness of internal employees
   (e.g. presentation tour, pop-up window to intranet, training course including e-learning system, workshop)
II. Awareness of AEO Program (How to?)

**Network**

Cooperation with related parties

- Establish committee
  (develop long-term plan, coordinate different opinions)

**MRA**

Drive MRA negotiation

- Start MRA negotiation as early as possible
  (expand AEO benefit to other country resulting in encouraging many enterprises to join AEO Program)
• Made promotion materials
• Training
• Suggestions
• Others
Made promotion materials

1. Developed AEO Logo & Mark (Sep., 2009)

- e.g. business card (Customs)
- e.g. business card (Private)
Made promotion materials

2. Developed AEO Portal System (Sep., 2009)
Made promotion materials

2. Developed AEO Portal System (Sep., 2009)
III. Experience (Korea)

Made promotion materials

2. Developed AEO Portal System (Sep., 2009)
III. Experience (Korea)

Made promotion materials

2. Developed AEO Portal System (Sep., 2009)

Evaluation Management
**Experience (Korea)**

### Made promotion materials

**2. Developed AEO Portal System** *(Sep., 2009)*

![AEO Portal System Image]

<table>
<thead>
<tr>
<th>Cell 1</th>
<th>Cell 2</th>
<th>Cell 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column 1</td>
<td>Column 2</td>
<td>Column 3</td>
</tr>
</tbody>
</table>

**Evaluation Per criteria**

The table above outlines the evaluation criteria for the AEO Portal System, with specific metrics and performance indicators. Each column in the table corresponds to a different aspect of system functionality and performance. The system evaluation is conducted per criteria, ensuring a comprehensive assessment of its effectiveness and efficiency.
3. Issued AEO guidance (leaflet) for application (Nov., 2009)
Made promotion materials

4. Issued AEO guidance (book) for application (Nov., 2009)
Made promotion materials

4. Issued AEO guidance (book) for application (Sep., 2013)
Training

1. Created AEO guideline, check list (6th edition, from Apr., 2009)

<table>
<thead>
<tr>
<th>4. Safety Management (3) Access Control Management</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3.1 Cargo transport agent shall prepare employee identification system to clearly identify and control access of employee. Cargo transport agent shall have employees access only to areas necessary for performance of their duties. Cargo transport agent shall have manager or general manager of the company appropriately control issuance and recovery of access control device such as key or key card, etc. Cargo transport agent shall document procedure of issuing, recovering, and changing access control device such as key or key card, etc.</td>
<td>4A11</td>
</tr>
<tr>
<td>Guideline</td>
<td></td>
</tr>
<tr>
<td>▶ Cargo transport agent shall document procedure to prepare employee identification system to clearly identify and control access of employee.</td>
<td></td>
</tr>
<tr>
<td>▶ Employee identification system: System identifying employees of the company such as employee ID, finger print recognition, IC card, badge, and uniform, etc.</td>
<td></td>
</tr>
<tr>
<td>4.3.1.2 Cargo transport agent shall have employees access only to areas necessary for performance of their duties.</td>
<td></td>
</tr>
<tr>
<td>Guideline</td>
<td></td>
</tr>
<tr>
<td>▶ Cargo transport agent shall document procedure to have employees access only to areas necessary for performance of their duties.</td>
<td></td>
</tr>
</tbody>
</table>

- Access control area within necessary scope shall be established. (Ex: Items handling place, computer room, etc.)
- Access area and authority shall be divided depending upon scope of performance of duty as per employee.
Training

1. Created AEO guideline, check list (6th edition, from Apr., 2009)
Training

2. Presentation tour (from Apr., 2009)

- Related Associations (Trade, Customs broker, Forwarder, Logistics)
- Personnel of 6 Main Customs
- Managers of Companies (Include SMEs)
3. Visiting Presentation (from Apr., 2009)

- CEOs of Large Companies (Samsung, LG, Hyundai)
- Policy Makers (Congress, Ministerial level)
- Requesting Companies
Training

