

3D Radioactive Material Detection System for Customs Clearance

Introduction

The 3D radioactive material detection system inspects customs clearance goods to identify the presence of radioactive materials.

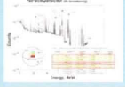
Goods are first inspected by a mobile system, which traverses large bonded areas. The mobile system detects radioactive materials and provides the characteristics (e.g., nucleus, location, cross) of the detected radioactive material from a distance.

In the following step, a handheld system is positioned close to the estimated location of the radioactive material for precise measurements.

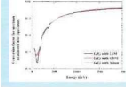
Localize radioactive materials



Identify radioactive nuclei



Estimate dose



Objective

Research Objective • Protect the health of workers in customs and public by preventing inflow of radioactive materials

Final Objective • Develop real-time visualizing technology to detect the presence of radioactive material in clearance goods
• Develop a radiation measurement system for customs sites and enhance independence in the security screening field

Application



- Customs in the national border facility (e.g. airports and harbors)
- Facilities where radiation monitoring system is mandatory (e.g. scrap metal recycling plants)
- Natural radiation monitoring sites (e.g. near nuclear power plants)

Mobile-type 3D Radiation Measurement System



Virtual Reality Experience for Customs Administration

Introduction

Virtual Reality Assisted Training Program is a VR Education system for strengthening the capacity of customs officials in 185 countries.

Learning the selection criteria for air cargo customs clearance, including e-commerce and experiencing the clearance process.

VR/PC simulation for technical e-learning content

Airport customs logistics

Experience the entire air customs logistics clearance process by using non-destructive inspection equipment such as checking declaration documents, scanning bar codes, X-rays, and for scanners.



Maritime customs logistics

Experience the complete marine logistics customs clearance, covering import document inspection, safety rule checks, container examination, ZBV utilization, and open container inspection.



Available Areas:

air/sea traveler baggage, air/sea/land import goods, border management, rail and personnel in the customs area.



APEC 2025 SCCP

Exhibition of Customs Technologies

25. 02. 24 (MON) ~ 25. 02. 27 (THU)



X-ray Interpretation Training System

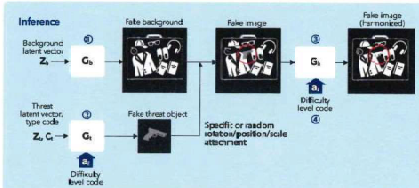
Training system for X-ray screening

Generating Conditions: X-ray Images

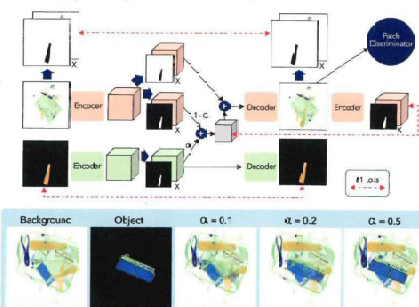
Our model uses 4 stages to generate diverse synthetic X-ray images

- 1) Generating background X-ray images
- 2) Generating X-ray Images of a single object
- 3) Combining background and single object
- 4) Adjusting images according to difficulty level

• Final goal: Generating the background/single object
→ Combining two images for generating a unique image



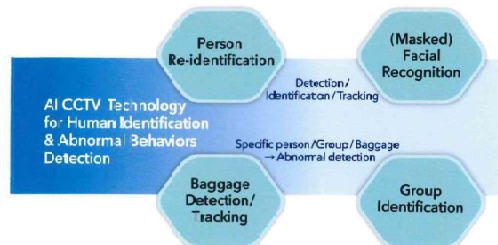
- Projecting illegal item onto the background X-ray of baggage
- Combining the object and background at the feature level
- Controlling difficulty with different α values



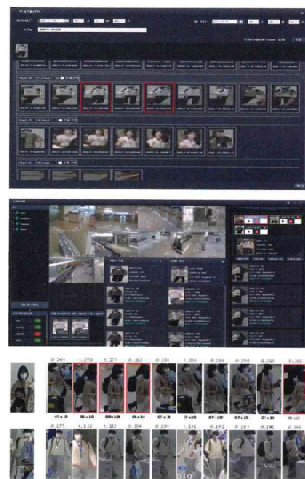
Expected Effects

- Learning data tailored to the employee's level of learning.
- By utilizing AI, various types of learning data can be generated at a low cost.
- Enhanced X-ray interpretation skills to contribute to customs border protection

AI-Based Recognition and Tracking of suspicious travelers using distributed security cameras



Development and demonstration of AI CCTV Technologies for autonomously identifying, tracking and responding to doubtful behaviors of suspicious travelers by analyzing distributed security cameras in the airport arrival hall.



Expected Effects

- Decrease in illegal behaviors such as smuggling and undeclared goods
- Creating an environment for efficient customs administration service
- Uncover illegal behavior in restrooms and blind spots of security cameras

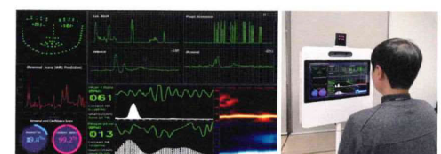
Biosignal and Micro-facial Expression Analysis Technology to Screen Passengers for Customs Inspection




Technology Introduction


- A customs inspection AI solution is a contactless system designed to quickly and accurately analyze abnormal states in individuals, such as excessive tension or excitement, based on internal and external biosignals.
- This system extracts and analyzes external biosignals like facial expressions and internal biometric signals, including rPPG (remote photoplethysmography) and respiration using only an RGB camera.
- Unlike traditional systems that require additional equipment attached to the body or fingers to detect factors like tension or blood flow, this system eliminates the need for such devices, providing greater convenience.
- Furthermore, unlike conventional technologies that rely on a single algorithm to assess a subject's condition, this system utilizes multiple technologies to extract both internal and external biometric signals, enabling high-precision analysis.
- The component technologies integrated into this system are designed to accurately analyze specific features, such as significant changes in blinking frequency observed in unusual situations. Each component technology can also function independently, offering flexibility in application.
- This system is versatile and can be applied across various fields, including financial crime investigation, healthcare, and entertainment.

Technology Photos

- Face/Chest Region Scanning via Single Camera
- Analysis of Internal/External Biosignals
- Abnormal State Recognition based on Multiple Signals





Workshop on

AEO MRA PERFORMANCE MEASUREMENT & IMPROVEMENT OF COOPERATIVE ACTIONS

GYEONGJU, REPUBLIC OF KOREA
FEB. 25(TUE)~26(WED), 2025

Venue : Commodore Hotel Gyeongju for Opening, Presentations (Day1, Day2)

Venue : Gyeongju Hwabaek International Convention Center(HICO) for Day2 (Exhibition only)



DAY 1 (FEB. 25TH)

Venue: Commodore Hotel Gyeongju

TIME	TOPIC	PRESENTER
WELCOME AND OPENING OF WORKSHOP		
09:30-09:40	Opening remarks and introduction of the program	SCCP Vice Chair
09:40-09:50	Welcoming remarks by the Deputy Commissioner of Korea Customs Service	Korea
09:50-10:05	Introduction of participants and group photo	Workshop Organizers, Delegations, Guests
SESSION 1 Global Trends of the Authorized Economic Operator (AEO) Program		
10:05-10:20	1.1 Project Overview* * Project background, research model, methodology, scheduled activities	Korea AEO Association Mr. Sunbok KWON
10:20-10:40	1.2 Presentation: AEO as a Key Driver for Economic Growth and Key Revisions to the SAFE Framework of Standards - Cooperation between Customs and Other Government Agencies (OGAs), expanding the AEO program to include e-commerce	WCO Ms. Lazzat DANIYAROVA
MORNING BREAK (20 MINUTES)		
11:00-11:20	1.3 Presentation on China Customs AEO Implementation Effectiveness Evaluation - Overview of the effectiveness of China Customs' AEO program, highlighting its achievements and directions for improvement	China Ms. Xiaofan YIN
11:20-11:40	1.4 Presentation of Outline of Research* and Q&A * Cooperation scheme and measurement of economic efficiency of AEO - IRS Model (by economy, methodology, progress/outcomes), AEO Dictionary	Korea AEO Association Mr. Sunbok KWON




SESSION 2 AEO Program for Smart Customs		
11:40-12:00	2.1 Sharing of best AEO practices in Member economy - Current status, Innovation in Implementing and promoting the AEO Programme	Hong Kong, China Mr. Chi Ming Simon LEE
12:00-12:30	2.2 Efforts Towards Promoting AEO Certification to Small and Medium Enterprises (SMEs) - AEO expansion model through Public-Private Partnership, governmental support for AEO SMEs	Korea AEO Association Ms. Hannah KIM
LUNCH (1 HOUR 30 MINUTES)		
SESSION 3 Expansion of the AEO Program and Innovation in Customs Administration		
14:00-14:20	3.1 Presentation: Stimulate AEO through Mutual Recognition between Government Agencies	KCS Mr. Hyeonwoo SHIN
14:20-14:50	3.2 Case Reports by Asia-Pacific Customs Authorities and Q&A Session - Group (a) of 3 Developing Economies	WCO accredited expert Mr. Dongseok KIM (Moderator)
14:50-15:20	3.3 Case Reports by Asia-Pacific Customs Authorities and Q&A Session - Group (b) of 4 Developing Economies	
AFTERNOON BREAK (20 MINUTES)		
SESSION 4 Enhancing Cooperation to Strengthen Supply Chain Connectivity		
15:40-16:00	4.1 Presentation: WTO TFA Implementation and AEOs	WTO Mr. Jesse NICOL
16:00-16:20	4.2 Presentation: Benefits of AEO and AEO MRA for the Private Sector (AEO Certified Company)	Samsung Electronics Mr. Kyuwon SHIM
16:20-16:40	4.3 Presentation: Strategies and Best Practices for AEO MRA, Q&A	Singapore Ms. Jia Ying Nelly CHAI
16:40-16:50	Wrap up of Workshop and Closing Remarks	Vice Chair
16:50-17:00	Post-event Survey	Vice Chair



DAY 2 (FEB. 26TH)


Venue : Commodore Hotel Gyeongju for Presentations
Venue: Gyeongju Hwabaek International Convention Center(HICO) for Exhibition tour only

OPENING OF MEETING		Venue: Commodore Hotel
09:30-09:40	Opening and Recap of Day 1	
09:40-10:00	Comments from participants	
10:00-10:10	Video on innovative Customs technologies	
10:10-10:20	Introduction of the Customs Technology Exhibition	
10:20-10:40	Move to the exhibition hall	
SESSION 5: EXHIBITION TOUR AND DISCUSSION		Venue: HICO(3F)
10:40-11:40	Exhibition hall tour (Showcases are subject to change)	
5.1 Sharing KCS's experiences and best practices in utilization of Customs technologies:		
<ul style="list-style-type: none"> • Showcase 1 : X-ray training program • Showcase 2 : AI based tracking system for high risk passengers • Showcase 3 : Passenger verification (facial recognition) • Showcase 4 : 3D multi-function radiation detection system • Showcase 5 : Virtual Reality (VR) Training system 		
SESSION 6: GROUP DISCUSSION		
11:40-12:10	6.1 Group discussion and sharing outcome of the visit • Member economies are invited to share their experiences, challenges, and best practices using innovative technologies to facilitate trade in their economies	
12:30-14:00	Lunch	



Workshop on AEO MRA Performance Measurement & Improvement of Cooperative Actions


Gyeongju, Republic of Korea
Feb. 25(Tue)~26(Wed), 2025




Opening remarks and Introduction of the program



Welcoming remarks



Introduction of participants and group photo



SESSION 1: Global Trends of the Authorized Economic Operator (AEO) Program



1.1 Project Overview

2025 APEC SSCP Development of AEO Cooperation Scheme and Measurement of economic effects of AEO among APEC Economy

Korea AEO Association Sunbok, Kwon

February, 2025

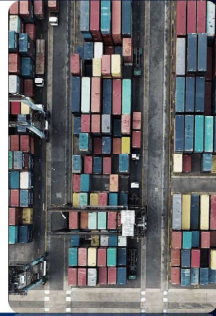


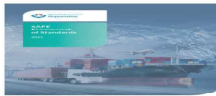
Table of Contents

- 01 Project Framework
- 02 Key Activities and Expected Effects
- 03 Work Plan



01 Project Framework Background & Rationale

Trade facilitation is one of the major engines to secure economic growth in the world



WCO FRAMEWORK OF STANDARDS TO SECURE AND FACILITATE GLOBAL TRADE (SAFE PoS), adopted in 2005 and updated in 2007, 2012, 2015, 2018 and 2021. Annex IV: AEO Conditions, Requirements and Benefits



WTO AGREEMENT ON TRADE FACILITATION, adopted in 2014 also stipulates "Authorized Operators" (Article 7.7) as one of key measures in lessening inefficient border-crossing procedures and securing companies' customs compliance.

