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APEC Authorized Economic Operator Compendium

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Asia Pacific Economic Cooperation

Sub-Committee on Customs Procedures

**Authorized Economic Operator
Program Compendium**

Compiled by: Authorized Economic Operator Working Group
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Introduction

The main objectives of the APEC Sub-Committee on Customs Procedures (SCCP) are to simplify and harmonize regional customs procedures to ensure that goods and services move efficiently, effectively and safely through the Asia-Pacific region, and to reconcile and facilitate border controls.

Taking into account the SCCP objectives, and in response to a call from the APEC Ministers and the industry, the SCCP endorsed the Authorized Economic Operator Working Group* Terms of Reference in August 2009. The objective of the AEO Working Group is two-fold:

1. Work towards the establishment of AEO programs, of equal caliber, within each of the APEC economies, and
2. Encourage the mutual recognition arrangements of AEO programs amongst interested economies within the Asia-Pacific region.

In March 2010, a draft action plan to guide the work of that AEO Working Group was endorsed by the SCCP. The Action Plan sets out a phased approach toward the goal of establishing an array of AEO programs and mutual recognition arrangements in the region. The phases of the action plan include:

1. Heighten understanding of the various AEO programs in the APEC region – a compendium of AEO programs will be developed using a questionnaire that will be circulated to each of the AEO Working Group members for compilation.
2. Development of the “AEO Best practices” – Based on the compiled compendium, elements of the AEO program will be divided into two groups, which are: 1.) Elements suitable for harmonization (specifically, security criteria) and 2.) Elements not suitable for harmonization. A comparative table will be created for the elements not suitable for harmonization. With respect to the elements suitable for harmonization, work will be undertaken to agree on minimum criteria. The comparative table and the agreed minimum criteria will be compiled as the “APEC AEO Best Practices“.
3. Capacity Building – Identify capacity building needs for establishing AEO program by individual economy
4. Endeavor to create a new Collective Action Plan

The following document contains the compiled compendium of the APEC Working Group members’ AEO programs.

* The members of the working group include: Canada, China, Japan, Korea, Malaysia, New Zealand, Singapore, Chinese Taipei and the United States.

Chapter I: Background

Chapter 1: Background

Canada

Name of AEO Program

Partners in Protection

Background

The Canada Border Services Agency's (CBSA) Partners in Protection (PIP) program is a voluntary program with no membership fee that aims to secure the trade chain and facilitate legitimate trade.

The PIP program was developed in 1995 to promote awareness and compliance with customs regulations. After the events of September 11, 2001, the PIP program placed greater emphasis on supply chain security and introduced physical and infrastructure security recommendations.

Since the introduction of the Authorized Economic Operator (AEO) concept by the World Customs Organization (WCO) and following a commitment Canada made as part of the Security and Prosperity Partnership of North America (SPP) in 2007 to align the PIP program with its U.S. counterpart, the Customs-Trade Partnership Against Terrorism (C-TPAT) program, the CBSA has been strengthening the PIP program to achieve compatibility the C-TPAT program and ensure compliance with AEO guidelines.

On June 28, 2008 Canada signed a Mutual Recognition Arrangement (MRA) with the U.S. This arrangement signified the achievement of the SPP commitment of compatibility between PIP and C-TPAT since both countries now apply similar standards and follow similar practices when approving companies for membership in their respective programs.

On June 30th 2008, the CBSA launched its modernized PIP program. The program was modernized to introduce the stringent security requirements required to align with the C-TPAT program and the AEO guidelines. Denial, suspend and cancel policies for membership were also established as well as appeal and reinstate policies.

Name of AEO Program

Customs Self Assessment (CSA)

Background

The CBSA launched the CSA program in December 2001. The program was developed as one of the risk management initiatives under the Customs Action Plan to enhance the Agency's effectiveness in processing an increasing volume of goods crossing the border.

The CSA program is designed for low-risk, pre-approved importers, carriers and registered drivers who invest in compliance and meet stringent Canada Border Services Agency (CBSA) requirements. The CSA program offers authorized participants streamlined clearance of eligible

goods when a CSA authorized carrier and registered driver are involved and streamlined accounting, payment and adjustment processes for all imported goods. Eligible goods include goods shipped to Canada directly from the United States or Mexico that are not subject to controls or restrictions from any Canadian government departments.

China

Name of AEO Program

AA Class Enterprises

Background

Ever since China Customs signed the letter of intent to implement the WCO SAFE Framework of Standards in 2005, China customs has dedicated into the research and establishment of AEO system in China.

(i)Introduction of AEO system to domestic legislation

Measures of the General Administration of Customs of the People's Republic of China on Classified Management of Enterprise is consistent with AEO system, therefore in order to minimize the change of current system, China customs combined AEO system into the Measures. The revision and its annex for the purposes of encouraging the compliance and self-discipline of enterprises, raising the effectiveness and efficiency of Customs management and safeguarding the security and facilitation of import and export goes into effectiveness on January 4, 2008

In light of enterprises' level of compliance with laws, regulations, Customs rules and relevant anti-corruption provisions, their operational and managerial performance and records kept in the process of Customs control and Customs statistics compilation, Customs divides them into five (5) management categories, i.e., AA, A, B, C and D through evaluation, and then makes the results public. Under the principle of “compliance for facilitation”, the General Administration of Customs has formulated differentiated management measures for enterprises of different categories. Enterprises of Class AA and Class A shall enjoy respective clearance facilitations, while Class B shall be subject to regular measures, and Class C and Class D to strict control. Customs across the country shall apply uniform enterprise classification standards, procedures and management measures. Customs and the enterprises shall strengthen cooperation, conduct regular information exchanges and keep operational contacts.

The introductions of AEO standards are generalized in the purpose of the Measure and the criteria of AA enterprises, and specified in the Report on Operations and Management. The Report lists the requirements for goods, operation place, personnel, trade partnership, which consists of AEO requirements, therefore, the AA enterprises are AEO enterprises in China.

(ii)Establishment of audit-base AEO authorized system

China customs initiated the audit-based authorization on November 2007. Based on the Measures, China customs started a nation-wide customs verification audit and issued the “Operating Standards of the Customs for Verification and External Audition” (including

standards for trade facilitation) on December, 2008 and made improved the Standards by issuing inspection table for the verification test including 4 catalogues of 22 items and 35 criteria for the testing system which meet the requirements and needs of AEO related standards. The implementation of AEO system in China is carried out along with the implementation of verification audit.

(iii)Development of computer-based system for comprehensive information of enterprises. The purpose of the system is to enhance the integrity and accuracy for authorization of enterprises and transfer the classified information to clearance data. This system has put in use nationwide on August 2009.

China customs also organized publicities, trainings within customs and to public to introduce AEO system and the Measure to raise public awareness of AEO system.

The Measure goes into effectiveness on April 1, 2008. Up till February 2010, China customs has authorized 1562 AA enterprises.

Japan

Name of AEO Program

Authorized Economic Operator Program

Background

One of the driving forces for development of the AEO Program in Japan is the rising momentum in the international community to secure trade while facilitating legitimate trade, as is addressed in the adoption of the WCO AEO guidelines in 2006. In addition to this, a comprehensive policy package named “Asian Gateway Initiative” was endorsed by then Prime Minister in 2007. The Initiative set a goal of “Implementation of the program to streamlining trade measures” as one of the ten major policy priorities with a view to enhance logistic capacity for international trade, and the AEO Program has become an important issue to be addressed under the Initiative.

Japan Customs introduced a compliance-based program called “Simplified Declaration System” for authorized importers in March 2001 in consistent with the Revised Kyoto Convention. Based upon this compliance-based procedure, Japan Customs established the AEO program for exporters in March 2006 and also upgraded the compliance system for importers by introducing security aspects in April 2007, aiming at consistency with the WCO AEO guidelines.

Japan Customs further amended the Customs Act and relevant orders and regulations to expand the scope of the AEO Program to cover whole supply chain. The new Program covered warehouse operators in October 2007, Customs brokers and logistic operators such as carriers and forwarders in April 2008, and manufacturers in July 2009.

Korea

Name of AEO Program

Authorized Economic Operator Program

Background

Korea AEO program which has two main elements of compliance and security is the key of company management in the area of supply chain. AEO certified companies are highly reliable customs partners based on the trust and the security. With introduction of the AEO program, Korea Customs Service (KCS) has completely divided comprehensive customs control system in accordance with AEO authorization status.

AEO companies go through consulting-based audit process focusing on informed compliance. They also receive various benefits such as less inspection, monthly payment, credit security, etc.

In contrast, non-AEO companies are subject to enforced compliance-oriented audit with no such advantages.

Malaysia

Name of AEO Program

Authorized Economic Operator Program

Background

The customs-business partnership programme was initially developed to be in-line with provision 3.32 “Special procedures for authorised persons” under the General Annex to the Revised Kyoto Convention (RKC), which called for customs administrations to provide facilitative and simplified measures for companies meeting specified criteria.

Malaysia signed the letter of intent to implement the WCO SAFE Framework in June 2005. The Administration decided to incorporate the AEO criteria under FOS as requirements for future applicants. The decision then was to have a 2-tier program, where companies can either apply for the compliance program or both the compliance and security program.

New Zealand

Name of AEO Program

Secure Exports Scheme

Background

In 2002 post the terrorist attack in the United States the United Nations passed a resolution (UNSC 1373) for countries to secure the international supply chain from being used to move terrorists and terrorist related goods. The New Zealand Government instructed the New Zealand

Customs Service to take a lead in trade security. In 2003 Customs developed its response, the Secure Exports Scheme focusing on exporters. The New Zealand Government introduced legislation in support of the Secure Exports Scheme (SES) and the Border Security Bill was passed in 2004. Prior to introducing SES, Customs ran pilot programmes with exporters and port terminal operators and consulted with other government agencies involved in the export supply chain.

Singapore

Name of AEO Program

Secure Trade Partnership (STP)

Background

Launched on 25 May 2007, the Secure Trade Partnership (STP) is a voluntary certification program administered by Singapore Customs that encourages companies to adopt robust security measures in their trading operations, thereby contributing to the improvement in the security of the global supply chain.

The STP program is consistent with the World Customs Organization SAFE Framework of Standards to Secure and Facilitate Global Trade, adopted in June 2005.

Through the STP program, Singapore Customs seeks to:

- Create awareness of the importance of adopting a total supply chain approach to cargo security;
- Encourage companies to play their part in securing their own processes within supply chains;
- Enhance the security of the global supply chain and prevent disruptions to the smooth flow of goods; and
- Profile Singapore as a secure trading hub.

The STP program is open to all supply chain stakeholders (i.e. importers, exporters, warehouse operators, transporters, terminal operators, etc.). A higher tier of STP-Plus program was subsequently implemented in October 2008.

Chinese Taipei

Name of AEO Program

The Authorized Economic Operators (AEO) Certification and Management Program

Background

Chinese Taipei submitted the letter of intent to apply WCO SAFE Framework on Oct. 2006. In order to realize the commitment, a program called “The Ubiquitous Economic and Trade Network Program” was introduced starting in 2009. The program includes “Advance Cargo

Information”, “Authorized Economic Operators (AEO) Certification and Management”, “Cargo Movement Security”, “Inspection Technology Modernization”, and “CMT Single Window System”.

As the second sub-project of “The Ubiquitous Economic and Trade Network Program”, “Authorized Economic Operators (AEO) Certification and Management” is a four year project which implements AEO concepts based on the WCO’s AEO Guidelines, C-TPAT requirements, and the EU’s AEO Guidelines.

United States

Name of AEO Program

Customs-Trade Partnership Against Terrorism (C-TPAT)

Background

In direct response to 9/11, the U.S. Customs Service, now U.S. Customs and Border Protection (CBP) challenged the trade community to partner with CBP to design a new approach to supply chain security focused on protecting the United States against acts of terrorism by improving security while simultaneously speeding the flow of compliant cargo and conveyances. The result was the Customs-Trade Partnership Against Terrorism (C-TPAT) – an innovative, voluntary government/private sector partnership program.

C-TPAT builds on the best practices of CBP/industry partnerships to strengthen supply chain security, encourage cooperative relationships and to better concentrate CBP resources on areas of greatest risk. It is a dynamic, flexible program designed to keep pace with the evolving nature of the terrorist threat and the changes in the international trade industry, thus ensuring the program’s continued viability, effectiveness and relevance. Flexibility and customization are important characteristics of C-TPAT.