4. Counseling Service (from Apr., 2009)

- Requesting Companies (Inter alia SMEs)

1st Visit
How to prepare

2nd Visit
Review draft documents

Apply for AEO
(by AEO Portal system)

3rd Visit
Review revised documents
Training

5. Training Program (from Sep., 2008)

<table>
<thead>
<tr>
<th>Training Events</th>
<th>Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEO Program Awareness (1 week in 2008)</td>
<td>Program managers</td>
</tr>
<tr>
<td>AEO Auditor Training Course by experts of ISO, TAPA (1 week in 2009)</td>
<td>AEO Validation team</td>
</tr>
<tr>
<td>· Understanding AEO Concept (e.g. WCO SAFE Framework), different AEO Programs</td>
<td></td>
</tr>
<tr>
<td>(e.g. C-TPAT, PIP, EU AEO, etc.), and Validation skills</td>
<td></td>
</tr>
<tr>
<td>Advanced AEO Auditor Training Course (2 weeks in 2009, 2010, 2011)</td>
<td>AEO Validation team</td>
</tr>
<tr>
<td>· Understanding detailed ISO 9001, ISO 28000, TAPA FSR, ISO/PAS 17712, WCO</td>
<td></td>
</tr>
<tr>
<td>SAFE Framework, and authorization criteria</td>
<td></td>
</tr>
<tr>
<td>AM, CA auditor training Course (2 weeks in 2009, 2010, 2011)</td>
<td>Account Manages Comprehensive Auditors</td>
</tr>
</tbody>
</table>
Training

5. Training Program (from Sep., 2008)

Training Course in 2015

- Awareness of AEO Program : 1 week, for private sector (managerial level)
- Basic AEO training course : 1 week, for all customs officials
- Advanced AEO validation training course : 2 weeks, for AEO validation team
- AM training course : 1 week, for Account Manager
- CA training course : 1 week, for Comprehensive Auditors

• Contents of AEO training Course
  - General concept of AEO program, Objectives of AEO program
  - MRA with other countries, Supply chain security initiatives
  - General validation skill (ISO, TAPA, etc.), Guideline of AEO Criteria
  - Validation process, Validation technique, Evaluation methodology
  - Understanding of Internal Control System, Case studies
Suggestions

Step-by step Approach

- Don’t try to implement all at once
  . Start to easy part or entity
  . Select to proper part or entity without resistance

Induce voluntary application

- Encourage participation from enterprise
  . Exploit “the carrot and the stick” policy (carrot; benefit, stick; disadvantage)
  . Promote AEO benefits
Suggestions

Support enterprise’s preparation for application

- Provide counseling service prior to application
  - Pre-review the documents (save time and efforts)
  - Inspire CEO’s awareness of AEO Program
  - Notice key factors for becoming AEO Enterprise

Conduct Pilot Project at initial stage

- Minimize mistake and sophisticate Program
  - Select proper entity (e.g. exporter or importer)
  - Reflect lessons from pilot project full-fledged Program
AEO Best Practice Competition (4 times)
(From 2011, yearly basis, Participated around 100 entities over 1500 people)
Technical Assistance for developing countries

CCF-K (Customs Cooperation Fund Korea) Over 1mil. Euro per year since 2011

Aug 2011

Indonesia (Sep. 2011)

Algeria (Sep. 2012)

Sep 2011

Fiji

Mongolia
WCO Regional Seminar in Korea
(Sep., 2011 for 5 days, Participated 31 members from 25 countries & 2 experts)
WCO Global AEO Conference
(AEO, the way towards secure and competitive growth)
(April 17, 2012 for 3 days, Participated 929 personnel from 97 countries)
III. Experience (Korea)

Technical Assistance for implementing AEO Program in Turkey
(July, 2012 for 5 days, Participated 17 personnel)
Technical Assistance for implementing AEO Program in Morocco for MENA Region
(June, 2013 for 5 days, Participated 14 personnel)
AEO MRA with China
(June, 2013, in the presence of national leaders)
Q&A

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THANK YOU!