01 Project Framework Background & Rationale

The AEO (Authorized Economic Operator) system is recognized by customs service as an excellent import and export safety management companies and deserve to have preferential treatment in customs clearance procedures when they meet the safety management standards related to trade, such as manufacturing, transportation, storage, or customs clearance



- Characteristics
1. Accurate customs procedures with speediness and safety
 2. Risk management focused on 'goods' → risk management focused on 'companies'
 3. Expanding customs territory from domestic to abroad through international cooperation
 4. Fragmented management at a particular point in time and place → Integrated flow-driven management

01 Project Framework Background & Goal

Background

Mandatory introduction of AEO
WTO Trade Facilitation Agreement

Difficulties of introduction of AEO
International harmonization, domestic legislation, business cooperation

Doubts about effects of AEO
Customs compliance, business cooperation

APEC Economy Cooperation Model

Share of Information
(AEO Status, Best Practices, Know-how,)
Measurement of AEO Performance

Discuss the ways to establish a cooperative system
among the APEC Economy to promote economic cooperation

01 Project Framework Relevance

Alignment to APEC 2040

- ① Trade and Investment
Establishing SCS and Private-Public Partnership (PTAP agenda)
- ② Strong/Balanced/Secure/Sustainable Growth
Pursuing inclusive growth supporting developing member economies

Alignment to SSCP's Strategic Plan

- ① Accelerating implementation of the WTO TFA
- ② Enhancing supply chain predictability and connectivity in the APEC region
- ③ Exploring the use of new technology and innovative solutions to secure supply chains

Relevance In SSCP Project

1. The adoption and proliferation of AEO
2. Predictable management of export-import goods
3. Strengthen Border security
4. Support for SMEs' export-import activities (Boracay Action Agenda)



- ① Time Release Study
- ② Capacity Building Workshop
- ③ AEO Dictionary

02 Key Activities & Expected Effects
Overall Key Activities & Expected Effects

01. Time Release Study
Empirically analyze the economic benefits of AEO and AEO MRA, along with the proactive management effects of hazardous goods, through TRS research in APEC Economy

02. AEO Capacity Building Workshop
Transfer advanced AEO operational know-how through workshops (supports the successful adoption of AEO and proactive techniques for hazardous goods management in developing economies)

AEO MRA (Mutual Recognition Arrangement)

03. AEO Dictionary
Consolidates AEO information from member economies through surveys on AEO operational status (AEO criteria, Benefits, Best Practices, Characteristics)

1. Lay the groundwork for the MRA, contributing to facilitating smooth export-import environments for intra-regional business
2. enhancing security management in global supply chains

02 Key Activities & Expected Effects
1. Time Release Study(Methodology)

Customs Clearance Procedure of Importers in Korea and MRA counterpart
(* Endow MRA Effects, period of 2022-2023)

Report Arrival → Import Declaration → Import Inspection → Release

Measure Time on Import (Korea, and MRA counterpart)

• Provide benefits such as Inspect Exemption to AEO Companies, but No benefits to Non-AEO Companies

How to match data? **B/L number and name of ship**

Target

- ◆ (22) 283 AEO exporter, 171 AEO importer / 22 MRA economies
- ◆ (23) 281 AEO exporter, 176 AEO importer / 23 MRA economies

MRA counterpart of Korea(, came to effect after signing)
 • United States, Canada, Singapore, Japan, New Zealand, China, Mexico, Israel, Hong Kong China, Dominican Republic, India, Chinese Taipei, Australia, UAE, Peru, Türkiye, Thailand, Malaysia, Uruguay, Kazakhstan, Mongolia, Indonesia, Saudi Arabia(23)

<Table. Annual Domestic Benefits of AEO Program (in USD) >

Category
Expedited Clearance Benefits
▶ Logistics cost savings due to reduced import inspection rates
▶ Customs clearance cost savings through electronic customs review (immediate release)
▶ Customs clearance cost savings through ERP-based export/import declarations
Average benefits per company
Total Benefits

<Table. Annual International Benefits of AEO Program (in USD) >

Category
Expedited Clearance Benefits
▶ Logistics cost savings due to reduced import inspection rates in MRA partner economies
Average benefits per company
Total Benefits

02 Key Activities & Expected Effects
1. Time Release Study(Expected Results)

<Table. Measurement of monetary effects on AEO and MRA(in USD) >

	Contents	2022	2023
AEO Benefits (during import clearance in Korea)	Expedited Clearance Benefits a) Logistics cost saving due to reduced import inspection rates b) Customs clearance cost saving through electronic customs review(immediate release) c) Customs clearance cost savings through ERP-based export/import declarations		
MRA Benefits (during import clearance in MRA counterpart)	Expedited Clearance Benefits d) Logistics cost saving due to reduced import inspection rates in MRA-partner economies		
Average benefits per company			
Total Benefits			

Calculation Method

AEO Benefits
 a) Reduced inspection: (Estimated inspections at general rate - Actual inspections) × Cost per inspection
 b) Electronic clearance: Number of electronic clearances × Processing time savings × Hourly minimum wage
 c) ERP declarations: Number of declarations × Standard customs broker fee

AEO MRA Benefits
 d) Exports: MRA economy's inspection reduction rate × Cost per inspection × Purchasing power parity index × Average exchange rate

02 Key Activities & Expected Effects
1. Time Release Study(Expected Outcomes)

- Empirical Evidence of AEO Program Benefits**
 - Quantifiable data demonstrating the reduction in clearance times for AEO-certified companies.
 - Clear identification of cost savings for importers and exporters, including logistics costs, customs clearance costs, and ERP-related efficiencies.
- Impact Assessment of AEO MRAs**
 - Comprehensive analysis of the economic and operational impacts of AEO Mutual Recognition Arrangements (MRAs) on clearance efficiency, highlighting improvements in cross-border trade processes.
 - Insights into how MRAs enhance trust and cooperation between member economies, promoting smoother trade flows.
- Sector-Specific Insights**
 - Identification of industries or sectors that deriving the greatest benefits from AEO certification, enabling targeted policy recommendations for expanding AEO participation.
- Enhanced Trade Facilitation and Supply Chain Security**
 - Evidence supporting the role of the AEO program in improving trade facilitation, reducing trade barriers, and enhancing the overall security of supply chains within the APEC region.
- Policy Recommendations for APEC Member Economies**
 - Actionable recommendations to expand AEO programs and establish new MRAs, fostering stronger economic integration and cooperation among APEC member economies.

02 Key Activities & Expected Effects
2. AEO Capacity Building Workshop(Structure)

Theme : AEO MRA Performance Measurement & Improvement of Cooperative Actions (Exhibition of Customs Technologies)

Agenda : ①Global Trends of AEO Program ②AEO Program for Smart Customs ③Expansion of AEO Program and Innovation in Customs Administration ④Enhancing Cooperation to Strengthen Supply Chain Connectivity

Management Plan : Presentation, Panel Discussion, Interactive session

Key Speaker

Speaker	Contents
WCO TRS Accredited Expert	present on TRS impact measurement techniques among economy
WCO Technical Officer	discuss AEO as a key driver for economic growth and key rationales to the SAFE Framework of Standards
Korea AEO Association	presenting the project overview, research model, and efforts towards promoting AEO certification to Small and Medium Enterprises (SMEs)
AEO Certified Company	share insights on the benefits of AEO and AEO MRA for the private sector
Developing Economy	present case reports on their respective AEO programs, status, benefits, and MRAs
Developed Economy	share experiences and best practices in implementing innovative technologies for AEO MRA and trade facilitation

02 Key Activities & Expected Effects
2. AEO Capacity Building Workshop(Objective)

<for AEO developed economy>

Program
Sharing AEO Framework (Number of AEOs, Sector, Benefits, Criteria)
Practical application of AEO criteria (Centering on AEO)
AEO Validation Procedures and Know-How
Economy Effects of AEO
Best Practice of AEO MRA benefits

<for AEO developing economy >

Program
Global AEO trend for Trade Facilitation (WCO SAFE Framework of Standards, Benefits, Security Criteria, Virtual AEO Validation)
Consideration when introduced AEO framework
SMEs support for AEO awareness
Procedure and Benefits of AEO MRA
Utilization of AEO Benefits

02 Key Activities & Expected Effects
3. AEO Dictionary(Structure)

▷ Objective : Create a comprehensive and reference tool that consolidates information on AEO programs

▷ Goal : ①Diverse AEO practices and standards ②Alignment and harmonization of AEO ③Sharing B/P of AEO
→ Serve as a resource for the conclusion of bilateral and multilateral AEO MRAs among APEC economies

▷ Step : Survey Design → Data Collection → Data Verification → Compilation → Publication

▷ Component

Overview of AEO Program

- Legal and Regulatory Frameworks
- Application and Validation Process
- AEO Requirements and Criteria
- Benefits for AEO certified companies
- Suspension, Revocation, and Appeal Procedures
- AEO MRAs
- Performance Measurement and Program Evaluation

Data Analysis

Quantitative Analysis
- Type of Benefits offered

Qualitative Analysis
- common themes and unique approaches

Trend Analysis
- Emerging practices and evolving standards

Expected Outcomes

A Comprehensive database of AEO operation across APEC economies

- Identification of common standards in AEO implementation
- Insights into successful strategies for AEO program development and MRA negotiation
- A foundation for future research on AEO effectiveness and economic impact


02 Key Activities & Expected Effects
3. AEO Dictionary(Expected Results)


Economy	WCO	Canada	Korea	United States.....
Adoption of AEO				
Launch Date				
Scope				
Tier				
Number of AEO and MRA				
AEO Benefits				
Features				
Authorization Criteria	Validation Methods(Business site, Documentation, On-site) Scoring Methods(Documentary Validation, On-site Validation, Revalidation)			