This partnership between CBP and the trade is built on Customs border authority and cooperative relationships. It is built on knowledge – that the trade partner has demonstrated a commitment to supply chain security, and trust – that the company will continue to do so with minimal CBP examination.

To uphold this relationship, accountability is required. The trade partner must be willing to assume responsibility for keeping his supply chain secure to agreed upon security standards through self policing and implementing changes as needs arise.

The current security guidelines for C-TPAT program members address a broad range of topics including personnel, physical and procedural security; access controls; education, training and awareness; manifest procedures; conveyance security; threat awareness; and documentation processing. Companies that apply to C-TPAT must sign an agreement with CBP that commits their organization to the program’s security guidelines. These guidelines offer a customized solution for the members, while providing a clear minimum standard that approved companies must meet.

CBP's ability to leverage its customs authority and C-TPAT's unprecedented innovation enables the United States government to positively impact security practices throughout the global supply chain on a broad scale. This influence on security behavior overseas goes well beyond the conventional expectations or the reach of United States regulators. This is because private companies operating in the global supply chain, which choose to participate in C-TPAT, agree to implement increased levels of security throughout their international supply chains, in exchange for benefits that only CBP can provide.

In addition, C-TPAT members must agree to leverage their service providers and business partners to increase their security practices. This requirement enables C-TPAT to improve the security practices of thousands of companies located around the globe that are not enrolled in the program. In fact, many companies are demanding that their business partners enroll in C-TPAT or adhere to its security guidelines, and they are conditioning their business relationships on these requirements.

C-TPAT also enables trade by improving supply chain security and increasing supply chain performance. The program helps companies optimize management of their assets and functions while enhancing security. Together, enhanced security practices and increased supply chain performance, reduces the risk of loss, damage and theft, and lessens the threat that terrorists will attack the global supply chain.

The successful integration of increased security and enhanced supply chain efficiency is one of the great successes of C-TPAT. Through the collaborative work of CBP and the trade community, C-TPAT has become the focal point for all United States government and private sector supply chain security efforts.

Chapter II: Outline of the AEO Program

Chapter II: Outline of the AEO Program

Canada

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer (number of AEO importers: 390)
- Exporter (number of AEO exporters: 299)
- Customs brokers (number of AEO customs brokers: 72)
- Warehouse operators (number of AEO warehouse operators: 147)
- Logistics operators (number of AEO logistics operators:)
- Manufacturers (number of AEO manufacturers:)
- Terminal operators (number of terminal operators:)
- Others (Freight forwarder: 119; Shipping agent: 21; Courier: 15; Marine: 9; Rail: 6; Air: 5)
- Highway carriers (number of highway carriers: 900)

Description of legal framework:

The information and supporting documentation collected by the Partners in Protection and CSA program is collected under the *Customs Act* (Canada) and is “customs information” as that term is defined therein.

The authority under which the PIP program operates comes from the *Canada Border Services Agency* (CBSA) *Act*:

- *CBSA Act*, paragraph 5(1)(a) -- states the CBSA's mandate includes supporting the administration and enforcement of the program legislation. The PIP program assists the Agency to fulfill its mandate by monitoring importers/exporters supply chains and thus allowing the CBSA to target its examinations more effectively.
- *CBSA Act*, paragraph 13(2)(a) – allows the CBSA to negotiate and enter into an international arrangement
- *CBSA Act*, paragraph 13(2)(b) -- allows the CBSA to enter into an agreement or arrangement with any person or organization (which would include a company) for the purposes of carrying out its mandate.

The authority under which the CSA program operates is set out in the *Customs Act* and the pursuant *Accounting for Imported Goods and Payment of Duties Regulations* (Sections 10.2 to 10.9). Following are examples of amendments that were made to the *Customs Act* to support the program:

- Release prior to accounting or interim-accounting 32(2)(b)
- Authorization to deliver goods 19(1.1)

- Meaning of release 2(1)
- Acceptance of Undertakings 4.1
- Payment at a financial institution 3.5
- Carrier liability 20(2.1)
- Offset refunds amounts 74(8)

The following two Memoranda provide the policy guidance for the CSA program:

- 1) [Memorandum D17-1-7, Customs Self Assessment Program for Importers](#)
- 2) [Memorandum D3-1-7, Customs Self Assessment Program for Carriers](#)

China

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer
- Exporter
- Customs brokers
- Warehouse operators
- Logistics operators
- Manufacturers
- Terminal operators
- Others
- Highway carriers

Total number of members: 1,562

Description of legal framework:

Measures of the General Administration of Customs of the People's Republic of China on Classified Management of Enterprises which is the base of AEO system in China was adopted on January 4, 2008, promulgated by Decree No. 170 of the General Administration of Customs of the People's Republic of China on January 30, 2008, and effective as of April 1, 2008

These Measures are formulated in accordance with the Customs Law of the People's Republic of China and other relevant laws and administrative regulations for the purposes of encouraging the compliance and self-discipline of enterprises, raising the effectiveness and efficiency of Customs management and safeguarding the security and facilitation of import and export.

Enterprises classified as AA shall meet the requirements for audit-based customs control and trade facilitation, and shall submit the Report on Operations and Management annually.

The introductions of AEO standards are generalized in the purpose of the Measure and the criteria of AA enterprises, and specified in the Report on Operations and Management. The Report lists the requirements for goods, operation place, personnel, trade partnership, which consists of AEO requirements, therefore, the AA enterprises are AEO enterprises in China.

Japan

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer (number of AEO importers: 75)
- Exporter (number of AEO exporters: 233)
- Customs brokers (number of AEO customs brokers: 26)
- Warehouse operators (number of AEO warehouse operators: 78)
- Logistics operators (number of AEO logistics operators: 2)
- Manufacturers (number of AEO manufacturers: 0)
- Terminal operators (number of terminal operators:)
- Others
- Highway carriers

Total number of members: 414 (as of July 30, 2010)

Description of legal framework:

In Japan, we have four types of legal framework on AEO Program, which are Customs Act, Cabinet Order, Ministerial Ordinance, and Order of Director-General of the Customs and Tariff Bureau (CTB), the headquarters of the Japan Customs. Japan Customs has established and been conducting its AEO Program based on the following frameworks. In addition, to secure uniform application, Japan Customs set an internal manual for Customs officials who are in charge of AEO affairs. All law, orders and regulations except the internal manual are opened to the public for secure smooth implementation of the AEO Program.

- Customs Act – Customs Act stipulates basic scope and requirements of the Japan’s AEO Program which includes clearance procedures and benefits for AEOs, condition and requirements for authorization (reasons for disqualification), obligations for AEOs, and expiry and revocation of approvals.

- Cabinet Order (Cabinet Order for Enforcement of the Customs Act) – Cabinet Order stipulates specific procedures for the rights and obligations written in the Customs Act. The order contains formalities and procedures for Customs clearance, AEO application, revocation and examination procedures.
- Ministerial Ordinance (Ordinance for Enforcement of the Customs Act) – Ministerial Ordinance stipulates further details of procedures and formalities for the AEO program such as particulars to be set forth in a Compliance Program by applicants.
- Order of Director-General of the CTB – Order of Director-General of the CTB is an order from the headquarters to the each Regional Customs, which provides guidelines to Customs officials who are responsible for AEO operations at the Regional Customs. The Order contains specific procedures and formalities for application, authorization, revocation, and post-authorization audit. It also provides specific Customs clearance procedures. In this context, the Order practically provides guidelines to AEO applicants and companies as well as Customs officials.

Korea

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer (number of AEO importers: 12)
- Exporter (number of AEO exporters: 12)
- Customs brokers (number of AEO customs brokers: 4)
- Warehouse operators (number of AEO warehouse operators: 2)
- Logistics operators (number of AEO logistics operators: 4)
- Manufacturers
- Terminal operators
- Others (Freight forwarder: 5)
- Highway carriers

Total number of members: 40

Description of legal framework:

1. Customs Act (January 2008)
2. Enforcement Decree of Customs Act (February 4, 2009)
3. AEO Enforcement Rule (April 15, 2009)
4. The Regulation for Post Management of AEO (July 2009)
5. AEO Guideline (June 2009)
6. AEO Guidebook

Malaysia

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer
- Exporter
- Customs brokers
- Warehouse operators
- Logistics operators
- Manufacturers
- Terminal operators
- Others
- Highway carriers

Total number of members: 41

Description of legal framework:

The AEO program will be administered by the Customs Standing Instructions No. 75. It provides the guideline and will be used as reference material for Customs officers responsible for implementing the program.

The Administration is planning for the administration of the national AEO program to be legislated. We are studying similar legislations from other countries, and subsequently will start drafting the relevant amendments to be incorporated into the Malaysian Customs Act of 1967. We are hopeful that the amendment will be ready within 2010.

The Customs Standing Instruction No. 75 was formulated to provide guidelines for the implementation of the AEO program. It lists out the qualifying criteria for applicants, the application documents, activities that will disqualify companies, the approval and validation processes, security inspections and benefits given to those approved.

Since AEOs enjoy fast clearance at points of import, export, transit and local sales, the Instruction explains how these procedures and others including payment of duty and claims for refund and drawbacks should be carried out, under the program.

New Zealand

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer
- Exporter (number of AEO exporters: 126)
- Customs brokers
- Warehouse operators Logistics operators
- Manufacturers
- Terminal operators
- Others
- Highway carriers

Description of legal framework:

New Zealand Customs and Excise Act 1996, Sections 53A to 53J:

- Sections 53A Customs seal may be applied to goods for export
- Sections 53B Warning notice for packages to which seal applied
- Sections 53C Chief executive may approve secure exports scheme
- Sections 53D Purpose of secure exports scheme
- Sections 53E Matters to be specified in secure exports scheme
- Sections 53F Matters to be acknowledged in secure exports scheme
- Sections 53G Goods to be exported under Customs-approved secure exports scheme may be exported under drawback
- Sections 53H Application of Customs seals to goods to be exported under Customs-approved secure exports scheme
- Sections 53I Exporters may be involved in exportation of goods outside Customs-approved secure exports scheme
- Sections 53J Review of Customs-approved secure exports scheme

Singapore

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer (number of AEO importers: 5)
- Exporter (number of AEO exporters: 5)
- Customs brokers
- Warehouse operators (number of AEO warehouse operators: 1)
- Logistics operators (number of AEO logistics operators: 16)
- Manufacturers (number of AEO manufacturers: 14)
- Terminal operators (number of terminal operators: 1)
- Others (Shipping lines: 1; Security Service Provider: 1; Ship Supplier/Chandlers: 2)
- Highway carriers

Total number of members: 43* (as of 18 Mar 2010)

*Please note that companies may have multiple roles

Description of legal framework:

There is currently no legal framework.

Chinese Taipei

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer
- Exporter
- Customs brokers
- Warehouse operators
- Logistics operators
- Manufacturers
- Terminal operators
- Others
- Highway carriers

Chinese Taipei plans to expand to the following types of the operators: Manufacturers, Freight Forwarders, Customs Brokers, Warehouse Operators, Highway Carriers, Air Carriers, Sea Carriers, and Port Terminal Operators.

Total number of members: 304 (General AEO for simplified Customs procedure: 302; Security and Safety AEO for safety and security/ simplified Customs procedure: 2)

Description of legal framework:

Customs Act: Article 19 of Customs Act specifies “For the duty-payer or exporter who qualifies specific requirements and is approved by Customs to provide an appropriate deposit or affidavit, the goods listed in specific declaration forms may be released in advance.”

“Regulations Governing Customs Clearance Procedures for Import/ Export Goods of the Authorized Economic Operators” includes:

- General Provisions
- Qualifications, Application Procedures, and Favorable Measures
- Management
- Supplementary Provisions

“Authorized Economic Operator Security Vetting Items and Validation Criteria” includes:

- Management Organization
- Consultation, Cooperation and Communication
- Physical and Premises Security
- Access Control
- Personnel Security
- Procedural Security
- Business Partner Security
- Cargo Security
- Container Security
- Conveyance Security
- Information Technology Security
- Security Training and Threat Awareness
- Incident Prevention and Handling
- Assessment and Improvement

United States

Scope of the AEO Program

Description of the scope and types of operators:

Scope of AEO Program

- Covers import only
- Covers export only
- Covers both import and export

Types of operators

- Importer (number of AEO importers: 4,425)
- Exporter
- Customs brokers (number of AEO customs brokers: 850)
- Warehouse operators
- Logistics operators (Consolidators / 3PLs); 819

- Manufacturers (number of AEO manufacturers: 1,050 – Canadian and Mexican foreign manufacturers)
- Terminal operators (number of terminal operators: 60)
- Others
- Highway, Sea, Rail, and Air carriers: 2,770

Total number of members: 9,974

Description of legal framework:

SAFE Port Act – Signed into law in October 2006 to improve maritime and cargo security through enhanced layered defenses, and for other purposes.

