



Asia-Pacific
Economic Cooperation

2007/CTTF/STAR/012

Supply Chain Security: Capacity Building Initiatives and Emerging Issues

Submitted by: University of Canberra




**Secure Trade in the APEC Region (STAR V)
Conference
Sydney, Australia
27-28 June 2007**

Supply Chain Security: Capacity Building Initiatives and Emerging Issues



STAR V CONFERENCE
Sydney, 28 June 2007

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Overview



- Changing Role of Customs
- SAFE Framework of Standards
- AEO/Partnership Arrangements
- Mutual Recognition
- Capacity Building Issues

Facilitation/Intervention




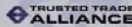
Customs - change in approach:

- From 'Gatekeeper' strategies
- To a balance between trade facilitation and regulatory intervention

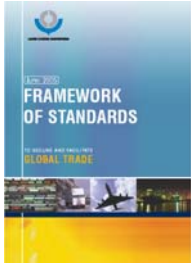




Facilitation/Intervention


In the wake of 911, supply chain security initiatives are tipping the balance in favour of regulatory intervention

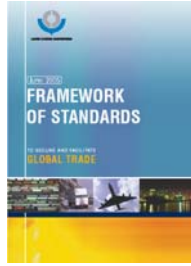
SAFE Framework




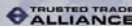
WCO Framework of Standards to **S**ecure **A**nd **F**acilitate the Global Trade **E**nvironment




SAFE Framework



“The commitment and willingness shown by WCO Members to implement the Framework of Standards clearly demonstrates their desire to both secure and facilitate world trade”



SAFE Framework

- Establishes international standards designed to promote certainty and predictability
- Introduces the concept of Authorised Economic Operator
- Encourages Government-Industry partnerships




Authorised Economic Operator

- A party involved in the international movement of goods that is deemed to comply with WCO or equivalent supply chain security standards
- "...companies that demonstrate a verifiable willingness to enhance supply chain security will benefit. Minimizing risk in this way helps Customs in performing their security functions, and in facilitating legitimate trade"

Partnerships

Security initiatives have introduced an additional concept of 'partnership'

- **Compliant Trader:** those with a demonstrated high level of compliance with regulatory requirements
- **Authorised Economic Operator:** those who satisfy the SAFE criteria



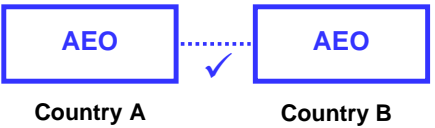

Partnerships




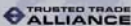
The diagram illustrates two partnership models. On the left, a box labeled 'AEO' is enclosed within a yellow circle, with the text 'Secure Supply Chain' below it. On the right, a box labeled 'Compliant Trader' is shown, with the text 'Regulatory Compliance' below it.



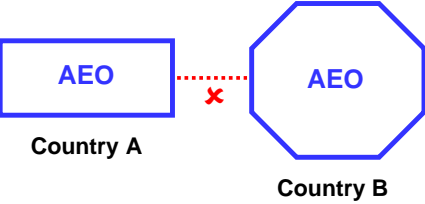

Mutual Recognition




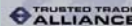
The diagram shows two boxes, each labeled 'AEO', one above 'Country A' and one above 'Country B'. A horizontal dotted line connects the two boxes, with a blue checkmark centered below the line, indicating mutual recognition.

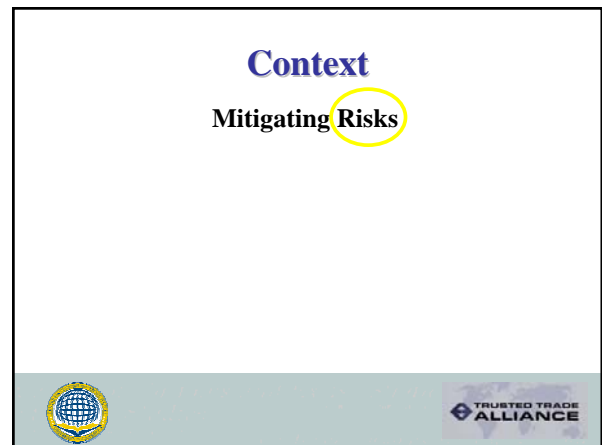
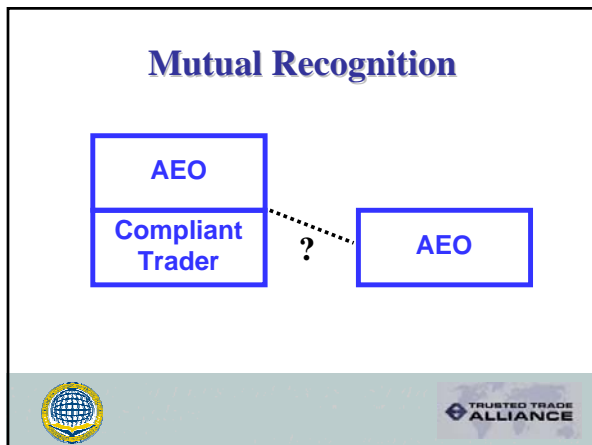



Mutual Recognition



The diagram shows a box labeled 'AEO' above 'Country A' and an octagonal box labeled 'AEO' above 'Country B'. A horizontal dotted line connects the two boxes, with a red 'x' centered below the line, indicating a lack of mutual recognition.



Context

Mitigating Risks

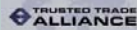
- **Objective:** To achieve a secure supply chain
- **Risks:** to the security of the supply chain
- **Capacity:** to effectively mitigate the risks

Key Elements

- Effective, harmonised framework
- Uniform interpretation of the framework
- Appropriate application of the standards
 - Effective management of risk
 - Manage non-critical risks post-transaction
- Mutual Recognition
 - Mutual trust
 - Not the lowest common denominator

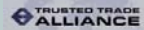
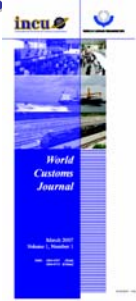
Key Elements

- Competent operators
 - Government officials
 - Trading community
- Coordinated approach
 - Avoid duplication
- Processing capacity
 - Self assessment
 - Third party verification



Future Initiatives

- World Customs Journal
www.worldcustomsjournal.org
- WCO Conference



www.customscentre.canberra.edu.au

www.trusted-trade.net