Comprehensively compiling all AEO information of APEC economies
Focus on Authorization criteria and Alleviated AEO Criteria for SMF(Exporters particularly)
considering strategic mutual recognition between or multinational economy

03 Work Plan
Project Timeline and Milestones

Period	Activities	Deliverables
Project Initiation (November-December 2024)	Drafting the terms of reference for the consultant	Contract
	Conducting the bidding process and finalizing the contract with the selected consultant	
Project Planning (December 2024-January 2025)	Establishing the workshop and exhibition organization committee	Inception Report General Information Circular
	Designing the AEO Operational Status Survey and TRS model	
	Preparing logistics for the workshop and exhibition	
Research and Analysis (February 2025-April 2025)	Conducting the AEO survey across APEC economies	Workshop Evaluation Report
	Implementing the Time Release Study	
	Analyzing the collected data to derive meaningful insights	
AEO Workshop and Exhibition (February 2025)	Conducting a 2-day in-person Capacity building Workshop and Exhibition	Final Report (TRS Results, AEO Dictionary compilation, Workshop and Exhibition summary, Recommendations for AEO improvement and MRA expansion)
Reporting and Evaluation (February-August 2025)	Submitting the Workshop Evaluation Report and APEC Attendance list to the APEC Secretariat Preparing and submitting the APEC Project Completion Report	



 **Thank You**

1.2 Presentation: AEO as a Key Driver for Economic Growth and Key Revisions to the SAFE Framework of Standards

World Customs Organization

AEO as a Key Driver for Economic Growth and Key Revisions to the SAFE Framework of Standards

Lazzat Daniyarova
Compliance and Facilitation Directorate
World Customs Organization
www.wcoomd.org

Workshop on "AEO MRA Performance Measurement & Improvement of Cooperative Actions"

25 February 2025
Gyeongju, Korea

Trade Facilitation

WCO SAFE Framework of Standards (SAFE FoS)

✓ June 2005: WCO Council adopted the SAFE Framework of Standards to secure and to facilitate the global trade

✓ 172 Members have signed letter of intent to implement the SAFE FoS

Pillar I: Customs to Customs (11 Standards)

Pillar 2: Customs to Business (6 Standards)

Pillar 3: Customs to OGAs and IGAs (12 Standards)

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Trade Facilitation

2

Monitoring of the implementation of the SAFE FoS

Results of the survey on monitoring of the implementation of the SAFE FoS

- 22 questions, divided into two segments: 14 to Customs + 8 to AEOs
- A total of 109 WCO Members responded to the survey and 3,131 responses from AEOs were captured
- The most widely implemented standard is Pillar III, Standard 8
- 95% of respondents have implemented Pillar I, Standard 4.2.4
- The third most implemented standard is Pillar II, Standard 3
- Amongst the standards with the lowest implementation rates is Pillar III, Standard 3, concerning the alignment of security programs. Less than 50% of respondents reported implementing this standard.

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Trade Facilitation

3

REVIEW OF THE SAFE FRAMEWORK OF STANDARDS (SAFE FOS) 2021-2025

☐ New filtration mechanism

☐ Out of 20 proposal – 10 were endorsed by the SAFE Working Group

The endorsed proposals:

- To further focus on improving inter-agency cooperation between Customs and Environmental Authorities (by the EU)
- Have a Code of Conduct (Ethics) for employees within AEO companies (by Guatemala)
- Clear, tangible and minimum benefits. Continuous stakeholder involvement, incl. SMEs, e-commerce actors, Harmonisation of requirements (including data-filing), MRAs: Enhancement of agreements and fostering of common understandings, Avoid deviation from security issues, Alignment with other agencies, Consideration of the rise of e-commerce (by the ICC)
- To encourage the consideration and use of electronic sealing devices and similar products (by the UK)
- To encourage the provision of smarter, more accurate and timely data from supply chain service providers to support risking and facilitation objectives (by the UK)
- Raising AEO and Customs' awareness of Internal Conspirators and Insider Threats (by Australia)

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Trade Facilitation

4

Integration of SMEs/MSMEs into AEO programme

Joint WCO-WTO-ICC Draft Study Report on the Integration of MSMEs into AEO Programmes:

- Challenges for MSMEs in entering the AEO programmes
- Participation and current status of MSMEs in the AEO programmes around the world
- Key takeaways
- Case studies, etc.

31st SAFE Working Group Meeting will be invited to endorse the draft Study Report

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Trade Facilitation

5

Expanding the concept of AEO to cross-border e-commerce

2024 WCO Survey on expanding the concept of AEO to cross-border e-commerce

A total of 88 survey responses out of 186 WCO Members were captured. Among these responses, 37 Members (42%) reported having provisions that allow e-commerce stakeholders to apply for AEO status.

Members with provisions allowing e-commerce stakeholders to apply for AEO status

58% Yes

42% No

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Trade Facilitation

6

Expanding the concept of AEO to cross-border e-commerce

2024 WCO Survey on expanding the concept of AEO to cross-border e-commerce

TYPES OF E-COMMERCE STAKEHOLDERS

Postal operator 28%

Vendor 20%

Others (please specify) 19%

E-commerce platform/marketplace 13%

Fulfillment house/centre 11%

Payment service providers 9%

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Trade Facilitation

7

Expanding the concept of AEO to Free Zone stakeholders
Scope of the update

WCO

Table of Contents

- I. Executive Summary
- II. Introduction
- III. Practical Guidance on Free Zones
 - 1. Territoriality aspect of Free Zones
 - 2. Full Customs involvement in Free Zones
 - 3. **Customs involvement in company approval process & AEO**
 - 4. Reporting to Customs / Use of data & IT systems
 - 5. Customs audit in Free Zones
 - 6. Customs control and surveillance in Free Zones
 - 7. Cooperation

Annex I. Free Zones and Rules of Origin

Annex II. Checklist

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Expanding the concept of AEO to Free Zone stakeholders
Scope of the update

WCO

III. Practical Guidance on Free Zones

- 1. Territoriality aspect of Free Zones
- 2. Full Customs involvement in Free Zones
- 3. Customs involvement in company approval process & AEO
 - a. Less involvement in the company approval process
 - b. **Applying the "Authorized Economic Operator" (AEO) concept**
- 4. **Reporting to Customs / Use of data & IT systems**
 - a. Declaration and reporting requirements
 - b. Use of data and IT systems in FZs
- 5. Customs audit in Free Zones
- 6. Customs control and surveillance in Free Zones
 - a. Authority to detect/seize illicit goods in FZs
 - b. Authority to enter FZs to conduct on-site checks and inspections
 - c. Use of technology for inspections in FZs
- 7. **Cooperation**
 - a. Cooperation with the private sector and other governmental agencies
 - b. Cooperation among Customs administrations

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Expanding the concept of AEO to Free Zone stakeholders
Scope of the update

WCO

3. Customs involvement in company approval process & AEO

- b. Applying the "Authorized Economic Operator" (AEO) concept

WCO Secretariat Note
"Expanding the Concept of AEO to Free Zone Stakeholders (2nd Edition)"

- Types of FZ stakeholders
- Conditions and Criteria for FZ AEOs
- Benefits for FZ AEOs

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SAFE FoS Structure
Pillar 1: Customs-to-Customs

WCO

- 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 Inspections

• Focus on pre-arrival inspections, utilizing advance electronic information and automated targeting tools to **identify high-risk cargo early.**

www.wcoomd.org Supply Chain Integrity Project 11

Security Assessments

WCO

The SAFE Framework of Standards, Pillar 1: Standard 9

*"Customs administrations should work with other competent authorities to conduct **security assessments** involving the movement of goods in the international supply chain and to commit to resolving identified gaps expeditiously."*

The **ABF/WCO Supply Chain Integrity (SCI) Project** has worked with the **SCIP WCO Member-driven Expert Mini Group** and the **Facilitation Sub-Directorate** to develop supporting material for Members.

www.wcoomd.org Supply Chain Integrity Project 12


Proposed Security Assessments

WCO



Structure:

1. The Business & Trading Environment
2. The Threat Environment
3. Known Vulnerabilities & Gaps in the International Supply Chain
4. Partnerships: Customs to Customs
5. Partnerships: Customs to Business
6. Partnerships: Customs to Other Government & Inter Government Agencies
7. Capabilities & Resources
8. Reporting, Recommendations & Resolutions

www.wcoomd.org Supply Chain Integrity Project 13


WCO instruments and tools to support the AEO programme: 


- SAFE Framework of Standards
- AEO Implementation and Validation Guidance
- Online AEO Compendium
- The Authorized Economic Operator and the Small and Medium Enterprise
- Strategy Guide for AEO Mutual Recognition

➤E-learning course on AEO Validation

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 **World Customs Organization**

Thank you


Lazzat Daniyarova
Compliance and Facilitation Directorate
World Customs Organization

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 www.wcoomd.org Trade Facilitation 15



MORNING BREAK



1.3 Presentation on China Customs AEO Implementation Effectiveness Evaluation



China Customs AEO Implementation Effectiveness Evaluation

Speaker: Yin Xiaofan Date: 2025.2.25

Catalogue

01. Introduction to China Customs AEO Program
02. Key Findings on AEO Implementation Effectiveness
03. Feedback from AEO Companies
04. Future Directions

01

Introduction to China Customs AEO Program



Evolution and Current Status of AEO Program

Implementation Background and Certification System

- ▶ launching the AEO program in 2006
- ▶ establishing a certification criteria system of "general criteria + individual criteria"
- ▶ a total of 6,423 AEO companies

Innovative Practices and International Cooperation

- ▶ credit cultivation
- ▶ AEO coordinator
- ▶ 31 mutual recognition agreements with partners in 57 economies and regions

Evaluation Methods and Approaches


- ▶ questionnaire surveys
- ▶ establishment of big data models
- ▶ information system monitoring
- ▶ field research of enterprises

02

Key Findings of AEO Implementation Effectiveness



Improvement in Customs Clearance Time



Comparison with Regular Enterprises

In 2024, the average customs clearance time of AEO companies was 37% shorter than that of regular enterprises for imports and 23.6% shorter for exports.

Substantial Decrease in Inspection Rate

Comparison with Regular Enterprises

The average inspection rate of AEO companies in 2024 was lower than 20% of that of regular enterprises.



Priority in Laboratory Testing

By setting AEO identification in the IT system, customs authorities give priority to the relevant customs formalities for the goods of AEO companies.



In 2024, all goods of AEO companies requiring laboratory testing enjoyed priority procedures, with significantly lower testing times compared to regular enterprises.

Preferential Measures of Exemption from Guarantee

AEO companies can apply for exemption of guarantee through the IT system when handling business.
In 2024, China Customs waived guarantees for AEO companies engaged in processing trade businesses for more than \$1.4 billion.