Chapter III: Application, Verification and Authorization

Chapter III: Application, Verification and Authorization

Canada

Application, Verification and Authorization Procedures

To apply to the Partners in Protection program, a company must complete and submit a Security Profile (the program's application form) in which they provide detailed information on how they meet the program's minimum security criteria. Officers at CBSA's National Headquarters review the Security Profile identify areas of concern, determine if the company is likely to meet the requirements and perform a thorough risk assessment.

The risk assessment consists of risk checks in multiple CBSA systems. If hits are found, the file is forwarded for further risk analysis. If the hits are significant, a report recommending denial is prepared. An Intelligence Officer then conducts an onsite validation to confirm the requirements have been met and writes a report to recommend either approval or denial. If the report recommends approval, the company is invited to sign a Memorandum of Understanding (MOU) in which they commit to meeting and maintaining PIP's minimum security criteria and to exchange information.

In return, the CBSA commits to reviewing the company's security procedures, suggest improvements, provide awareness sessions on security and smuggling issues, and accord other privileges.

Importers and carriers who wish to become authorized CSA participants must apply as follows:

Importers:

Two-part application; importer must meet first part of application to qualify to submit second part.

- Part 1: Security profile information - risk assessment of client which includes the collection of corporate structure information, key business activities and products; company policies related to risk management; and upon request, a quarterly report or their most recent audited financial statements.
- Part 2: Importers have to demonstrate that their books, records and business systems have, or will have, the necessary internal controls and procedures - including linkages, controls and audit trails to meet customs requirements.

Carriers:

Two-part application; carrier must meet first part of application to qualify to submit second part.

- Part 1: Carriers must provide detailed information such as a complete corporate structure and all relevant registration identifiers; details about their business specialty, clients, equipment and drivers; security measures for freight facilities and personnel policies; terminal and warehouse locations; and the location of all their divisions.

- Part 2: Carriers are asked to demonstrate their internal process for an international Canada-bound shipment; identify their current business process for all shipments, starting from the order through to billing; identify how they assign an internal control number for each order they accept; provide detailed dispatch procedure and systems; provide sample documents, descriptions and the appropriate linkages for each step in the shipping process; identify how CSA-approved importers, drivers and eligible shipments will be identified in the systems, identify how their reporting system to trace all Canada-bound shipments, including CSA-approved shipments; and identify the location of books and records.

Self-assessment Mechanism

In the PIP program, each applicant must complete a [Security Profile](#) (the program’s application form) which provides the opportunity for self-assessment. The Security Profile contains a series of detailed questions; the completion of which enables the applicant to self-identify any security or supply chain risks. The Tips and Glossary for Completing the Partners in Protection Security Profile provided on the CBSA website also assist applicants in establishing if their company meets the program’s criteria.

In the CSA program, importers use the data from their own business systems to trigger, self assess and adjust their accounting and payment obligations. Importers have longer time frames to submit accounting and trade data, allowing more opportunity for internal reconciliation and reducing the need for corrections. Importers summarize revenue amounts on a single monthly report, which allows for offset of debits with credits and are permitted to make payments at their own financial institutions.

China

Application, Verification and Authorization Procedures

Step 1: Application

Enterprises apply for class AA by submitting the following materials:

- Application form for Class AA Management;
- Report on Operations and Management;
- Audit report for the previous year issued by an accounting firm.

Step 2: Preliminary check and transfer by local Customs

Customs will:

- Check the integrity and validity of the materials presented,
- Check the veracity of the contents filled in the applicant sheet and the stamp on it,
- Check the integrity of the contents filled in the Business and Operation Management Report, and
- Deliver applicant materials and accept document in 5 working days.

Step 3: Information verification

Regional Customs will give feedback in 5 working days.

Step 4: To inquire external administrative departments

Regional Customs will contact related departments and inquire whether the applicant has bad records. The related departments include: foreign trade authorities, the People's Bank of China, departments of industry and commerce, taxation authorities, quality inspection authorities, foreign exchange authorities and anti-corruption supervisory departments. They should give feedback to regional customs in 10 days.

Step 5: Verification audit

Customs officers will carry out verification audit. Then need to finish the verification, and prepare an Audit Report and a Feedback Sheet in 45 days.

Step 6: Approval by the head of the Regional Customs

Step 7: Final approval by GACC (Headquarters)

Regional customs will report to the GAC 30 days before the end of the 6 months time limit, and provide relative materials include:

1. Basic information of the applicant;
2. Feedback Sheet of Verification Audit;
3. Verification Report;
4. Recommendation of the regional customs;
5. Other relative materials.

GACC will give feedback in 10 working days.

Step 8: Certificate issuing

Regional customs will issue Certificate of Class AA in 3 working days after receiving the final approval by GAC.

Self-assessment Mechanism

The ***Business and Operation management Report*** provided by enterprises during application is an important self-assessment tool for enterprises. It includes: basic information regarding the Enterprise; financial status; staff status; internal management; import and export activity; credit status and security standards.

Japan

Application, Verification and Authorization Procedures

Any traders or operators who would like to become an AEO have to apply to and obtain an approval of the Director-General of Regional Customs. In order to provide traders or operators opportunities to receive guidance towards fulfillment of the requirements, and to provide Customs with informed and facilitated verification processes, Japan Customs introduced a unique process called "Prior Consultation". The following steps are applied:

Step 1: Prior consultation with Customs (based on requests from applicants).

This is not a mandatory process. Any traders or operators who are interested in the AEO Program are able to contact the AEO Center/Unit established at each Regional Customs to obtain necessary information on the application and authorization procedures. Upon the request, Customs gives explanations of the AEO requirements and Self-assessment Check Sheet. Customs also supports stocktaking of operational flow of the applicants and identifying points to be reviewed. Finally, if necessary, Customs provides assistance on how to draft the Compliance Program of each applicant to meet the AEO requirements. At the same time the applicants conduct a self-assessment according to the Check Sheet to identify gaps between their current operation and the AEO requirements. Based on the self-assessment and consultation with Customs they review the operational flow and contracts with business partners to meet the requirements of the AEO Program before submitting a formal application to the Director-General of each Regional Customs.

Step 2: Submission of Application Form

A party who applies for authorization of the AEO Program (applicant) submits an application form describing the name, address, and other necessary information with supporting documents to the Director-General of each Regional Customs. Supporting documents include:

- Compliance Program
- Self-assessment check sheet
- Registration certificate as a corporation
- Outline of corporation
- Financial statement, etc.

Step 3: Examination of application

Customs examines the submitted application form and all supporting documents to confirm the eligibility and satisfaction of the requirements for authorization. Customs also conducts on-site validation by selecting facilities to be checked based on supply chain and trade volume, etc.

Step 4: On-site validation

Customs conducts on-site validation against the information mentioned in the application form and its supporting documents. Customs conducts interviews with staffs in charge of compliance policy and physical security to confirm the contents of the application. Customs also checks physical security measures of cargo storage facilities such as fence surrounding the facilities, lighting, locking devices, access control of people, cargo segregation, and computer systems. Moreover, on-site validation goes to check whether import/export procedures are conducted in accordance with the Compliance Program and protocols.

Step 5: Authorization

Customs should notify approval or disapproval of an application within 1 month after receiving the application from importers, exporters or warehouse operators, and within 2 months after receiving the application from customs brokers, logistics operators or manufacturers. Names of approved AEO companies are uploaded to the website of Japan Customs.

Self-assessment Mechanism

Japan Customs provides businesses with the Check Sheet which is posted on the Customs website for use in self-assessment. The self-assessment Check Sheet is designed to identify gaps between the current situation of applicant and the AEO requirements. The sheet is composed of thirteen major elements from overall framework to punitive measures. Underneath the each element several detailed questions are included with “yes” and “no” answer column so that they can identify issues to be tackled to enhance security and compliance areas.

Major elements in the Check Sheet are as follows:

- Establishment of the Framework
- Operations of Relevant Sections
- Implementation of Customs Procedures
- Implementation of Cargo Control
- Framework for Internal Audit
- Compliance Program of Other Trade Control Acts and Regulations
- Instruction to the Contracted Parties
- Communication Channel with Customs
- Reporting and Crisis Management
- Keeping and Maintenance of Books and Records
- Financial Affairs
- Education and Training
- Punitive Measures

Korea

Application, Verification and Authorization Procedures

Step 1: Submit application

Submit the application via internet based AEO portal (with self-assessment including documentary evidence, risk evaluation, statement on AEO management, internal AEO manager’s information).

Step 2: Audit

Documentary audit completed within 2 months and on-site validation within 2 months for all business sites.

Step 3: Assignment of AEO Certificate

Assignment of the AEO certificate is done once all requirements of internal control, financial solvency, law compliance, and security are met. AEO grade depends on law compliance: class AA (90% or more); class A (85% or more), or a request for improvement measure.

Step 4: AEO Certificate granted

The AEO is valid for 3 years (renewal is done within 6 months before expiration) and an Account Manager (similar to Customs Client Coordinator) is assigned.

Step 5: Self-management/post monitoring

Step 6: Revalidation or Comprehensive compliance assessment

Revalidation or comprehensive compliance assessment can be conducted either by application or selection: class adjustment (A, AA or AAA in case of more than 95% compliance; or request for improvement measures)

Step 7: Self-management/post-monitoring

Self-assessment Mechanism

Self-assessment table on AEO management (so called, security profile) is the document indicating evaluated contents by grading company's level how to meet the AEO requirements.

Evaluation should be scored in the scope of 'N/A, 0, 1, 2, and 3' basis of documentation and implementation.

After applicants score for each AEO criteria, they should present the documentary evidence and describe brief contents how to meet the criteria with number and name of evidence. This may include the company policy, internal guideline, documents, manual, or references.

Malaysia

Application, Verification and Authorization Procedures

Step 1: Application

Companies are to submit application documents, as listed in the Instructions to the AEO Secretariat located at the Customs Headquarters.

Step 2: Company Checks

Checks will be carried out on the record covering the last 3 years, on the company, the Board of Directors and personnel dealing with Customs, by the Customs Intelligence (at Headquarters) and Customs Forwarding Agents Monitoring Unit (at regional level), the Police, Internal Revenue Board, Immigration Department and Companies Commission.

Step 3: Pre-verification Inspection

A team of auditors at regional level will carry out pre-verification inspection on the companies' fiscal, accounting and regulatory compliance record.

Step 4: Site Visit

Another group will visit the company's premise to check and report on their security compliance.

Step 5: Report

After receiving the above reports, the AEO Secretariat will prepare and submit a comprehensive validation report to be deliberated on by the AEO Panel which is chaired by the Director General.

Self-assessment Mechanism

A security self assessment checklist is one of the documents that the applicant to the program has to fill up. The answers will be verified by the Customs officers at the regional office where the applicant is located.

Generally, the self assessment checklist consists of following components:

1. Compliance with Customs requirements
2. system for Management of commercial records
3. Financial Viability
4. Contact Point
5. Education, training and awareness
6. Information Exchange, access and confidentiality
7. Cargo Security
8. Conveyance Security
9. Premises Security
10. Personnel Security
11. Trading Partner Security
12. Crisis Management and Incident Recovery
13. Measurement, analysis and improvement

New Zealand

Application, Verification and Authorization Procedures

An Exporter wishing to join the Secure Exports Scheme must complete application form NZCS 507. This application form must be lodged with the Exporters regional Customs office and be supported with the following documents:

- Security plan – for all sites where the Exporters products are packed for export.
- Process map – which identifies the physical activities from production to arrival at the port of export, and the link with the documentation generated in relation to these activities i.e. loading, transport and invoicing.
- Site plan – for all sites where the Exporters products are packed for export.
- Transport Operations – a security plan to be supplied by the Exporters transport(s) operator.

Self-assessment Mechanism

Not applicable.

Singapore

Application, Verification and Authorization Procedures

A company performs a comprehensive self-assessment of its internal policies, processes and procedures against the [STP Guidelines and Criteria](#) which are readily available in the Singapore Customs website.

The result of the self-assessment formulates the company's security profile, which covers the following:

- The company's security management system;
- The company's risk assessment process;
- The company's security measures that address the 8 elements under the STP program:
 1. Premises security and access controls
 2. Personnel security
 3. Business partner security
 4. Cargo security
 5. Conveyance security
 6. Information and Information Technology (IT) security
 7. Incident management and investigations
 8. Crisis management and incident recovery

The company submits an application to Singapore Customs, together with its security profile and supporting documents.

Singapore Customs assesses the company's application and security profile for compliance with the STP Guidelines and Criteria. The assessment includes on-site validation(s) by Singapore Customs.

Singapore Customs certifies the company if it meets the requirements under the STP Guidelines or the STP Criteria.

The STP program certification will be valid for a period of three (3) years. Certified companies have to comply with the terms and conditions stipulated by Singapore Customs. Singapore Customs will conduct periodic and regular site visits.

Self-assessment Mechanism

Besides the self-assessment outlined above, the company may also use the ["Guideline to Completing a Security Profile"](#) which is readily available in the Singapore Customs website as a reference to perform a comprehensive self-assessment of its internal policies, processes and procedures against the STP Guidelines and Criteria.

Chinese Taipei

Application, Verification and Authorization Procedures

The application of AEO is accepted on local Customs office. Application Form, Self-Assessment, and supplementary documents should be prepared for the application. The whole process should be done within 3 months. If necessary, the timeframe can be extended at 3 more months at most.

Self-assessment Mechanism

There are 14 major elements for self-assessment. They are:

1. Management Organization
2. Consultation, Cooperation and Communication
3. Physical and Premises Security
4. Access Control
5. Personnel Security
6. Procedural Security
7. Business Partner Security
8. Cargo Security
9. Container Security
10. Conveyance Security
11. Information Technology Security
12. Security Training and Threat Awareness
13. Incident Prevention and Handling
14. Assessment and Improvement

United States

Application, Verification and Authorization Procedures

Company needs to conduct a self-assessment of its security practices and operations based on C-TPAT's minimum security criteria to ensure company complies with the criteria.

Company then submits an application via the C-TPAT portal. System automatically assigns that company to one of C-TPAT's seven field offices. Company then completes its security profile – answering one by one the different sections of the minimum security criteria for that entity (importer, sea carrier, etc.).

Once the C-TPAT Supply Chain Security Specialist (SCSS) is satisfied with the company's answers –they are complete and relevant- the SCSS vets the company through CBP's law enforcement databases. If the company does not have a recent history of security incidents, then the company is certified.

The process from the moment the company completes its application and security profile to the moment that the company is certified by the SCSS must be completed by law within 90 days. Once certified, C-TPAT must validate the company within a year.

Self-assessment Mechanism

Each applicant must complete a [Security Profile](#) (along with the program's application form) which provides the opportunity for self-assessment. The Security Profile contains a series of detailed questions; the completion of which enables the applicant to self-identify any security or supply chain risks.

During validation meetings Supply Chain Security Specialists will inquire as to when a company has conducted its self assessment. Documentation must be provided to the Supply Chain Security Specialist.

Chapter IV: Security and Compliance Requirements

Chapter IV: Security and Compliance Requirements

Canada

Overview of the Security and Compliance Requirements

The PIP program is first and foremost a security program. The program's requirements therefore focus on this aspect. PIP has established minimum security requirements in the following areas: Physical Security and Access Controls; Procedural Security; Container, Trailer and Rail Car Security; Data and Document Security; Personnel Security; Security Training & Awareness and; Business Partner Requirements.

PIP has established compliance requirements in the following areas: the applicant and its directors must be of good character and have a good record of compliance with the CBSA; which means that the applicant has no significant customs offences within the last five years and there is no history of infractions under: the *Customs Act* or any of its regulations; any Act or regulations enforced by the CBSA; or any international customs regulations.

Financial integrity, though not a program requirement per se, is verified during the risk assessment that is conducted as part of the application process.

The CSA program is designed for low risk importers and carriers who demonstrate a good compliance history with the CBSA, pass a vigorous risk assessment process, and are prepared to make significant investment in their business systems.

Importers must meet the residency, good character and previous importing history requirements. They must also demonstrate that their books, records and business systems have, or will have, the necessary internal controls and procedures — including linkages, controls and audit trails — to support CSA program.

Carriers must meet the residency, good character and previous importing history requirements. They must also demonstrate that they track and record all shipment details (pick-up location and date, delivery location and date, description of goods, etc.) and control all their shipments with an internally generated sequential control number that is assigned to a shipment the moment the order is booked.

Each participant is monitored in order to determine whether the company is complying with all regulations and procedures. The frequency of monitoring exercises is determined based on risking and past history with the program. Failure to meet any requirements of the program could result in the assessment of an administrative monetary penalty, a suspension and/or cancellation of privileges.

Physical Security Requirements

The physical security requirements of the PIP program are aligned with international standards such as the Framework of Standards to Secure and Facilitate Global Trade (SAFE) and the Authorized Economic Operator guidelines of the World Customs Organization.

Applicants must implement measures that assure the security of buildings, as well as those that monitor and control exterior and interior perimeters. This includes access controls that prohibit unauthorized access to facilities, conveyances, loading docks and cargo areas.

Physical barriers and deterrents against unauthorized access must be in place for both cargo handling and storage facilities in domestic and foreign locations. Access controls prevent unauthorized entry into facilities, maintain control of employees, visitors and individuals, and protect company assets.

Procedures must be in place to prevent, detect and deter unmanifested material and unauthorized personnel from gaining access to conveyances and facilities. PIP applicants should incorporate physical security throughout their supply chain as applicable. All security requirements that use the word “must” are mandatory security requirements.

In line with the C-TPAT and AEO seal requirements, PIP members must affix a high-security seal that meets or exceeds the current ISO/PAS 17712 standard to containers/trailers bound for the border. The [Partners in Protection Cargo Sealing Guidelines for PIP members](#) is available to members on the CBSA Web site.

The document provides guidelines for PIP members on the use of high-security mechanical seals on containers and trailers for imported, exported and in-transit cargo. The guidelines are to be used in conjunction with the Security Profile as it applies to the applicable industry sector, shipment or conveyance.

China

Overview of the Security and Compliance Requirements

To be classified as Class AA, consignees and consigners of imports and exports shall meet all of the following requirements at the same time:

1. Having been classified as Class A for more than one (1) year;
2. The total import and export volume of the previous year was more than 30 million US dollars (10 million US dollars for enterprises of central and western areas in China);
3. Customs validation and audit-based control shows requirements have been met in terms of Customs management, the enterprise’s operations and management, and trade security;
4. Submitting the Report on Operations and Management and the auditing report of the previous year prepared by an accounting firm on a yearly basis; and submitting the Information Form of Import and Export Business every six (6) months.

To be classified as Class A, consignees and consigners of imports and exports shall meet all of the following requirements at the same time:

1. Having been classified as Class B for more than one (1) year;
2. Not having committed any smuggling crime or been involved in any smuggling activity, or violated any Customs regulatory provisions for one (1) consecutive year ;
3. Not having any administrative penalty from Customs for intellectual property rights (IPR) infringement of imports or exports for one (1) consecutive year;
4. Not having any delinquent taxes payable, or delinquent fines and confiscations payable for one (1) consecutive year ;
5. The total import and export volume of the previous year was more than 500,000 US dollars;
6. The error rate of import and export declaration in the previous year was below 3%;
7. Having a well-developed accounting system with faithful and complete business records;
8. Cooperating with Customs on their own initiative, timely going through various Customs procedures and providing true, complete and valid documents and certificates;
9. Submitting the Report on Operations and Management every year;
10. Going through reissuing procedure and corresponding alteration procedures for the Certificate of the Customs of the People's Republic of China on Registration of Consignees and Consigners of Imports and Exports for Customs Declaration in accordance with applicable provisions;
11. Not having any bad record in administrative departments or institutions such as foreign trade authorities, the People's Bank of China, departments of industry and commerce, taxation authorities, quality inspection authorities, foreign exchange authorities and anti-corruption supervisory departments.

To be classified as Class AA, agent declaration enterprises shall meet all of the following requirements at the same time:

1. Having been classified as Class A for more than one (1) year;
2. Having lodged more than 20,000 (5,000 for central and western areas in China) import and export declaration forms or entry and exit recordation forms as agent in the previous year;
3. Customs validation and audit-based control shows requirements have been met in terms of Customs management, the enterprise's operations and management and trade security;
4. Submitting the Report on Operations and Management and the auditing report of the previous year prepared by an accounting firm on a yearly basis; and submitting the Information Form of Agent Declaration Business every six (6) months.

To be classified as Class A, agent declaration enterprises shall meet all of the following requirements at the same time:

1. Having been classified as Class B for more than one (1) year;
2. Enterprises themselves and their certified Customs brokers have not committed any smuggling crime or been involved in any smuggling activity or violated any Customs regulatory provisions for one (1) consecutive year;

3. None of the goods declared under their agency has been confiscated by Customs due to IPR infringement for one (1) consecutive year ;
4. Not having any delinquent taxes payable, or delinquent fines and confiscations payable for one (1) consecutive year ;
5. Having lodged more than 3,000 import and export declaration forms or entry and exit recordation forms as agent in the previous year;
6. The error rate of import and export declaration under their agency is below 3% in the previous year;
7. Legally keeping the book of accounts and operation records, and faithfully, accurately and completely recording all activities involved in commissioned Customs clearance business;
8. Submitting the Report on Operations and Management every year;
9. Going through reissuing procedure and corresponding alteration procedures for the Certificate of the Customs of the People's Republic of China on Registration of Agent Declaration Enterprises for Customs Declaration in accordance with applicable provisions;
10. Not having any bad record in administrative departments or institutions such as foreign trade authorities, the People's Bank of China, departments of industry and commerce, taxation authorities, quality inspection authorities, foreign exchange authorities and anti-corruption supervisory departments.

Physical Security Requirements

To be classified as Class AA, agent declaration enterprises shall meet Customs validation and audit-based control shows requirements have been met in terms of Customs management, the enterprise's operations and management and trade security.

The Report specifies the requirements for trade security including basic information for security standards including goods security, operating site security, staff security, trading partner's security, information security. The physical security requirements are listed in the "list for audit-based customs verification"

Safety of business sites shall meet following requirements: 1 isolation facilities shall be installed around the goods-handling and storage facilities and all isolation facilities shall be sound on regular basis; 2 the gates through which vehicles or personnel can enter and exit the factory shall be carefully supervised by guards or through other monitoring measures to ensure safe entry and exit; 3 unauthorized vehicles are forbidden to be parked in the area where goods are stores and handed or the neighboring area; 4 the construction materials of building shall be strong and rigid enough to prevent illegal entry, and the building shall be sound and maintained on regular basis; 5 the windows, gates and isolations facilities shall be quipped with locking mechanism for safety and the locks and keys issued shall be under the control of the executive personnel and security guards; 6 lighting shall be available inside and outside of the facilities, including entry and exit, the area for handling and storing goods, the area around isolation facilities, parking lots etc.

Personnel safety shall meet following requirements: 1 staff members shall enter into the workplace of others until they are granted to do so and wear an identification badge; 2 visitors shall enter until they have registered the pertinent information and are accompanied by in-house

members of staff; 3 staff members are required to report to the competent department in timely manner when they find a suspicious person has entered the premises.

Safety of containers shall meet following requirements: 1 safety measures shall be taken in dealing with the files and documents of enterprises to ensure it's legal, complete and accurate; 2 the inbound and outbound information shall be verified and well preserved 3 safety measures shall taken to deal with an excess of goods, shortage of goods and other abnormal cases; 4 safety measures shall taken for goods in transit 5 a procedure is taken to verify the containers are completely intact in structure before loading goods; 6 the loaded containers that will be forwarded to the destination county shall be labeled with high security seals that shall reach and exceed the international quality standard for container seals (ISO /PAS 17712) ;7 the storage areas for containers and goods shall have safeguards measures to prevent unauthorized entry or other threats.

Safety of transportation shall meet following requirements: 1 specific transportation inspection mechanism or system to prevent possibly hiding of unsuspecting goods; 2 transportation movements shall be specific monitored; 3 divers shall be trained for on anti-terrorism; 4 the storage areas for transportations shall have safeguards measures to prevent unauthorized entry or other threats.

Japan

Overview of the Security and Compliance Requirements

The skeleton of the AEO requirements is compliance record, e-system for Customs procedures, financial integrity and compliance program.