03

Feedback from AEO Companies



Survey Results on Domestic Implementation Effectiveness

Questionnaire survey in 2024 by Shanghai Customs College

Category of Change	Significantly Decreased
Customs Inspection Rate	80%
Import/Export Clearance Time	90%
Frequency of Audits	80%

Survey Results on Global Implementation Effectiveness

Questionnaire survey in 2024 by Shanghai Customs College

Category of Change	Significantly	Slightly	No
Customs Inspection Rate	1/3	1/3	1/3
Import/Export Clearance Time	1/3	1/3	1/3
Document Review Rate	1/3	1/3	1/3

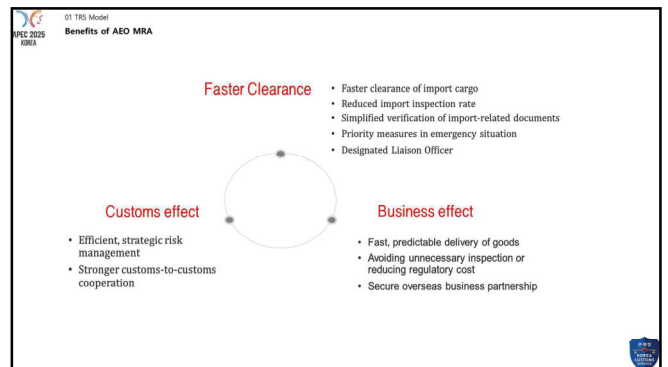
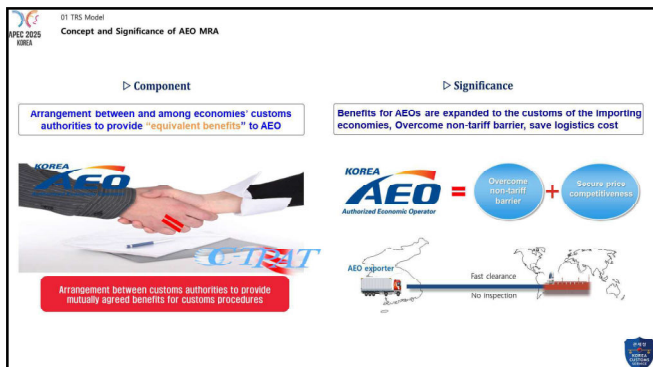
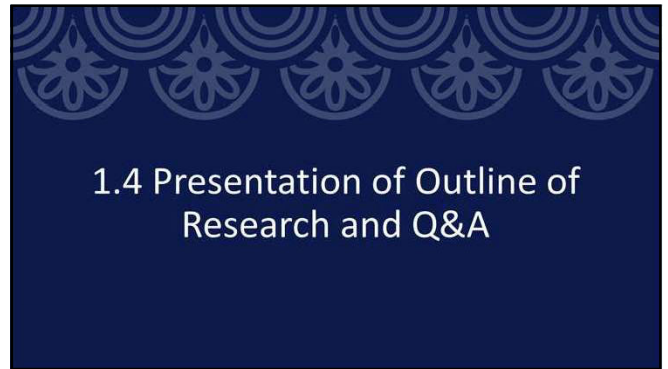
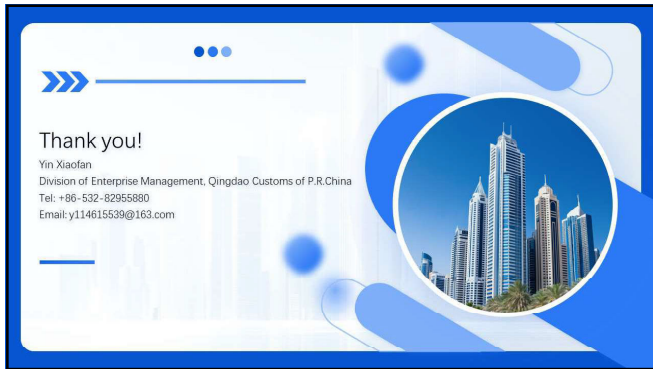
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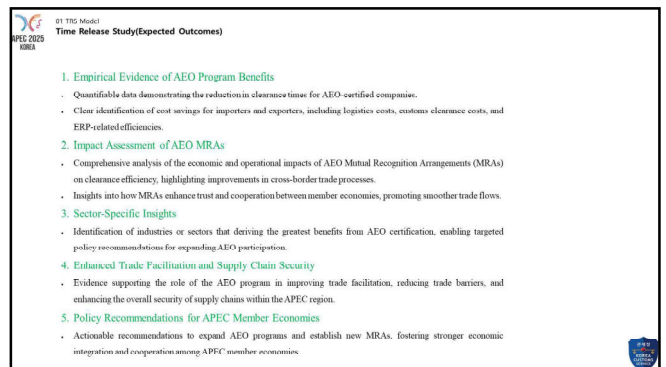
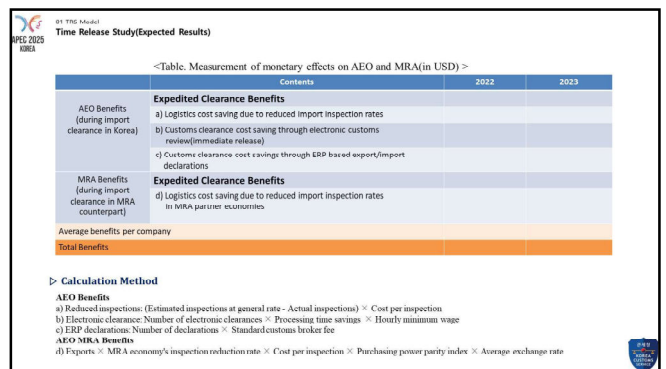
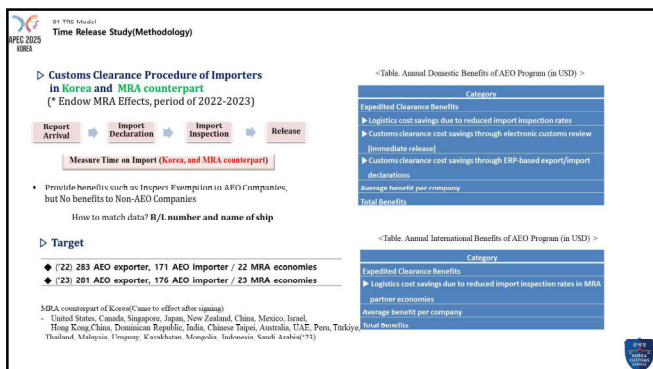
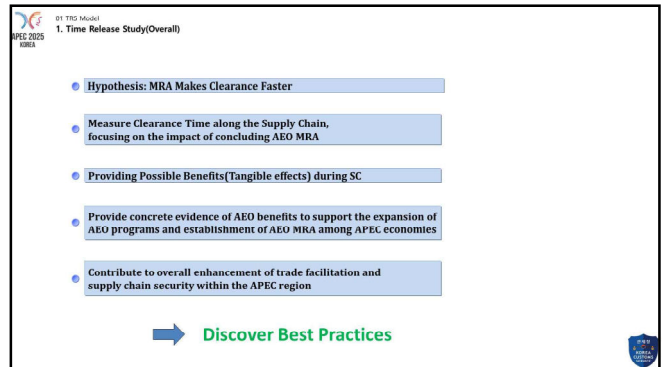
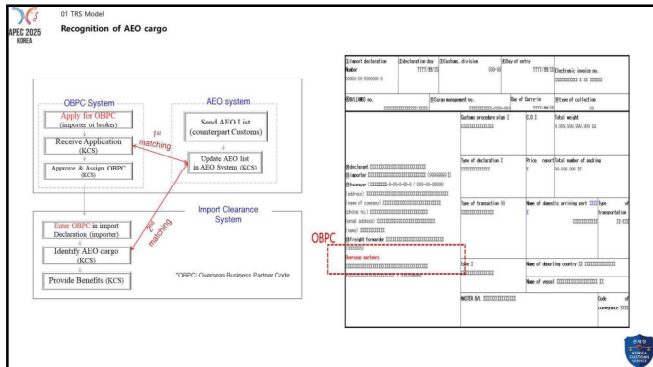
Future Directions

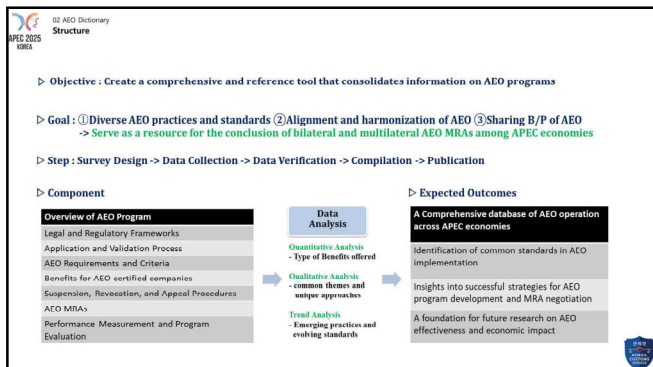


Continuous Improvement of AEO Program

- ▶ Establishment of More Big Data Models
- ▶ Strengthening Evaluation and Feedback Mechanisms
- ▶ Enhancing International Cooperation







SI AEO Dictionary Detailed questionnaire

➤ **Legislation**

Check-list	Status	Comments
	O X N A	Under development
Please briefly describe the composition of AEO legislation.		
What is the superior law (another law) of AEO legislation? When was each legislation drafted and initiated?		
What is the purpose of this legislation, and who may apply for it (government departments, private sector)?		
Is there any program/regulation similar to the AEO Program? If so, please describe its characteristics.		
How is the current organizational structure of the government composed, especially related to AEO?		
What is the collaborative relationship between the business customs office?		

➤ **Validation**

Check-list	Status	Comments
	O X N A	Under development
Is there an AEO guideline? Does it have legal effect, and does it consider guidelines from major economies?		
Is there any alleviated guideline for SMEs?		
Is there any guideline that covers post-management of AEO companies?		
What documentation does the validation process rely on?		
Please describe each validation stage (preliminary consultation, certification application, documentary validation, on-site validation, etc.).		
Were there any difficulties encountered during the validation procedure?		
How to apply for preliminary consultation? What is its scope, cost, and who is in charge?		
Is there any special treatment for SMEs to give priority of consultation?		

SI AEO Dictionary Detailed questionnaire

➤ **SMEs Support**

Check-list	Status	Comments
	O X N A	Under development
Are there related AEO authorization criteria specifically designed for SMEs?		
What do you think are important considerations for AEO authorization criteria for SMEs?		
Are there many SMEs showing interest in obtaining AEO authorization? From which industry?		
Does your organization have related validation techniques for SMEs seeking AEO authorization?		
Do you feel there is a need for programs to enhance AEO capacity building of validation for SMEs?		
What do you think is the biggest challenge SMEs face during the AEO authorization process?		
Are there support programs available for SMEs to obtain AEO authorization?		
What should be the primary focus of education to enhance AEO capabilities for SMEs?		
How do you think costs should be managed when providing education to enhance AEO capabilities for SMEs?		

➤ **Post Management**

Check-list	Status	Comments
	O X N A	Under development
Have you established legal regulations for post-management of AEO?		
Do you conduct periodic AEO Assessment for AEO companies?		
How are the results of the AEO Assessment reported and recorded?		
Have you established a system for Comprehensive audits after obtaining AEO authorization?		
Do AEO companies designate AEO managers? What are the designation criteria?		
Have you established regulations for handling changes in AEO companies?		
Are there any penalties for not reporting changes in a timely manner?		

SI AEO Dictionary Detailed questionnaire

➤ **Benefits**

Check-list	Status	Comments
	O X N A	Under development
Are AEO companies excluded from customs investigations such as focused audit or post-clearance audit?		
Is there a reduction in fines for AEO companies violating customs laws?		
Is there priority given to AEO companies when new policies come into force?		
Do you provide AEO-relevant information (potential risks, new regulations, etc.) to AEO companies?		
What are the AEO MRA benefits (reduced inspection rates, simplified document verification, etc.)?		
Is there a reduced rate of document submission required when AEO companies report exports?		
Is there a lower inspection ratio for AEO companies when reporting exports?		