- Compliance Record – Customs Act stipulates the specific criteria of compliance record with which the Director-General of each Regional Customs may refuse the authorization for AEO. For example, a person who was punished for violation of any provision for Customs Act or any other laws related to national taxes or who received any administrative penalty pursuant to the provisions of Customs Act or the National Tax Violations Control Act and 3 years have not passed since the day of the completion or cease of such punishment or execution of administrative penalty does not fulfill this requirement.
- E-system for Customs Procedures – An AEO has to have an enough ability to undertake necessary Customs procedures using an e-system for Customs procedures called NACCS (Nippon Automated Cargo And Port Consolidated System).
- Compliance Program – Ordinance for Enforcement of the Customs Act (Ordinance of the Ministry of Finance) stipulates particulars of Compliance Program in detail to be requested for AEO. AEOs are requested to establish following three main departments/units or other organizational structures to meet the compliance requirements;
 - department/unit that manages overall company's compliance matters,
 - department/unit that conducts operations such as import and export, and
 - department/unit that conducts internal audit whether the relevant operations are conducted based on the rules set by the AEO.

Followings are concrete examples of the requirements in Compliance Programs:

- **Organizational Set-up:** Establishment of necessary organizational structures to manage the Compliance Program and compliance units in each department such as import and export procedures and cargo control.
 - **Business Partners Requirement:** Ensuring adequacy of business partners in relation to the performance of the Compliance Program, including security aspects and the establishment of a framework to ensure proper operations by the business partners.
 - **Cargo/Conveyance/Premises Security:** Ensuring appropriate management of cargos, including establishment of a framework to check routes and modes of transportation, and properly track the cargos (for further detail, please find the following Physical Security Requirements)
 - **Standard Operational Procedures:** Development of standard operational procedures or rules to ensure compliance of laws and regulations. It is also required to establish a framework for appropriate management of Customs procedures.
 - **Consultation, Cooperation and Communication with Customs:** Establishment of adequate reporting channels to Customs to inform any accident or misconduct in implementing the Compliance Program and any change of the Compliance Program, including changes regarding Customs procedures and security measures.
 - **Crisis Management:** Establishment of a framework to ensure the reporting channels in case of emergency, including preventative measures and remedial measures.
 - **Books and Documents:** Development, maintenance and management of books and documents requested by Customs Act.
 - **Education and Training:** Establishment of a framework to plan and implement education and training programs in a periodic and continuous manner.
 - **Internal Audit:** Establishment of a framework for internal audit to ensure proper implementation of the Compliance Program.
- Financial Integrity – An AEO has to have financial integrity such as responsible section(s) and framework for audit.

Physical Security Requirements

Japan's AEO Program requests AEOs to maintain pre-set security level which is in line with the WCO AEO guidelines. Check points fall into three types of security, that is, physical security, personnel security and information security. Customs AEO specialists conduct validation considering the following check points and with due regard for circumstances of each operator.

- i) Physical security – An AEO shall maintain physical security by applying proper access control to its cargoes, warehouses and other premises. For example;
 - Establishing proper procedures and measures for cargo control such as prevention of cargo theft, unauthorized cargoes shipping from and storing into premises.
 - Recording in-out of cargoes from warehouses or factories

- Establishing procedures for inspecting the structures of sea containers before storing cargoes into its storage space, which includes all outside walls, floor, roof and doors.
 - Using high security container seals and establishing proper procedures for sealing containers.
 - Securing storage facilities by keys or IC cards and establishing proper management procedures for such keys and IC cards.
 - Preparing appropriate walls, fences, lights and security staffs or CCTVs to secure cargo storage space.
- ii) Personnel security – Personnel security includes controlling or restricting access from unknown people to their premises and cargoes’ storage space by conducting proper procedures. For example:
- Checking visitors by ID and providing a relevant visitor’s card to prevent unauthorized access to the cargoes and premises.
 - Ensuring all employees visibly carry proper company-issued ID cards with photo.
 - Establishing procedures to expeditiously collect ID cards of employees when the employment is terminated.
 - If company supplies uniform to employees, establishing such procedures supplying and collecting uniform.
 - Taking reasonable precautions when recruiting new staffs to verify that they do not belong to any criminal organization.
- iii) Information security – Information security is how to prevent unauthorized access to the AEO’s IT system. Normally ID and password are applied for authorization of the access to the IT system.
- Preparing and storing documents which outline the system installed at the AEO and its operation manuals
 - Ensuring access control by ID, password and other methods to prevent unauthorized access to the system. Such ID and password should be changed regularly.
 - Recording the access to the system.
 - Establishing procedures to expeditiously remove the access to the system for employees whose employment has been terminated.
 - Upon requests from Customs, ensuring ability to present information which is stored in the system to Customs.

Korea

Overview of the Security and Compliance Requirements

General requirements are:

1. Law Compliance;
2. Internal control;
3. Financial solvency; volume of business, finance solvency

4. Security management; business partner management, conveyance & container security, physical access controls, personnel security, procedural security, facility & equipment management, IT security, training & awareness

Physical Security Requirements

- Business Partner Requirements
 - Documentation that they are AEO, SES, C-TPAT member, etc.
 - Non-AEO member, written or electronic confirmation meeting AEO security criteria
- Physical Access Controls
 - Visitor procedures (including deliveries and mail) : Logbooks, visitor badges, escorted access
 - Employment Procedures : Identification system
- Physical Security
 - Cargo handling and storage facilities must have physical barriers that guard against unauthorized access
- Personnel Security
 - Procedures must be in place to screen prospective employees and to periodically check current personnel.
 - Personnel termination procedures must be in place to remove access.
- Procedural Security
 - Document processing : accurate, complete & safeguarded
 - Manifesting and Declaration procedures : accurate and timely
- Security Training and Awareness
 - A threat and security awareness program should be established for all employees
 - Employees must be made aware of the procedures the company has in place to address a situation and how to report it.
- Information Technology Security
 - Anti-virus software/ Firewalls
 - IT security policies, procedures and standards must be in place and provided to employees in the form of training

Malaysia

Overview of the Security and Compliance Requirements

The security and compliance requirements are as follows:

- Three year record of fiscal and regulatory compliance by the company, Board of Directors and personnel dealing with customs including forwarding agents;

- Audited financial statements, to verify the company's financial soundness;
- A sound accounting and internal control systems; and
- Security management system based on FOS requirements.

Physical Security Requirements

The physical security requirements cover:

- Premise security, which includes fencing, separation of parking areas for staff, visitors and goods loading/unloading, adequate lighting, locks for all points of entry/exits, container storage area etc;
- Access control, including use of guards, CCTV, visitor pass, checks on goods and people entering/exiting premise;
- Personnel management, which includes checks and verification of background of prospective employees, vendors, transport companies etc;
- Security of information – use of passwords and firewall, access by authorized personnel, proper documentation of goods movement;
- Conveyance security – use of GPS for vehicles, use of seals, reporting procedures in event of accidents and other incidents etc;
- Crisis management and training – including contingency plans.

New Zealand

Overview of the Security and Compliance Requirements

Exporters must supply a security plan detailing information/procedures that covers the following security criteria headings.

1. Procedural security
2. Document security
3. Physical security
4. Access controls
5. Personnel security
6. Education and training
7. Other government agency requirements
8. Conveyance and handling

A Fact Sheet is provided to assist Exporters in the compilation of their security plan and breaks each of the above headings into sub headings and advises where minimum requirements must be met. Other compliance requirements include a Situation Report from the NZ Customs Intelligence Unit and a data integrity check on the accuracy of export document information and the electronic export data supplied to Customs.

Physical Security Requirements

Under the Physical security heading the Exporter must provide information/procedures relating to the building and sites where export goods are packed and stored and are resistant to unauthorised entry. The information/procedures to be supplied include.

1. A site plan
2. Perimeter controls
3. Lighting
4. Locking devices, including electronic access controls
5. Vehicle access
6. Cargo segregation
7. Additional security

Singapore

Overview of the Security and Compliance Requirements

Companies applying for the STP need to fulfill the following security requirements as listed in the STP Guidelines and Criteria:

- The company's security management system;
- The company's risk assessment process;
- The company's security measures that address the 8 elements under the STP program:
 1. Premises security and access controls
 2. Personnel security
 3. Business partner security
 4. Cargo security
 5. Conveyance security
 6. Information and Information Technology (IT) security
 7. Incident management and investigations
 8. Crisis management and incident recovery

For compliance requirements, the following checks were done prior to processing a company's application:

(a) Company's Compliance History

Trusted partners of Singapore Customs should have good compliance records to enjoy the benefits accorded under the STP Program.

Within Customs, the checks will be done for customs offences and default payments committed by the company, compliance levels under other customs facilitation schemes, etc.

Company directors would also be screened for criminal offences.

(b) Company's Background and Operating Environment

This is to understand the company's background, operating environment and business models to provide a better "picture" of the company, its supply chain activities and its potential operating risks. This will in turn allow Customs to better assess the company's security profiles and security measures put in place, while also taking into account the company's own risk assessment results.

- (c) Information/Inputs from other Local Agencies, if any.

Findings from this pre-on-site-validation stage would serve as inputs to prepare the pre-on-site-validation report by Customs. The report would include a review of the adequacy of the company's security measures in mitigating the business/operational risks and identifying areas of possible lapses that need to be verified in addition to the generic validation checklist during the on-site validation visit.

Physical Security Requirements

Some of the physical security requirements under the STP Program are as follows:

1. Premises Security and Access Controls
 - 1.1. Perimeter Fencing
 - 1.2. Gates and Gate Houses
 - 1.3. Parking
 - 1.4. Building Structure
 - 1.5. Locking Devices and Key Controls
 - 1.6. Lighting
 - 1.7. Alarm Systems and Video Surveillance Cameras
 - 1.8. Security Personnel and Organisation
 - 1.9. Access Controls for Employees
 - 1.10. Access Controls for Visitors and Vendors / Contractors
 - 1.11. Challenging and Removing Unauthorised Persons
2. Cargo Security
 - 2.1. Documentation Processing and Verification
 - 2.2. Receipt and Release of Cargo
 - 2.3. Signature and Stamp Policies
 - 2.4. Container Inspection
 - 2.5. Seals
 - 2.6. Storage of Containers and Cargo
3. Conveyance Security
 - 3.1. Conveyance Inspection
 - 3.2. Tracking and Monitoring of Conveyance
 - 3.3. Drivers' Guide
 - 3.4. Storage of Conveyance

Chinese Taipei

Overview of the Security and Compliance Requirements

1. Have no confirmed arrears of duty and penalty fine; or have submitted commensurate security for the imposed but unconfirmed duty or penalty fine
2. Have proven financial solvency
3. Not be given a sanction decision notice from the Customs due to serious violation of regulations in the past three years
4. Have met the safety inspection requirements and certification criteria of the Security and Safety Authorized Economic Operators.

Physical Security Requirements

1. Physical and Premises Security: Building security, Fencing, Control area, Locking Devices and Key Controls, Lighting devices, Alarms systems and video surveillance cameras, security personnel.
2. Access Controls: Gates and gate houses, Personnel access identification system, Screening deliveries (including mail), Vehicles parking management, Reporting suspicious persons, Procedures to challenge and remove unauthorized entry.
3. Cargo Security: Incoming cargo, Storage of goods, Production of goods, Loading of goods, Shipping of export cargo, Custody of logistics data.
4. Container Security: Storage of containers, Container Integrity at Point of Loading, Transmission of containers or cargo movement information, Container security, Requiring the high security seals of ISO PAS 17712 standards, Control of container seals, Storage of empty container.
5. Conveyance Security: Maintaining management procedures for conveyance (e.g. truck, vessel, aircraft, etc.) security

United States

Overview of the Security and Compliance Requirements

Companies must complete an initial application and a security profile. The security profile is reviewed to ensure that they are meeting the C-TPAT minimum security criteria. Companies are then vetted to ensure they are in good standing. Companies are re-vetted annually and before revalidations.

Physical Security Requirements

Physical Access Controls

Access controls prevent unauthorized entry to facilities, maintain control of employees and visitors, and protect company assets. Access controls must include the positive identification of all employees, visitors, and vendors at all points of entry.

Employees

An employee identification system must be in place for positive identification and access control purposes. Employees should only be given access to those secure areas needed for the performance of their duties. Company management or security personnel must adequately control the issuance and removal of employee, visitor and vendor identification badges. Procedures for the issuance, removal and changing of access devices (e.g. keys, key cards, etc.) must be documented.

Visitors

Visitors must present photo identification for documentation purposes upon arrival. All visitors should be escorted and visibly display temporary identification.

Deliveries (including mail)

Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors. Arriving packages and mail should be periodically screened before being disseminated.

Challenging and Removing Unauthorized Persons

Procedures must be in place to identify, challenge and address unauthorized/unidentified persons.

Physical Security

Cargo handling and storage facilities in domestic and foreign locations must have physical barriers and deterrents that guard against unauthorized access. Importers should incorporate the following C-TPAT physical security criteria throughout their supply chains as applicable.

Fencing

Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.

Gates and Gate Houses

Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety.

Parking

Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

Building Structure

Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.

Locking Devices and Key Controls

All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.

Lighting

Adequate lighting must be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.

Alarms Systems & Video Surveillance Cameras

Alarm systems and video surveillance cameras should be utilized to monitor premises and prevent unauthorized access to cargo handling and storage areas.

**Chapter V:
Post authorization Audit/ Re-validation,
Suspension and Revocation**

Chapter V: Post Authorization Audit/Re-validation, Suspension & Revocation

Canada

Post-authorization Audit/Re-validation

Canada's Partners in Protection (PIP) Program has a mechanism for re-validation. PIP membership must be revalidated every three years. An updated Security Profile, risk assessment and site validation are required.

For the CSA program, importers and carriers undergo monitoring and validation by CBSA senior program officers in order to determine whether the company is complying with all regulations and procedures. The frequency of monitoring exercises is determined based on risking and past history with the program. In addition, authorized importers are required by law to notify the CBSA of changes in their circumstances or new developments. The CBSA assesses the potential impact of any changes to determine if they pose a high risk of non-compliance with the CSA program requirements. Once a client has been CSA authorized, a change in their circumstances or new development may necessitate intervention by the compliance manager.

Suspension and Revocation

There are no monetary penalties associated with the PIP program but members must meet and remain compliant with the program's requirements to maintain their membership status. Companies may have their membership suspended or cancelled if they are found to have contravened the *Customs Act* or any other act of Parliament, or if they are no longer compliant with PIP program requirements or their roles or responsibilities as PIP members. Once in effect, suspensions, corrective actions and re-instatements are at the discretion of the designated Intelligence Officer. Suspensions after one year without satisfactory corrective action will result in cancellation of membership.

Memberships that are cancelled will not be re-instated and members will be required to re-apply to the program. The PIP Director is responsible for final decisions on all suspensions or cancellations.

Appeals to CBSA decisions on membership matters must be filed in writing within specified timelines to the PIP appeals committee. This committee, which consists of three directors, will hear appeals and respond to the member with its determination within 60 days.

For the CSA program, authorization of an importer or carrier may be suspended or cancelled where:

- authorization has been obtained on the basis of false or misleading information
- the importer/carrier no longer meets the CSA requirements
- the importer/carrier fails to respect their obligations
- the importer/carrier becomes bankrupt or insolvent
- a request is made by the importer/carrier

In the event of a suspension or cancelation, the CBSA will give an opportunity to CSA importer or CSA carrier to make written submissions concerning the decision. The CBSA may reinstate a suspended CSA authorization if the matter giving rise to the suspension has been corrected.

China

Post-authorization Audit/Re-validation

China's Class AA Enterprises maintains the following management measures:

1. Examining and verifying the report of Class AA enterprises. Measures of the GAC on Classified Management of Enterprises stated that Class AA enterprises must submit periodical statement to the Customs for verification to ensure the Customs' sustainable management over Class AA enterprises.
2. Carrying out annual verification and auditing. For consignees and consignors of imported and exported goods, the total import and export volume of the previous year shall be more than 30 million US dollars, and the error rate of import and export declaration in the previous year shall be below 3%. Agent declaration enterprises shall have lodged more than 20,000 import and export declaration forms or entry and exit recordation forms as agent in the previous year, and the error rate of import and export declaration in the previous year shall be below 3%. Those failing to meet the above requirements shall be downgraded.
3. Carrying out special verification and auditing over Class AA enterprises by analyzing their import and export data and periodical report based on risk management.

Suspension and Revocation

Measures of the GACC on Classified Management of Enterprises stated that Class AA enterprises do not satisfy the requirement shall be reclassified by Customs.

Class AA enterprises under investigation due to suspicions of smuggling shall be suspended from the management measures for the class under which they have been classified, and shall be managed as Class B enterprises during the suspension.

Japan

Post-authorization Audit/Re-validation

Japan Customs conducts post-authorization audits to confirm the implementation of security control and the Compliance Program by AEOs. Two types of audit are conducted. One is a field audit and the other is an interview about the results of its internal audit. For the field audit, Customs officials visit AEOs to check whether security programs submitted to Customs with AEO applications are actually implemented and properly managed by the AEOs. Customs

conducts interviews with managers, checks physical control procedures and verifies documents and books.

Suspension and Revocation

The following procedures are applied if necessary.

- Administrative Order for Improvement – When Customs identifies operations of an AEO are not compliant with the requirements of AEO authorization, an administrative order for improvement will be issued to the AEO from Customs.
- Revocation – When Customs identifies any of the following facts, the authorization will be revoked:
 - i) An AEO has committed a violation of Customs Act and/or other laws
 - ii) There is a false description on the book/records
 - iii) An AEO does not take remedial actions to comply with administrative order for improvement

Korea

Post-authorization Audit/Re-validation

1. Account Manager (AM) : Counseling from Customs official designated to each AEO for monitoring and improving AEOs' law compliance & security management Annual internal assessment report (once a year) : for all AEO criteria
2. Revalidation (every 3 years) : for all AEO Criteria
3. Comprehensive Audit (6 months before expiration of the authorization, optional) : for all AEO authorization criteria and in particular for exporters and importers, 'law compliance records in 8 areas related to the legality of customs clearance such as customs value, tariff classification, country of origin, duty drawback, duty abatement or exemption, foreign exchange, intellectual property rights, and clearance requirements to be confirmed by the head of a customs house'

Suspension and Revocation

Stop and Suspension of Application of Benefits:

The KCS may stop the application of benefits for a period of not more than 6 months when an AEO falls under any of the following Subparagraph. In this case, the KCS may order correction or recommend improvement if necessary.

5. When the representative director or an internal AEO manager is punished for violating Customs Act
6. When the representative director or an internal AEO manager is subject to fines 4 times a year under the Act or relevant provisions of other laws related to export/import
7. When the representative director or an internal AEO manager is punished for violating other laws related to export/import
8. When a regular self-assessment report is not submitted, or when changes are not properly reported without any special reason

If an AEO falls under any of the following, the KCS shall suspend application of benefits promptly and carry out procedures of a hearing and cancellation of authorization.

1. When an AEO, which was given a chance for improvement after failing to meet the authorization criteria in the authorization renewal audit or the comprehensive audit, does not satisfy the authorization criteria again
2. When an AEO does not implement a correction request or a improvement recommendation of the KCS without a special reason

Hearing and cancelling authorization:

- Before cancelling the authorization, the KCS shall notify it to the relevant person to give the person a chance for explanation.
- To listen to the opinion of an AEO, the KCS shall notify the person of a written plan of hearing by 10 days before the planned hearing date, and no response from the AEO without any legitimate reason shall be considered as giving up the explanation.
- The representative director or its agent of an AEO notified of the hearing plan under Paragraph 2 may attend the hearing to state an opinion on the designated date or submit a written opinion by the designated date.
- When the representative director or its agent of an AEO states an opinion at a hearing under Paragraph 3, a public official in charge shall make a written record of the major points and have the person confirm and sign it.

Malaysia

Post-authorization Audit/Re-validation

To be done 3 years after a company has been approved into the program, by the team who had worked on the pre-verification auditing of the company. The team will do a check on the companies' record of the past 3 years to verify their compliance status. A report will be submitted to the AEO Secretariat with proposals to continue, suspend or terminate the facility, which will then be decided on by the AEO Panel.

Suspension and Revocation

The program is monitored by the AEO Secretariat and the regional office controlling the activities of the AEO companies. Suspension and revocation will take place based on the records received and the severity of any offence committed. The decision to suspend or revoked is within the authority of the AEO Panel.

New Zealand

Post-authorization Audit/Re-validation

An audit by Customs Trade Assurance is normally undertaken within 12 months of approval. If this audit identifies any issues of concern then these are addressed by the regional Customs FrontLine officer with the exporter. Where no issues are identified by the audit a follow up is done every four years. The Regional FrontLine officer is required to make visits to the Exporter every six months.

Suspension and Revocation

The Secure Exports Scheme is a voluntary scheme and the Exporter may withdraw at any time. Where Customs identify issues, usually as the result of an audit, then these issues are advised in writing to the Exporter. Where a high risk is identified the Exporter has 90 days to address/fix these issues. The regional FronLine officer will work with the Exporter to remedy these issues. If the issues are not fixed then written advice to the Exporter of revocation is given. The Exporter has the right to appeal the revocation.

Singapore

Post-authorization Audit/Re-validation

The STP certification will have a validity period of three (3) years and the validity period will be stated in the Approval Letter. Within the 3 year period, the company will be required to submit an “Annual Statement of Commitment” to Singapore Customs. The statement is a declaration by the company, that they are in compliance with the terms and conditions as required of a certified company. The certified companies are required to update Customs whenever there are any significant changes to their security profile. Failure to do so may result in suspension or removal from the STP program.

Depending on the risk profiling assessment on certified companies and the companies’ returns of annual statements, Singapore Customs may conduct informed annual validation visits to selected companies.

Customs will periodically monitor the compliance status of the certified companies where necessary, such as whether the company has recent customs offences.

Suspension and Revocation

Singapore Customs will retain the right to suspend or remove a company’s status as a certified company under the circumstances elaborated below. Also, the company can write to Singapore Customs to request for withdrawal of their status stating the reason(s).

Suspension

A company can have its status suspended if:

- A. The company does not abide by the terms and conditions of the certification
- B. There is non-compliance by the company with Singapore Customs Laws and regulations and/or with the laws and regulations of other relevant Singapore government authorities

- C. Supply chain security weaknesses in the company or non-conformity by the company with STP Guidelines/ STP Criteria are discovered

Once suspended, the company will have all its STP associated benefits removed. During the period of suspension, the company will be required to remove the “branding” as a certified company. The company will remain suspended until the company has taken remedial action or until the case investigation has been concluded.

Removal

A company can have its status removed if:

- A. The company repeatedly does not abide by the terms and conditions of the certification
- B. There is serious non-compliance by the company with Singapore Customs laws and regulations and/or with the laws and regulations of other relevant Singapore government authorities
- C. Serious supply chain security weaknesses in the company or non-conformity by the company with STP Guidelines/ STP Criteria are discovered and not rectified to Singapore Customs’ satisfaction after repeated reminders
- D. The company submits false or fabricated security profile or information to obtain STP certification.

Similarly, all STP associated benefits for the company will be removed. The company will be barred from applying for re-certification within one calendar year.

Withdrawal

A company can also request for withdrawal of its certified status. In this situation, the company is obliged to write to Singapore Customs, stating the reasons for its request. Singapore Customs will conduct a withdrawal interview with the company. Upon withdrawal, Singapore Customs will remove all benefits that were accorded to the company and the company will be required to remove the “branding” as certified company.

Chinese Taipei

Post-authorization Audit/Re-validation

General AEO status lasts for one year. Security and Safety AEO status lasts for only 3 years. Security and Safety AEO need to apply for revalidation before it expired to maintain the status. For self-validation, Security and Safety AEO need to do it once every year. Customs officer will audit Security and Safety AEO without notice if necessary.

Suspension and Revocation

Suspension:

The Customs, upon discovery of a Security and Safety Authorized Economic Operator’s failure to conform to the safety inspection requirements and certification criteria, shall issue a notice

demanding the Security and Safety Authorized Economic Operator to make improvement within 30 days.

The Security and Safety Authorized Economic Operator being unable to make improvement within the prescribed deadline set forth in the preceding paragraph may apply to the Customs for extension; however, the extension may take place once only and last for a maximum of one 30 days.

Where the Security and Safety Authorized Economic Operator still fails to make improvement within the deadline prescribed in preceding two paragraphs, the Customs may suspend the favorable measures in part or in whole, and demand the Authorized Economic Operators to make improvement within a given deadline.

Revocation

The Customs shall revoke a Security and Safety Authorized Economic Operator's status and confiscate the Security and Safety Authorized Economic Operator Certificate or directly announce the revocation of the Certificate upon failure to confiscate it, provided that the Security and Safety Authorized Economic Operator:

1. Receives a sanction decision notice from the Customs due to serious violation of regulations after obtaining the Certificate;
2. Fails to make improvement within the deadline prescribed by the Customs pursuant to Paragraph 3 of the preceding article;
3. Is confronted with severe deterioration of operation and finances; or
4. Fails to pay off the import duty and charges within a deadline prescribed by the Customs after falling in arrears of payment of the import duty and charges and therefore being subjected to the Customs' maximum one-year period of suspension, in part or in whole, of favorable measures or the status of Authorized Economic Operators.