➤ **MRA**

Check-list	Status	Comments
	O X N A	Under development
Have you designated MRA negotiators strategically?		
How many economies has your economy concluded Customs Mutual Assistance Agreements with? Do these include AEO MRA?		
Have you established a roadmap or strategy for successful conclusion of AEO MRA with other economies?		
Do you conduct trade statistics analysis and gap analysis of AEO authorization criteria with MRA preferred economies?		
What are the main benefits of MRA (reduced inspection rates, prioritized clearance, etc.)?		
Which stage of the WCO's MRA procedures do you find most difficult?		
How do you implement MRA benefits for exports and imports?		

SI AEO Dictionary Detailed questionnaire

➤ **Cooperation with OGAs (Other Government Agency)**

Check-list	Status	Comments
	O X N A	Under development
Do government agencies including Customs follow global standards or guidelines?		
Is your customs Department aware of new global concepts like "Expanding AEO to Exports" and "Expanding AEO to Free Zones"?		
List all major agencies that conduct Customs-related activities along with the Customs Department.		
Are there activities conducted by more than two government agencies during the export/import process?		
How do relevant government agencies reduce duplicated inspections/operations/patents?		
Is there regular communication among government agencies?		

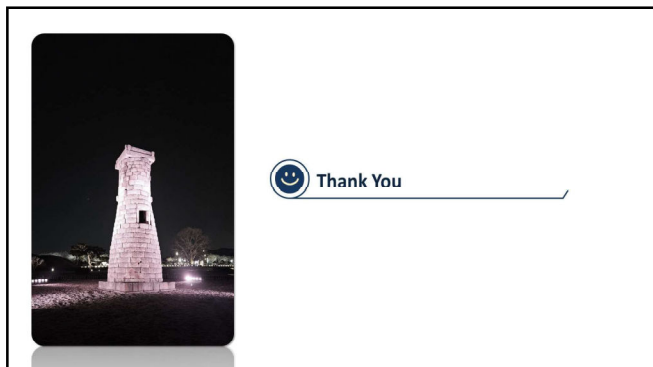
➤ **Promotion**

Check-list	Status	Comments
	O X N A	Under development
Do you have policies for enhanced periodic promotion and educational activities for AEO?		
Is there a private-sector forum for sharing AEO-related information?		
Is there an annual budget allocation for AEO promotion within Customs?		
Is there a cooperation framework between large corporations and SMEs for AEO-related mutual benefit?		
Do you hold regular meetings with AEO holders and potential AEO companies?		
Are there communication channels with industry associations (SME associations, Chamber of Commerce, etc.)?		
Do you have promotional materials such as videos, brochures, etc. for AEO?		
Do you provide customized content for different needs (AEO preparation guidance, benefits manual, etc.)?		
Do you organize best practice contests for AEO?		

SI AEO Dictionary Expected Results

Economy	WCO	Canada	Korea	United States.....
Adoption of AEO				
Launch Date				
Scope				
Tier				
Number of AEO and MRA				
AEO benefits				
Features				
Authorization Criteria	Validation Methods (Business site, Documentation, On-site) Scoring Methods (Documentary Validation, Onsite Validation, Revalidation)			

Comprehensively compiling all AEO information of APEC economies
 Focus on Authorization criteria and Alleviated AEO Criteria for SMEs (Exporters particularly)
 considering strategic mutual recognition between or multinational economy



SESSION 2: AEO Program for Smart Customs

2.1 Sharing of best AEO practices in Member economy

Current Status, Innovation in Implementing and Promoting the AEO Programme

Simon LEE Chi-ming,
Head of Office of Trade Relations and Public Communication,
Customs and Excise Department,
The Government of the Hong Kong Special Administrative Region

Agenda

01. Current Status of Hong Kong AEO Programme
02. Innovative Strategies in implementing the AEO Programme
03. Innovative Strategies to promote the AEO Programme
04. Way Forward

Current Status of Hong Kong AEO Programme

- Launched in 2012 - Under an open and voluntary certification regime
- Full compliance with WCO SAFE Framework of Standards
- All local enterprises engaging in the international supply chain activities are eligible

Current Status of Hong Kong AEO Programme



2 Tier Regime to help SMEs to join the AEO Programme

1. Customs Compliance	7. Conveyance Security
2. Maintenance of Commercial Records	8. Business Partner Security
3. Financial Soundness Security Criteria	9. Security Education & Training
4. Premises Security & Access Control	10. Info Exchange, Access & Confidentiality
5. Personnel Security	11. Crisis Management & Incident Recovery
6. Cargo Security	12. Measurement, Analysis & Improvement

Current Status of Hong Kong AEO Programme



Currently, HK Customs accredited 90 AEOs and 17 of them are SMEs



In 2024, the HK AEO Programme had facilitated up to HKD 3.5 million consignments (4% of HK total trade consignments) valued at more than HKD 1300 billion (14% of HK total trade value)



Current Status of Hong Kong AEO Programme



As at 2024, 16 Mutual Recognition Arrangements (MRAs) were concluded with various customs administrations

CHINA	INDIA	KOREA	SINGAPORE	THAILAND	MALAYSIA	JAPAN	AUSTRALIA
2013	2013	2014	2014	2015	2016	2016	2017
NEW ZEALAND	ISRAEL	CANADA	MEXICO	INDONESIA	MACAO, CHINA	BAHRAIN	SOUTH AFRICA
2018	2019	2019	2020	2022	2023	2024	2024

Current Status of Hong Kong AEO Programme



Hong Kong is a free port and no customs tariff, tariff quotas and surcharge on cargoes

Benefits



A P E C

1 **A**dvanced **P**ublicity

2 **E**nhanced **C**ollaboration

Innovative tool – Advanced Publicity

1. AEO iPASS



Are you READY?

No. of YES/NO questions: 67-80

Criterion (G): Conveyance Security

43. Conveyance management and operations procedures details
Formulating procedures to manage company trucks, conveyances and conveyances operations.

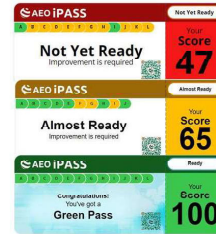
Yes No Not Applicable

Innovative tool – Advanced Publicity

1. AEO iPASS

Result of AEO iPASS

Improvement advice



Criteria	Suggestions for improvement
6. Conveyance Security	Company should establish mechanism to track and monitor the activities of conveyances and cargo throughout the local transportation process, and provide security rules, procedures, or guidance to conveyance operators. All conveyances (including contracted trucks) shall be kept at secure locations after works and properly manage conveyance keys to prevent the conveyance from unauthorized use. The parking area shall be protected by security devices and access control measures.

- Easy and quick way to know the readiness
- Improvement advice and e-learning tips

Innovative tool – Advanced Publicity

2. AEO Self-learning Kit



- Total 15 online videos
- Assist companies in evaluating the compliance of their business operations
- Get prepared for accreditation

Innovative tool – Advanced Publicity

Online



Offline



3. Multiple Promotion Channels

Innovative tool – Enhanced Collaboration

Under Three Pillars of the WCO SAFE Framework

1. Pillar 3: Customs-to-other Government Agencies co-operation

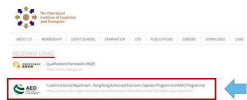
- Collaborate with other Government Agencies to provide extended benefits to Hong Kong AEOs
i.e. 10 Free Buyers' Credit Checks provided by Hong Kong Export Credit Insurance Corporation



Innovative tool – Enhanced Collaboration

2. Pillar 2: Customs-to-Business partnerships

- Collaborate with multiple Trade Associations
- Introduce Hong Kong AEO Programme to members of Trade Associations
- Send advertisement and e-newsletter to members
- Attach Hong Kong AEO Programme hyper links at Trade Associations' website



Innovative tool – Enhanced Collaboration

➤ 3. Pillar 1: Customs-to-Customs network arrangements

- Collaborate with Mainland China and Macao, China Customs
- MoU on Enhancing AEO Co-operation in the Greater Bay Area
 - ❑ Mutual referral mechanism and prioritized processing on relevant AEO applications
 - ❑ Joint publicity campaign
 - ❑ Enhance training and exchange of AEO officials
- Visit the “China Customs AEO Training Base (Shenzhen)”
- Bring more benefits to AEOs



Innovative tool – Enhanced Collaboration

➤ 3. Pillar 1: Customs-to-Customs network arrangements

- Collaborate with other customs administrations
- Collaborate with ASEAN to organized “AEO Expert Mission and Symposium”
 - ❑ Invited 50 AEO experts from Customs administrations of ASEAN Member States to communicate and share the best practice of AEO Programmes
 - ❑ Invited 200 AEO experts and relevant stakeholders to share insights on subjects related to AEOs
 - ❑ Connect with business sector and trade associations to foster Customs-to-Business partnership
- Explore the feasibility of collaboration events with other customs administrations



Way Forward

- Increasing Publicity Coverage
 - Leverage social media, AI etc.
- Extending MRA network with Hong Kong, China's major trading partners
 - Especially Belt and Road Economies, ASEAN, Middle East, Africa and South America regions
- Enhancing Cooperation with other customs administrations
 - With reference to MoU on Enhancing AEO Co-operation in the Greater Bay Area, explore the feasibility to liaise arrangements with other customs administrations

THANK
YOU

2.2 Efforts Towards Promoting AEO Certification to Small and Medium Enterprises (SMEs)

2025 APEC SSCP Efforts Towards Promoting AEO Certification to Small and Medium Enterprises (SMEs)

KOREA AEO ASSOCIATION Hannah, Kim

February 25, 2025

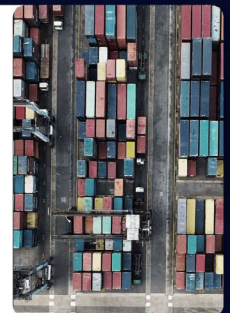





Table of Contents

- 01 Introduction
- 02 Korea's Initiatives
- 03 Global Best Practices




01 Introduction



01 INTRODUCTION


What is SME?

Large Enterprise




- At least **300 or more** employees
- Having an Annual Revenue or Total Assets over **\$50M**

SME


(Small and Medium-sized Enterprises)


- Small enterprise : fewer than **50** employees
- Medium enterprise : fewer than **300** employees

MSME

(Micro, Small, and Medium Enterprises)

- Micro enterprise : fewer than **10** employees
- Having an Annual Revenue or Total Assets under **\$100,000**






01 INTRODUCTION


Trends and Movements

WTO




- Informal Working Group on MSMEs**
: Compendium of special provisions for MSMEs in AEO(2024)
- Emphasizing SME-related provisions**
: Trade Facilitation Agreement (TFA)
- Collaborative Initiatives**
: Partnering with WTO and ICC

APEC




- Boracay Action Agenda**
: Expand the base of AEO to include SMEs, enabling them to contribute to security, integrity, and resiliency in supply chains.
- Carry out capacity building on AEO, including increasing SMEs' awareness, understanding, and compliance with AEO requirements

WCO



- WCO AEO Conference:**
AEO and SMEs
- The Authorized Economic Operator and the **Small and Medium Enterprise FAQ**
- Collaborative Initiatives**
: Partnering with WTO and ICC





01 INTRODUCTION

Why is SME Participation in AEO Crucial?