United States

Post-authorization Audit/Re-validation

Validations are conducted every 3 years, with the exception of Mexican highway carriers and Mexican Long Haul Carriers which are re-validated on an annual basis. Re-validations are conducted in the same fashion as an initial validation. Please reference the section on validation procedures in Chapter 3 for more information in this regard.

Suspension and Revocation

C-TPAT members may be suspended or removed from the program for several reasons including, but not limited to, the following: narcotics seizures or other security related incidents such as human smuggling; failed validations or lack of compliance with C-TPAT requirements regarding supply chain or other security measures; failure to provide required information or filing false or misleading information; or actions or inaction that shows a lack of commitment to the program.

The C-TPAT Headquarters (HQ) Program Director makes the final decision to suspend or remove a member based on all available information, including reports and recommendations made by C-TPAT Field Managers. In certain aggravated circumstances companies may be immediately removed from the program, for example, when they are found to have provided false information, have demonstrated inadequate security, or have demonstrated a flagrant disregard for the program's requirements. In other instances, which may not be as egregious, but are nonetheless significant, a company may be suspended from C-TPAT with an opportunity to resume membership once it comes into compliance with program requirements.

Once a security related incident or other program violation occurs, C-TPAT officials determine the appropriate next steps on a case-by-case basis. These steps normally include suspending benefits such as FAST lane access and allowances in the risk assessment process, as well as conducting a post incident analysis to determine the circumstances that led to the violation.

To be reinstated into the program after an incident or violation, the company must agree to a corrective action plan which identifies specific objectives and time frames within which those objectives should be reached. In addition, the company must consent to un-announced visits by C-TPAT staff to monitor progress. In the case of a failed validation, the company must demonstrate that it has successfully addressed all vulnerabilities and complied with all other requirements before being fully reinstated.

Companies that are suspended or removed may appeal this decision to CBP HQ. Appeals should include all relevant information which demonstrates how the company has addressed the issues which resulted in the suspension or removal, or provide corrected factual information in the case where a company claims that a mistake of fact or other misunderstanding has resulted in the suspension or removal. CBP will decide the appeal in a timely fashion.

To avoid suspension or removal, C-TPAT members must ensure they are in full compliance with the minimum security criteria and be cognizant of, and responsive to, mandated timeframes established by CBP.

**Chapter VI:
Customs Organizational Structures for AEO
Program and their Major Roles**

Chapter VI: Customs Organizational Structures for AEO Programs and their Major Roles

Canada

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Role of Each Organization

The PIP program is administered at CBSA headquarters and is responsible for the development of policies and procedures and planning and program operations including, accepting and vetting

applications, performing risk assessments, stakeholder relations, volumetrics, performance measurement, training and database/technical support. PIP headquarters has authority regarding membership approval, appeals and suspensions.

The PIP program is carried out in the regions by Intelligence Officers who review applications and security information, liaise with clients, conduct site validations and perform awareness sessions for members. They are also involved in promoting the program at tradeshow and other association events relevant to supply chain security.

There are two distinct functional areas within the CSA Program.

The CSA policy unit is located at CBSA headquarters and is responsible for developing, implementing, maintaining, and monitoring the policies, processes, procedures, communication material, regulations and legislation; providing functional direction to the field and to external clients, consulting with external stakeholders, central agencies, other government departments and regions in the development of policies; developing and implementing the compliance strategies and service standards including communication plans, verification, quality assurance and penalties; and developing, monitoring and improving program performance indicators;

There are also two teams dedicated to the operational delivery of the CSA program - one for carriers and the other for importers. The teams are physically located throughout the country in order to be available to support CSA clients. The operational teams are responsible for applications, approvals, compliance monitoring and ongoing client support.

Consistency of Operations

The PIP program has Standard Operating Procedures for all officers at headquarters and in the regions.

On an assignment basis, officers from various ports of entry with a specialization in commercial trade are brought to headquarters to assist with the development of training or with any backlogs in the program's application process.

Training of Customs Officers

PIP Intelligence Officers and officers from headquarters (risk analysts and security officers) attend a 'Physical Security Workshop' delivered by the Royal Canadian Mounted Police.

PIP Intelligence Officers attend at least two training workshops a year designed to keep them apprised of any changes to the program. All officers attend various conferences throughout the year to stay up-to-date on industry and the international community.

PIP has also developed a training product for CBSA Border Services Officers called "Introduction to the Partners in Protection Program".

A Partners in Protection program specific training for PIP Intelligence Officers is currently being developed.

China

Organizational Structures for Implementation of AEO Program

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Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
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- Regional Customs
- Other

Role of Each Organization

The General Administration of Customs shall provide guidance and exercise supervision for the classified management of enterprises, as well as approve the application from regional Customs.

Regional Customs shall be responsible for the evaluation and adjustment of the classification of enterprises under their jurisdiction.

Local Customs shall be responsible for acceptance of the application of classification of enterprises and delivery the relative legal documents.

Consistency of Operations

China Customs formulated the Operating Standard for Classified Management of Enterprises, which has cleared up the responsibility of relative procedures between departments of Customs.

The enterprises management department works with supervision and auditing department for the verification and auditing in AEO project. Enterprises management department shall be responsible for acceptance of the application of classification of enterprises, evaluation and adjustment of the classification of enterprises under their jurisdiction and delivery the relative legal documents. The supervision and auditing department shall be responsible for verification and auditing implemented on enterprises.

Training of Customs Officers

Professional training by the Supervision and Auditing Office of GAC is mainly in two areas:

First, academic training – Together with Tianjin University of Finance & Economics, China Customs has held accounting audit training classes twice a year, with the attendance of over 60 people.

Second, skill training – China Customs has held skill training classes to improve training for audit officers by inviting accounting audit experts or risk management experts to provide audit officers with insight knowledge, with the attendance of over 100 people.

For instance, GAC has held subject training of AEO by inviting AEO experts from Europe in October, 2009, with the attendance from over 41 regional Customs. The Supervision and Auditing Office of GAC has held subject training of Measures of the GAC on Classified Management of Enterprises in March, 2008 and June, 2009, as well as special training of verification and auditing in June, 2008.

Besides, special subject training and academic training will be held by regional Customs yearly.

Japan

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

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Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
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- Other

Japan Customs has introduced a three layered approach for smooth and uniform implementation of the AEO Program, namely establishment of the Director for AEO at the CTB, the AEO Center at Tokyo Customs and the AEO Unit at each Regional Customs. Although applications are processed by Regional Customs, Regional Customs keeps close contact with the AEO Center, which provides necessary assistance to Regional Customs as well as coordination function among Regional Customs.

Role of Each Organization

The CTB establishes laws and regulations, orders and guidelines regarding the AEO program and each Regional Customs conducts consultation, application and authorization processes including on-site validations and post-authorization audits based on those laws and regulations, etc. The Director-General of each Regional Customs authorizes applicants as AEO. In order to ensure consistency of the operations of 9 Regional Customs, the AEO Center was established at the Tokyo Customs. The AEO Center provides necessary advice, guidance and support to other AEO Units for their authorization, validation and post-authorization audit procedures.

Consistency of Operations

Operation of all customs offices is conducted in conformity with the legal frameworks, in a uniform manner, as described in Chapter II, 2. In addition to this, the AEO Center responds to inquiries, consults with other Regional Customs or dispatches its officers to other Regional Customs as a help desk. Upon authorization or revocation of an AEO, each Regional Customs registers the AEO status in the customs database and also reports to other Regional Customs and the CTB.

Training of Customs Officers

Japan Customs has provided class room type training courses to Customs officials who are newly assigned to the AEO Center/Units. Those courses provide AEO policy as well as legal frameworks on AEO and all necessary procedures such as authorization, validation and audit. Furthermore, in order to secure uniform implementation of the AEO program, each Regional Customs has provided on-the-job (OJT) trainings.

Korea

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

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Office(s) to which applications are submitted

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- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Role of Each Organization

- AEO committee : Final decision for authorization, suspension, and cancellation of AEO status and recommendation for AEO policy, operations
- AEO Center (in the headquarters) : MRA, policy, operation
- AEO Audit Team (in the headquarters) : Counseling, audit
- Comprehensive audit team (in main customs) : Post management, revalidation, A/M, comprehensive audit

Consistency of Operations

- Using AEO specialized checklist for auditing and validating
- AEO training courses are arranged
- AEO Center reviews auditor's validation reports on the time of submission of them.
- AEO committee access to all information of AEO application and audit report and then approves of final authorization.

Training of Customs Officers

- Basic AEO training course (1 week, for all customs officials):
 - General concept of AEO program
 - Objectives of AEO program
 - Supply chain security initiatives
 - General validation skill (ISO, TAPA, etc.)
 - Guideline of AEO Criteria
 - Validation process
 - Validation technique
 - Case studies
- Advanced AEO validation training course : 1 week, for AEO auditors and potential AEO auditors
- AM training course : 1 week for AM
- CA (Comprehensive Audit) training course : 1 week for CA officers

Malaysia

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Role of Each Organization

Headquarters – Location of AEO Secretariat. Receive and register applications, send out directives to the Audit Division, Headquarters and the customs regional office, deliberate on the applications, issue letter of approvals, train the companies' staff on the technical operationalization of the AEO program;

Regional Customs – the office in the State where the company is situated or operates; Auditing

Division at regional office; Industries Division in control of the company's customs activities.

Consistency of Operations

The organizational set-up, roles and responsibilities of the officers involved in the implementation of the AEO program are spelt out in the Customs Standing Instructions No. 75. Officers from the AEO Secretariat visit the regional office now and then, to consult and discuss the operationalization and problems related to the program.

Training of Customs Officers

Lectures on WCO Framework of Standard, which includes topic on AEOs are part of the curriculum of customs training for new recruits into RMC. Awareness is carried out on ad hoc basis and also by invitation of the regional offices. Officers who joined the Secretariat are trained on-the-job.

Officers are also given training on the technical aspects of the AEO operations by staff in the IT division.

New Zealand

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Role of Each Organization

The Secure Exports Scheme is administered on a national basis under the Trade and Marine group with the Manager Client Services having direct responsibility for the scheme. Exporters make application to join the scheme directly with the Customs office in their region. At the regional level, the application is dealt with by a Customs officer under the Customs FrontLine program. A file is then created and the FrontLine officer carries out all the required checks before making a recommendation to approve/decline the application. The file is referred to another FrontLine officer for a quality assurance process before being forwarded to their immediate manager for a decision to approve/decline. The file is then forwarded to the Manager Client Services for a final approval/decline decision. The Exporter has a legal right to appeal a decision to decline their application to join the scheme.

Consistency of Operations

The Secure Exports Scheme is administered in accordance and with reference to the following documents.

1. Secure Exports Scheme Policy, GM POL 125
2. SES Procedures, OPS PRO 004

The Customs FrontLine officer will also utilize the information contained in a series of Fact Sheets, produced for supply to Exporters wishing to join the scheme.

Training of Customs Officers

Singapore

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Role of Each Organization

Officers from the Trade Security and Strategy Branch monitor international developments and develop strategies on supply chain security and coordinate discussions on Mutual Recognition of AEO programs.

Officers from the Schemes and Licensing Branch promote and drive the STP program, validate and certify companies under the STP program, conduct review, manage certified companies and are involved in mutual recognition discussions.

Consistency of Operations

As all operations are handled at the Headquarters-level, there is no need for consistency of operations.

Training of Customs Officers

In Singapore Customs, learning is facilitated by the Learning and Development Framework which aims to enhance staff competency, enhance staff satisfaction and develop people.

Staffs are required to develop their own training plan based on staff's discussion with their supervisor annually. Both parties are expected to discuss the learning required for the coming year based on the needs of the job, current skill and knowledge level and potential development.

Learning in Singapore Customs is defined broadly as any form of training received by an individual. Staff can be trained by attending in-house and external courses, seminars, conferences or overseas meetings, talks and in-service training or instructional briefings. Participation in educational or study visits/tours, reading of books for self-improvement/development, viewing of training videos and CD-ROMs on IT skills and self-improvement are also considered as learning.