01 Enhanced International Trade Competitiveness

- AEO certification acts as a "Green Lane" in global trade
- Uniform customs benefits worldwide
- Boosts SMEs' international competitiveness

02 Expanded Export Opportunities

- Priority selection as export partners
- Reduced inspections in importing economies
- Facilitates SMEs' export growth

03 Improved Corporate Image

- International recognition for safety and reliability
- Easier acquisition of business partners
- Enhanced overall competitiveness







01 INTRODUCTION

Why is SME Participation in AEO Crucial?

Korea



- Small and Medium enterprises: **58%**

EU



- Medium enterprises: **34%**
- Small enterprises: **35%**
- Total SMEs: **69%**

Australia



- Small and Medium enterprises: **48%**

(Source: AEO, WCO, Korea AEO Conference, 2024)



01 INTRODUCTION
What Are the Challenges?

01 Complexity of Accreditation Procedure

- Demands comprehensive paperwork
- Necessitates adherence to rigorous security standards

02 Resource and Knowledge Constraints

- Limited capacity to manage AEO program
- Shortage of qualified personnel with AEO skills

03 Financial Constraints


- Increased expenditure for security enhancements
- Budgetary limitations for AEO-related investments

04 Limited Awareness and Understanding

- Insufficient knowledge about AEO program
- Lack of recognition of AEO program benefits



02 Korea's Initiatives



02 Korea's Initiatives
Support Program for SMEs

Legislation



- Article 255-6, Customs Act
- Provisions for support programs, including consultation and education, necessary for SMEs to obtain or maintain AEO certification

Korea's Customs Act Article 255-6

CUSTOMS ACT

CHAPTER IX CUSTOMS CLEARANCE

Article 255-6 (Support Programs Related to AEO Certification)


The Commissioner of the Korea Customs Service may implement support programs such as consultation and education that are necessary to obtain or maintain AEO status, for entities related to trade, such as the manufacture, transportation, storage, customs clearance, etc. of exported and imported goods, among small and medium enterprises provided in Article 2 of the Framework Act on Small and Medium Enterprises.

[This Article Added on Dec. 23, 2021]

02 Korea's Initiatives
Support Program for SMEs

Public-Private Partnership

Korea Customs Service
Korea AEO Association



- Operation of SME support programs using government budget
- Cooperation with KAA : Outsourcing of Project management and document validation

*** SMEs AEO Support Project of KCS has been in operation for 6 years, and more than 250 SMEs have received AEO Certification**

*** 1st SMEs Support Project (June, 2011)**

02 Korea's Initiatives
Support Program for SMEs

Korea Customs Service
Public Enterprise




- Collaboration with Public enterprise
- Conclusion of an MOU
- Supported for over 60 SMEs
- Reduction of the financial burden



AEO Memorandum of Understanding (MOU) Photo

02 Korea's Initiatives
Support Program for SMEs

Encouragement of Enterprise



- Article 5, Regulations on the Authorization and Management of AEO
- Companies with excellent performance in supporting SMEs to obtain certification are considered to have met the conditions for AAA grade.

Korea's AEO Regulations Article 5(1)

Article 5: Status Tiers

1. The Commissioner shall determine the status tier of applicants who have fulfilled Article 4-3 of these Regulations, in accordance with each of the following subparagraphs, after deliberations by the AEO Committee under Article 27 of these Regulations.

(a) Tier A: an applicant with a compliance score of 90 or more

(b) Tier AA: an applicant with a compliance score of 80 or more

(c) Tier AAA: an applicant with a compliance score of 75 or more, among those who have obtained reserved AEO status, and who falls under any of the following subparagraphs:

(i) where an applicant has best practices for internal and international supply chain security that would be widely applicable to and benefited by other economic operators, in this case, the best practice is only valid once when a status tier is upgraded;

(ii) where an applicant has made significant contributions toward ensuring that a small and medium enterprise has been certified as an AEO; or

(iii) where an AEO approved as a Self-Auditing Inspector under Paragraph 2 of Article 18 has produced a reliable outcome for recent self-assessments of customs duties.

02 Korea's Initiatives

Relaxation of standards

Legislation

Article 4.Regulations on the Authorization and Management of AEO
 Different evaluation methods may be applied during AEO assessment (Evaluation methods, flexible criteria)

«Korea's AEO Regulations Article 4(1)»

1. The AEO criteria are broken down into the following categories and the details thereof are stipulated in Annex 1, provided that the Commissioner may take a **different approach to exporters who fall under Article 2 of the 「Framework Act on Small and Medium Enterprises」** (hereinafter referred to as a "small and medium-sized exporter") to verify that they meet the authorization criteria.

02 Korea's Initiatives

Relaxation of standards

Relaxed standards

Topic	Relaxed Criteria for SMEs	Standard Criteria
Law Compliance Score	Above 80 points for two consecutive quarters	Above 80 points
Rejection of Certification Application	Below 60 points	Below 70 points
Application of Certification Standards	Simplified risk assessment and omission of some criteria	Full criteria
Point of Contact Qualification	Over 1 year of relevant experience	Over 3 years of relevant experience

02 Korea's Initiatives

Relaxation of standards

Law Compliance Score

- Management indicators of companies that are parties to **customs administration**.
- Measurement Period: **Last 8 quarters** (2 years)
- Composed of computationally measurable quantitative elements
- Business model, business reality reflection** (e.g., collecting suggestions every quarter and revising annual operating guidelines)

Matrix showing various indicators for Law Compliance Score, including Accuracy of Declaration, Customs Cooperation Index, and others.

02 Korea's Initiatives

Additional Benefits

Preliminary validation

- Priority given Application: Small and medium-sized exporters who apply for preliminary validation may be prioritized by the Commissioner over other applicants, in order of the preliminary validation

Fast-Track Assessment System

- Priority allocation for certification assessment
- Dedicated assessment team
- Reduced certification acquisition period (Average: 9 months → 5 months)

Training Materials

- Development and Distribution of AEO Training Materials : Facilitate AEO Certification Applications for SME Exporters

02 Korea's Initiatives

Additional Benefits

Self-Assessment Assessor

- Self-Assessment:** A process in which AEO companies independently verify their continued compliance with certification standards (compliance, internal control system, and security management)
- Self-Assessment Assessor**
 - AEO Certification Criteria Assessment
 - Self-Assessment Execution and Reporting
 - Improvement Recommendations

Others

Self-Assessment Assessor

Others

SME Exporter

SME Point of Contact

02 Korea's Initiatives

Global Best Practices

03 Global Best Practices
Global Best Practices : EU

01 Relaxed Requirements

- Record keeping to facilitate audit-based customs controls
- Security of the building
- Education and training of personnel regarding security policies

02 Providing Guidelines and Examples

- Additional guidance on AEO assessment criteria
- Tailored examples considering SME characteristics

03 Regular Consultations

- Periodic discussions on AEO procedures
- Involving relevant industry stakeholders, including SMEs

03 Global Best Practices
Global Best Practices : Hong Kong, China

01 2-Tier Accreditation Regime

- Tier 1: 10 Security standards
- Tier 2: 12 Security standards
- Basic certification benefits can be granted with Tier 1

02 Publicity of HK AEO Programme

- Promotion seminars
- Company visits

03 AEO IPASS(Online assessment tool)

- Quick evaluation tool of AEO preparedness

04 Cultivation Team

- Identify and nurture high-potential AEO candidates

03 Global Best Practices
Global Best Practices : India

Liberalized AEO Package for MSMEs

- Facilitate MSME participation in AEO program

Topic	MSMEs	AEO
Eligibility Requirement	Handling minimum 14 documents, subject to handling at least 5 documents in each half-year period of the preceding financial year	Handling minimum 25 documents in each half-year period of the last financial year
Business Activities	At least two financial years preceding the date of application	At least three financial years preceding the date of application
Qualifying Period for Legal and Financial Compliance	Only last two financial years	Only last two financial years
Time Limit for Processing of Application	For MSME AEO T1 application- 15 working days For AEO T2 application- 3 months	For AEO T1 application- 1 month For AEO T2 application- 6 months
Documents /Annexures	MSME AEO T1- Annexure 1 and 2 only MSME AEO T2- Annexure 1, 2 and 3 only	Annexure A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UU, UV, UW, UX, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YY, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ

03 Global Best Practices
Global Best Practices : Worldwide

① Procedures and Standards

Tailored Design, Lowered Barriers, Streamlined Processes, and Flexible Criteria

01 Argentina

- Lower Financial Criteria for SMEs
- Taking into account fulfillment of tax and Customs obligations when evaluating MSME applications

02 Australia

- SME-Friendly Program Design
- Utilizing formal advisory groups with SMEs to develop security management standards

03 Dominican Republic

- Simplified OEA Program for SMEs
- Operating streamlined OEA program for SMEs to facilitate smoother export processes

04 India

- Liberalized AEO Package for MSMEs

05 Indonesia

- Lower Financial Criteria for SMEs
- Requiring minimum qualified opinion for SMEs based on audited financial reports of the last two years

03 Global Best Practices
Global Best Practices : Worldwide

② Training and Outreach

From Funding to Guidance

01 Australia

- Dedicated Budget for Outreach and Capacity Building

02 Brazil

- Information Seminars and Public Consultations

03 China

- Training Bases and Dedicated Officials for SMEs

04 France

- Educational Sponsorship Programs

05 Japan

- Dedicated Officials(Account manager) for SMEs

06 United Kingdom

- Public-Private AEO Training Programs for SMEs

07 Indonesia

- Outreach Programs for SMEs

03 Global Best Practices
Global Best Practices : Worldwide

③ Platform Development

Digital Empowerment for SMEs

01 Brazil

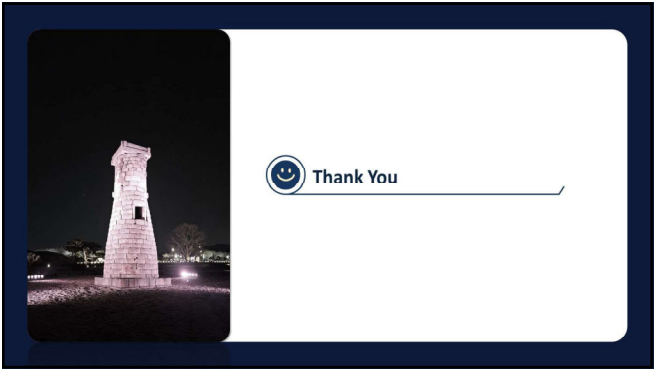
- Comprehensive AEO Web Platform
- Providing all necessary information

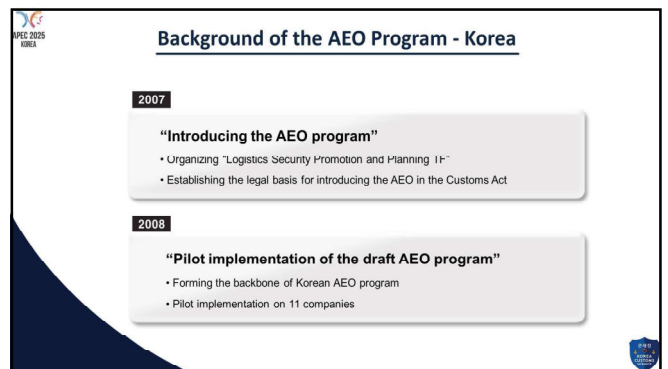
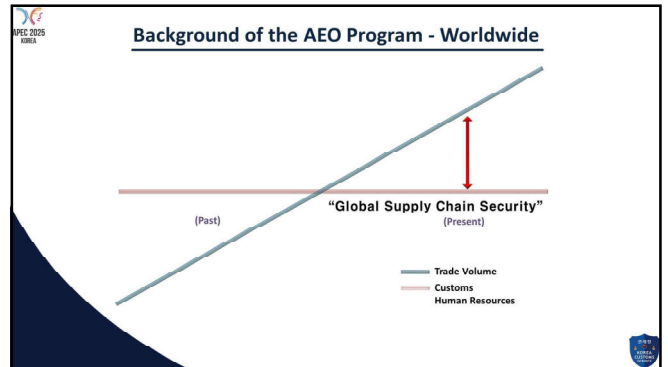
02 China

- Online Service System for AEO Support
- Offering educational courses and FAQ services

03 New Zealand

- Streamlined Online Application Platform
- Simplifying the process for small and medium exporters



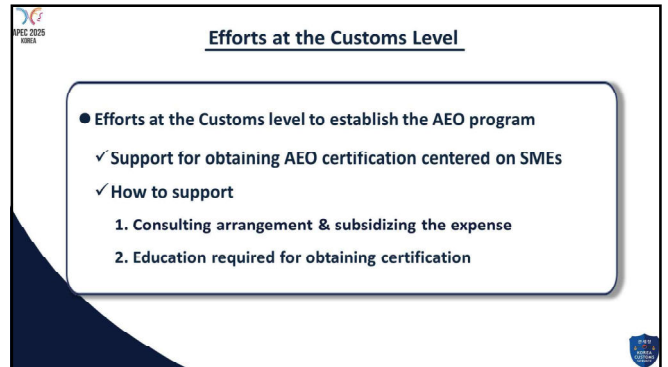


Current Status of Korean AEOs

“As of December 31, 2024”

Operators	Exporters	Importers	Customs Brokers	Logistics Companies, etc
Numbers	296	183	104	384

Total	970
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Efforts at the Customs Level

"KCS Supporting Program for SMES"

Year	'11.	'12.	'13.	'14.	'15.	'16.	Total
Budget (billion won)	0.6	0.9	0.9	1.1	0.77	0.56	4.83
SMEs (count)	55	61	48	57	43	28	292



Utilizing Other Agencies' Programs

	Total
"Public enterprise partner support project" Total Enterprises : 121 companies Total Budget : 2.082 billion won	SMEs (count) 158
"Export Voucher" Total Enterprises : 37 companies Total Budget : 424 million won	Budget (billion won) 2.51




Future plans and directions


- ✓ Enhancing collaboration with other certification programs
- ✓ Intensifying benefits for AEO companies, including financial support
- ✓ Activating the AEO MRA and accelerating implementation

Korea Customs AEO Center Contact :

- ✓ AEO program : aeo1@korea.kr
- ✓ AEO MRA : aeomra@korea.kr



Thank You !



**3.2~3 Case Reports
by Asia-Pacific Customs
Authorities and Q&A Session**




WORKSHOP ON AEO MRA PERFORMANCE MEASUREMENT & IMPROVEMENT OF COOPERATIVE ACTIONS

SESSION 3 : EXPANSION OF THE AEO PROGRAMME & INNOVATION IN CUSTOMS ADMINISTRATION

BY :
AEO SECRETARIAT, ROYAL MALAYSIAN CUSTOMS DEPARTMENT
CYBERJAYA, MALAYSIA
25th to 26th FEBRUARY 2023

CONTENT

- AEO IMPLEMENTATION, CONCEPT & SELECTION CRITERIA
- AEO SCOPE
- BENEFITS OF AEO
- MUTUAL RECOGNITION ARRANGEMENT
- THE FUTURE OF AEO AND CUSTOMS INNOVATION



AEO IMPLEMENTATION, CONCEPT & SELECTION CRITERIA

AEO Implementation:
2010-Importer, Exporter and Manufacturer.
2021-Launching of National AEO Programme with the expansion of AEO to Logistics Service Providers and Warehouse Operators.

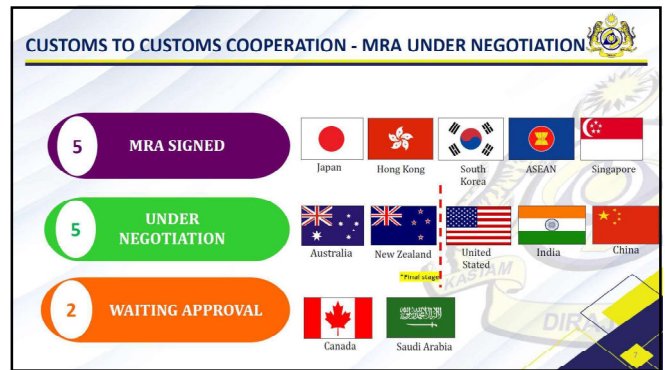
AEO Concept:
AEO is referring to operators involved in the movement of goods along the international trade supply chain who have achieved the required security standards and accredited by the member country.

The AEO concept:

- encourages electronic transactions for better security management in the supply chain;
- promote smooth and seamless flow of trade; and
- encourages to implement high security features based on international standards in day-to-day business activity.

Selection Criteria

- 01 In Operation For The Past Three Years
- 02 The Company And Directors Have Security Clearance
- 03 High Level Of Compliance
- 04 Fulfilled Security Requirements based on WCO SAFE FoS
- 05 No Tax Arrears



WAY FORWARD : EXPANSION OF THE AEO & INNOVATION IN CUSTOMS

Expansion of the AEO Program

- Expanding AEO to new scope - i.e. E-commerce & SMEs.
- Enhanced Compliance and Benefits - offer more benefits.
- MRAs - easing the process for international trade and reducing delays at borders.

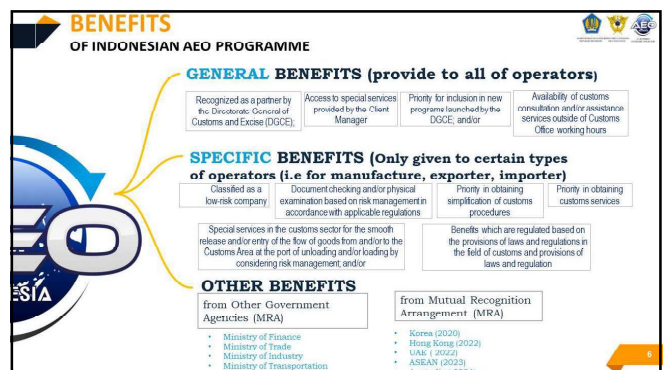
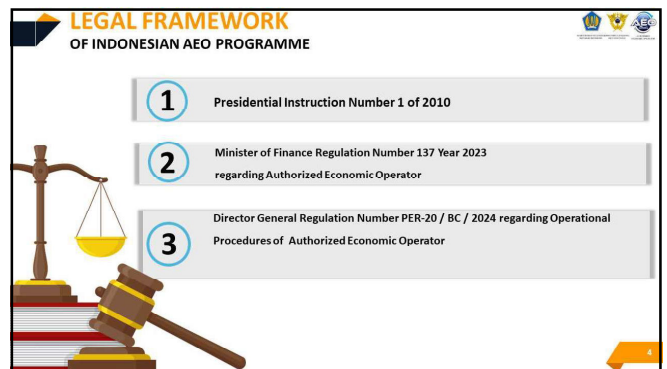
Innovation in Customs Administration

- Digitalization.
- Integration.
- Smart Border Technologies.

Results :
Enhance trade facilitation, ensuring security and increasing efficiency in global supply chain.

17-Feb-23





NUMBERS OF INDONESIAN AEOs

173 AEOs
(as of 31st DEC 2024)

- Exporter-Importer: 145
- Logistics: 28

UPDATES OF AEO MRAs

BILATERAL

- Korea**
Fully Implemented
20 June 2022
- United Arab Emirates**
Fully Implemented
13 November 2023
- Hong Kong**
Fully Implemented
1 November 2024
- Australia**
Signed
7 August 2024
(pending ratification)
- Japan**
(Text Negotiation)

REGIONAL

- Asean**
Fully Implemented
1 October 2024

CURRENT ISSUE OF AEO FOR SMEs

- The only provision related to financial viability stipulated in the AEO Regulation is specifically for SMEs.
- No other provisions or criteria, apart from financial viability, are relaxed or applied exceptionally for SMEs.
- Article 6, Paragraph 2 of MoI Regulation No. 13 / of 2023 states: "The assessment of the fulfillment of conditions and requirements is conducted by considering the condition of the Economic Operator, including small and medium-sized enterprises (SMEs)."
- As of today, no SME has been certified as an AEO in Indonesia.

THANK YOU

AEO Program in Chile

Andrea Ortiz Venegas
 Head of International Affairs Department
 Chile Customs Service
 25.02.2025

AEO Process and Operators

Legal Frame AEO program

- Customs Ordinance 230s
- Decree N° 140/2018, Finance Ministry
- Resolution N°248/2019 National Customs Service
- Resolution N°1820/2019 National Customs Service

1 Initial Self evaluation

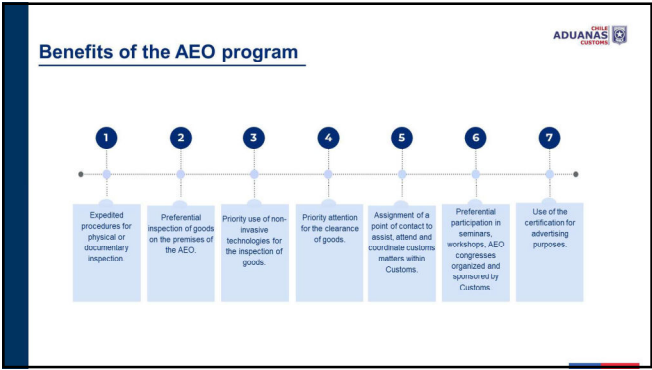
The applicant must fill in the Background and Self-Assessment forms and attach the documents required therein.

2 Documentary Review

Customs, based on the previous evidence, reviews that the requirements of the certification process are met.

3 Physical Inspection

Customs checks at the premises of the applicant that procedures and documentary evidence are in place.



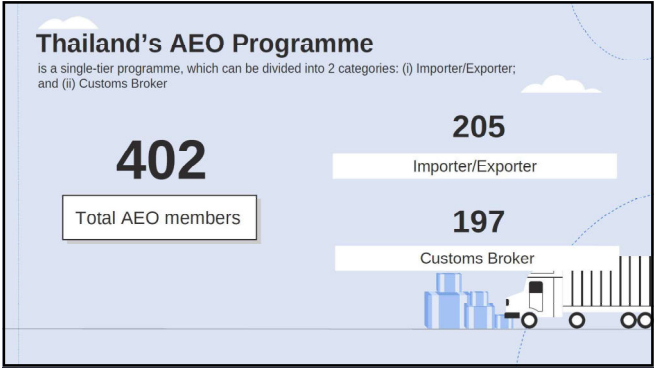
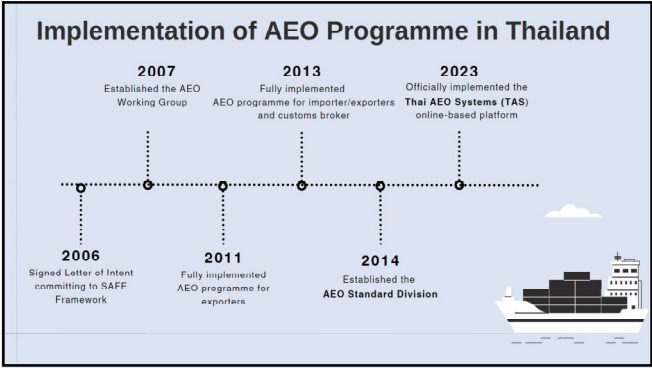
AEOs and MRAs

N° Certified Companies

Classification	Quantity
Importing companies	8
Exporting companies	8
Customs brokers	19
Total	35

Mutual Recognition Agreements (MRA):

- MRA Pacific Alliance
- Regional MRA Americas and the Caribbean
- MRA Chile - China



Benefits for Thai AEOs

Lower inspection rate
Exemption from physical inspection except other related laws stated otherwise or in case of being suspicious

Priority Treatment
Priority under special track provided in case of being subjected to physical examination

Simplified and faster document processing
more simplified and lesser time-consuming processes for duty drawback, bonded warehouse, and Customs Free Zone.

Transshipment and Transit
The guarantee placed for becoming an AEO can be used in lieu of placing a guarantee on transshipment and transit

MRA Benefits
the benefits on the clearance of goods given by the Customs Administration of destination, which is the party to a Mutual Recognition Arrangement (MRA) with Thai Customs

Current status Thailand's AEO MRA Partners

Fully implemented Bilateral MRA

Hong kong
 South Korea
 Singapore

Australia
 Japan
 New Zealand

Multilateral MRA
Partially implemented depending on the AEO Programme readiness of each ASEAN member state

MRA Signed

 People's Republic of China
February 6, 2025

Under Negotiation

India
 Malaysia

Proposed MRA initiatives

Russia
 Canada

MRA CN-TH On-Site Observation

July 2023, Joint Site Observation in Guangzhou, China

MRA TH-CN On-Site Observation

October 2023, Joint Site Observation in Rayong, Thailand

MRA TH-CN signing ceremony

6 February 2025
Beijing, China

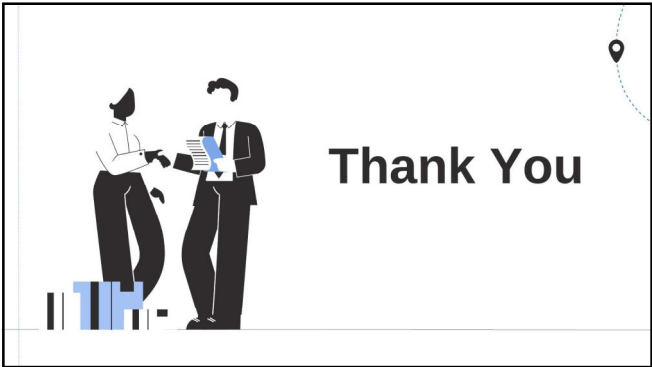
Applying Technology to AEO

Thai AEO System: TAS

Online Application
 Self Assessment
 Applicant's Data Management
 Verification and Authorization Data report

Benefits of TAS to AEO Programme

- A free centralized platform
- Customized self-assessment form
- Standardization and transparency
- Real-time data
- Physical paper usage reduction



What is AEO in Peru?

It is an external trade operator or intervening operator, certified by SUNAT for having met the established conditions and requirements.

Conditions for AEO Certification

Compliance
No serious customs infractions

Management system
allows traceability of operations
Documented and controlled processes

Financial Solvency
Verified economic stability

Security

AEO certification process

- 1 APPLICATION NUMBERING
Initiation of AEO certification process
- 2 ORIENTATION STAGE
• Assess documentation and provide technical support.
- 3 CERTIFICATION STAGE
Validation visit
- 4 • CERTIFICATION RESOLUTION
Approval as AEO
- 5 MAINTENANCE
Risk management

Most relevant benefits

- 1 Reduction of physical inspections

	Control	Non AEO	AEO
Document	5%	0.5%	0.2%
Physical	5%	0.5%	0.2%
- 2 Nominal guarantee

	Cost	Non AEO	AEO
	0	>=1,000	0
- 3 Priority in customs procedures

	Time	Non AEO	AEO
Hours	1	40	15
- 4 Assignment of a sector specialist

Competitive advantages of being an AEO

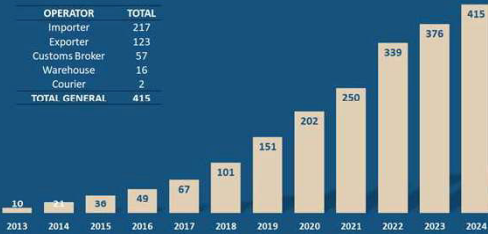
Cost reduction
Fewer inspections, streamlined procedures.

Greater efficiency
Faster customs processes.

Prestige
Recognition as a safe partner.

Evolution of the AEO Program in Peru

OPERATOR	TOTAL
Importer	217
Exporter	123
Customs Broker	57
Warehouse	16
Courier	2
TOTAL GENERAL	415



Signed MRA

Signed:

- 2017: South Korea
- 2019: Uruguay
- 2018: Pacific Alliance (Peru, Mexico, Colombia, Chile)
- 2018: USA
- 2019: Andean Community (CAN) (Peru, Colombia, Ecuador y Bolivia)
- 2020: Brazil
- 2021: Guatemala
- 2022: Canada
- 2022: Regional (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Guatemala, Paraguay, Dominican Republic y Uruguay)

In process:

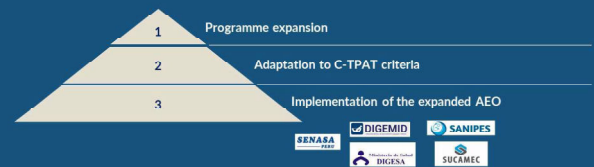
- Mercosur - Pacific Alliance
- India
- Hong Kong



Expansion of AEO Certification to other control entities



Next steps

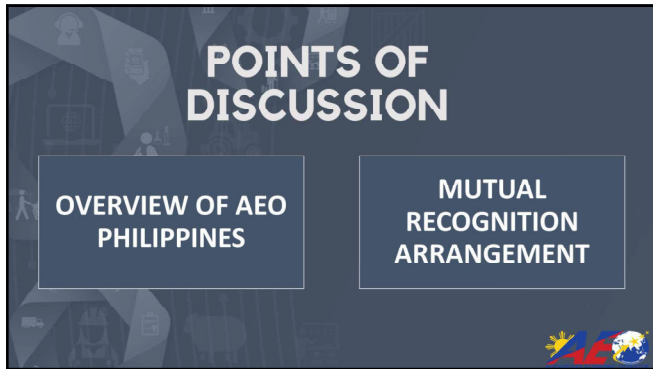


PHILIPPINE AUTHORIZED ECONOMIC OPERATOR PROGRAM

25-26 February 2025, Gyeongju, South Korea

ATTY. JINNY M. APOSTOL
Philippine Bureau of Customs







Date Launched:
December 2, 2019



Benefits:

- Level 1:**
 - Exemption from Renewal of Accreditation
 - Dedicated Help Desk
 - Acceptance of Self-Assessment Declaration
- Level 2:**
 - Dedicated Processing Lane
 - Expedited Clearance for Exports for MRA partner countries
- Level 3:** To be determined



Program Components:

- Covers all supply chain entities but pilot implementation only for importers and exporters
- Certification has **no expiration**, except upon revocation



Accreditation Process:

- Pre-Screening
- Level 1 (90 days from receipt)
- Level 2 (one year from Level 1 accreditation)





Evaluation Process:

- Submit documents via AEO Online Portal
- Document Evaluation
- On-line Validation
- On-Site Inspection
- Deliberation of AEO Committee
- Issuance of Certificate of Accreditation



No. of MRAs:

- Signed** – ASEAN, China
- On-going Negotiation** – Hong Kong, India, Israel, South Korea



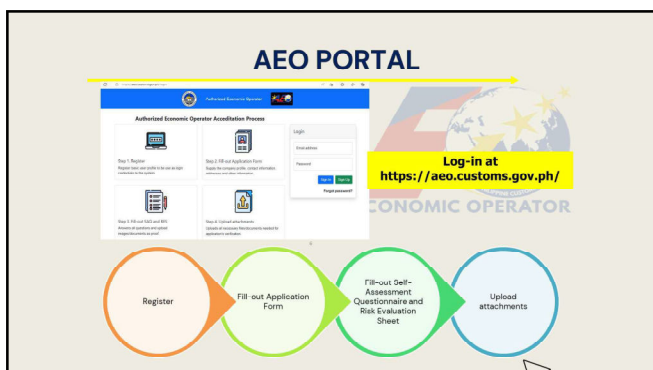
No. of AEO Companies:

- Level 1** – two (2)
- Level 2** – three (3)







MUTUAL RECOGNITION ARRANGEMENT



Signing of the Philippines-China MRA on January 3, 2023



Signing of the ASEAN AEO Mutual Recognition Arrangement on May 12, 2023



WTO TFA IMPLEMENTATION AND AEOS

WTO Secretariat
25 February 2025

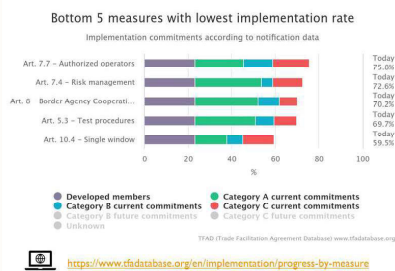


OVERVIEW TFA IMPLEMENTATION

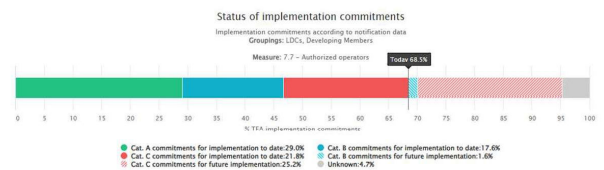
Rate of implementation commitments by developing and LDC Members



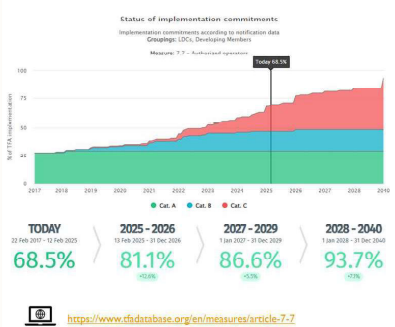
IMPLEMENTATION OF ARTICLE 7.7 OF THE TRADE FACILITATION AGREEMENT



Status of implementation commitments – Developing and LDC Members



TIMELINE OF IMPLEMENTATION OF ARTICLE 7.7 OF THE TRADE FACILITATION AGREEMENT



TFA ARTICLE 7.7 – AUTHORIZED OPERATORS

7.1 Each Member shall provide additional trade facilitation measures related to import, export, or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators.

7.3 ... 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.