Chinese Taipei

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Role of Each Organization

- **Headquarters** makes the policy and design the AEO program;
- **Regional custom which has the central unit for AEO operations (AEO central)** reviews all applications and makes final decision of approval including suspension and revocation of the AEO status;
- **Regional customs** receives applications; does document examination, physical validation (on-site visit) and re-validation.

Consistency of Operations

AEO central handles the consistency of AEO program by a committee from all regional customs and headquarter. A customs manual is planned.

Training of Customs Officers

AEO Specialists from both EU and the US is useful for capacity building in Chinese Taipei. After our pilot project, we also start to train by our own and have private sectors to join some of the discussion. Experience sharing from other economies is still on-going and we are ready to share our experience with other economies.

United States

Organizational Structures for Implementation of AEO Program

Planning and design of the AEO program

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other

Office(s) to which applications are submitted

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other (C-TPAT Automated Web-based Portal)

Office(s) which examine(s) applications

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other (Regionally located C-TPAT Field Offices)

Office(s) which conduct on-site visits

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other (Regionally located C-TPAT Field Offices)

Office(s) which authorize(s) AEOs, including suspension and revocation of AEO status

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other (Regionally located C-TPAT Field Offices/ Suspension by Headquarters)

Office(s) which conduct(s) post-authorization audit/re-validation

- Headquarters
- Regional customs which has the central unit for AEO Operations
- Regional Customs
- Other (Regionally located C-TPAT Field Offices)

Role of Each Organization

Headquarters: Develops and dictates overall policy in close consultation with its operational field personnel.

Field Personnel: Implements policy: conduct the vetting, review applications, certify companies, conduct validations, makes recommendations for suspensions/removals; conduct post incident analysis, etc.

Consistency of Operations

All personnel receive the same initial 2 week training; the same follow-up training and guidance.

Personnel guided by Standard Operating Procedures which are enforced by both Headquarters and Filed Office level Supervisors.

Validations conducted using an automated tool that forces all SCSS to ask the same key questions.

Branch Office within C-TPAT created to evaluate processes and to ensure uniformity and consistency in how the various processes are applied.

Training of Customs Officers

- Initial two week training seminar for all new SCSS.
- Semi-Annual two-day training sessions
- Monthly training sessions via the internet (webinars)

**Chapter VII:
Partnership Between Customs and Private
Sector for Designing and Developing the
AEO Program**

Chapter VII: Partnership Between Customs and Private Sector for Designing and Developing the AEO Program

Canada

There were no partnership initiatives in the design and development of the Partners in Protection program; however, regular liaison and consultation took place with members, industry, internal CBSA stakeholders and members of the Border Commercial Consultative Committee (BCCC).

The CBSA launched the CSA program in December 2001. The program was developed as one of the Customs Action Plan initiatives to enhance the Agency's effectiveness in processing an increasing volume of goods crossing the border. The Customs Action Plan was developed in 2000 to guide the vision for future customs programs and evolved out of the 1998 Customs Blueprint that was used to invite client opinion about the features for a modern customs design.

Throughout the history of the PIP and CSA programs, consultations have taken place through the Border Commercial Consultative Committee (BCCC), which provides CBSA officials and commercial stakeholders with a forum for dialogue on Canada's border operations, and through various fora with Canadian commercial stakeholders to promote mutually beneficial collaboration on border matters to the benefit of Canada, the Canadian economic and Canada's trade sector. Recently, the CBSA has formed a Trusted Traders Sub-Committee of BCCC to focus exclusively on issues relating to trusted trader programs (PIP and CSA).

China

Measures of the GAC on Classified Management of Enterprises stated that Customs and the enterprises shall strengthen cooperation, conduct regular information exchange and keep operational contacts. The cooperation between Customs and enterprises is in two main areas: First, China Customs provide the enterprises with facilities while the enterprises shall submit periodical statements to the Customs for verification after the application procedure. Second, China Customs has taken special actions such as regular visiting, policy seminar or interior research on certain enterprises which have been involved in smuggling, or have violated the customs supervision rules, so as to enforce the self-discipline system of enterprises and provides convenience service.

Japan

Positive participation from private sector is a vital importance for developing effective and user-friendly AEO program; therefore, Japan Customs received various opinions from the private sector on Japan's AEO Program and such opinions were reflected to amend Customs Act to establish or to enhance the Program.

The CTB, Ministry of Finance, the headquarters of Japan Customs, holds formal government-private sector consultation mechanism to discuss promotion and implementation of the AEO Program. In addition, the CTB and AEO Center have been invited to business seminars, and have given lectures on the AEO program when requested.

Korea

1. AEO committee: Head by deputy commissioner, 9 members including 5 private experts, give advices on AEO Policy, Operation, etc.
2. AEO members meeting: Having a meeting time to time with internal AEO managers to exchange ideas for AEO policy, operation, etc.

Malaysia

AEO programs are initiated and developed solely by officers of the RMC but feedbacks and constructive inputs from the private sectors would be given serious consideration and would be incorporated into the program if they add value and enhance the program.

New Zealand

The Secure Exports Scheme, in its conceptual stages, was developed through working with key companies and industry groups. This included export companies, export industry groups, port terminal operators and in consultation with other government agencies involved in the export supply chain. A pilot program was run with a manufacturing exporter and meat industry association exporter prior to the scheme being implemented nationally in 2004.

Singapore

Prior to the introduction of STP, Singapore Customs conducted a series of public consultations with various associations and industries through surveys, seminars, dialogues and focus group discussions. Joint site visits were also conducted to better understand the various types of business models, supply chain activities and security practices.

A pilot project was conducted on a small number of companies in the supply chain to test and fine tune the proposed STP Guidelines. Feedback received from the industries assisted in the review of fine tuning of proposed processes and guidelines.

After the implementation of STP, Singapore Customs conducts a series of joint outreach seminars with various associations and trade promoting agencies to promote supply chain security awareness and the STP to the industry.

Before the STP-Plus was introduced in October 2008, Singapore Customs sought feedback from the industry through emails and one-on-one consultancy on the proposed STP Criteria and processes. Their inputs and feedback were incorporated into the finalized version of the STP criteria.

Chinese Taipei

The two companies that are chosen to join the pilot project participate in the verification of security criteria. This is to ensure the security criteria are applicable in practice.

United States

Partnerships during program development:

During development of the Customs-Trade Partnership Against Terrorism, the United States used both formal and informal mechanisms to reach out to the trade. Most importantly, CBP gave the trade the opportunity to help shape the program through a series of brainstorming sessions. CBP tapped into existing relationships and identified 7 charter members based on past history of high compliance with CBP requirements.

Ongoing partnerships:

- Annual C-TPAT Supply Chain Security Conference
- Advisory Committee on Commercial Operations of Customs and Border Protection (COAC), which advises the Secretaries of the Department of the Treasury and the Department of Homeland Security on the commercial operations of Customs and Border Protection and related DHS functions

Chapter VIII: Benefits for AEO

Chapter VIII: Benefits for AEO

Canada

There are many benefits under the PIP program. PIP members are recognized as low risk at the border, have an enhanced reputation within the trading community, meet international supply-chain security standards and are recognized by the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) program. Members are provided with CBSA expertise to assess security measures, to address vulnerabilities, and have access to tools developed by the PIP program (such as the PIP Industry Awareness DVD) and awareness sessions as provided by the Intelligence Officers.

The PIP program is examining the possibility of recognizing PIP members at the border as trusted traders which could mean a lower rate of referral for secondary exam. The PIP program is examining “front of the line” privileges for its members, so that in situations where there are several containers/shipments in line for secondary examination, those belonging to PIP members may be examined first by the Border Services Officer or Container Examination Facility. The analysis of how this benefit can be implemented is still ongoing.

The PIP program is looking to provide members with passage as part of the business resumption plan. The business resumption plan describes the CBSA’s procedures for prioritizing shipments and travelers in response to disruptions in trade flow resulting from heightened security alert levels, border closures, and/or the occurrence of natural disasters, hazardous emergencies or other incidents of significance. PIP members may have priority over non members.

The above benefits are the same as those given in the Compendium of Authorized Economic Operator Program.

(Those which are unique to types of the operators; please describe by types)

PIP members are eligible for the [Free and Secure Trade \(FAST\)](#) lanes into Canada. The FAST program is only for highway carriers and FAST lanes are available at select highway ports of entry. To apply for FAST into Canada a company must be a member of PIP and the [Customs Self Assessment \(CSA\) program](#) (CSA membership + PIP membership = eligibility for FAST). For more information on FAST and CSA, please visit their web sites.

The CSA program also offers various benefits to participants, including the following:

Importer Benefits:

- Reduced importer data set for imports; streamlines the process for legitimate trade and reduces costs;
- Expedited processing and release of shipments and minimum number of cargo inspections; increases the certainty of expedited customs processing through reduced examinations;
- Access to CBSA expertise; compliance managers and CSA program specialists;
- Names and contact information of other CSA participants made available (where clients have provided permission to share information);
- Aligns importers’ financial records with CBSA requirements allowing for an account based self-assessment revenue reporting process included consolidated monthly reporting

of statistical information and revenue offsets; provides for more control over importer liabilities;

- Simplified post clearance programs for trade data reporting; more time allotted to provide detailed trade data;
- Facilitates compliance by increasing clients' awareness of their obligations; eligibility for self audit
- Ends the need to maintain separate and costly customs processes;

Carrier Benefits:

- Reduced carrier data set for release; ends the transactional transmission of data elements for eligible shipments;
- Expedited processing and release of shipments; increases the certainty of expedited customs processing and streamlines the process for legitimate trade;
- Minimum number of cargo inspections;
- Access to CBSA expertise; compliance managers and CSA program specialists;
- Names and contact information of other CSA participants made available; where clients have provided permission to share information;
- Easier for carriers to meet their obligations and remain compliant with custom's requirements;
- Eliminates need to seal in-bond North American shipments and allows carrier to proceed to approved warehouse to reposition freight

China

Benefits linked to Class AA of consignees and consignors of importers and exporters:

- Trust release;
- Assigning specific people to help companies coordinating and resolving difficult customs issues.
- Applying lower examine rate to their import and export cargoes;
- Declarations at registration place, and inspections and clearance procedures at ports
- Giving priority to send people to enterprises, carrying out checks and inspections of the production or assembling and disassembling links
- performing inspection and clearance formalities at the business site
- after imported goods start to be shipped and before they arrive at ports, or before exported goods are transported to customs supervision and inspections sites, going through declaration formalities in advance.
- Giving priority to handling urgent customs clearance formalities out of working hours and during holidays
- Performing The Nominal Payment of The Bank Guarantee Deposit Account System or not operating The Bank Guarantee Deposit Account System
- Giving priority to handling processing trade formalities such as entering records modifying and reporting for verification purposes
- Giving priority to handling declaration registration formalities.

Benefits linked to class AA of Agent Declaration Enterprises:

- Designating liaison officers to help companies coordinate and resolve difficult customs issues.
- Subject to application of declaration agency, organizing professional declaration training and job assessments for declaration agents
- Giving priority to performing declaration, inspection and clearance formalities
- Giving priority to handling processing trade formalities such as entering records modifying and reporting for verification purposes
- Giving priority to handling urgent customs clearance formalities out of working hours and during holidays
- Giving priority to handling permit extension formalities of declaration registration to declaration agencies and their subsidiaries.
- Giving priority to organizing professional declaration training and job assessments for declaration agents

Japan

Japan Customs has introduced six types of AEO based on their business types. Some of the benefits are common for all types and the others are specific for each type of AEO. The details are as follows:

Common benefits to all types of the operators:

- Increased reputation as a more compliant and security-oriented operator
- Favorable consideration in Customs proceedings
- Better relation or partnership with Customs

Benefits for unique to types of the operators:

- Authorized Importers
 - Reduced examination and inspection
 - Pre-arrival declaration and permission
 - Release of cargoes before duty/tax payment
 - Periodical lodgment of duty/tax payment declaration
- Authorized Exporters
 - Reduced examination and inspection
 - Declaration and permission before placing cargoes into the Customs area
- Authorized Warehouse Operators
 - Allowed to establish additional Customs warehouses by just notifying it to Customs
 - Reduced periodical audits of Customs warehouses
 - Waving monthly fee for keeping Customs warehouses
- Authorized Logistics Operators (Carriers and Forwarders)
 - Waiving the requirement to get permission for customs transit
- Authorized Customs Brokers
 - Release of imports before duty/tax payment declaration

- Export declaration before placing cargoes into the Customs area
- Authorized Manufacturer
 - Export declaration before placing cargoes into the Customs area

Korea

General benefits:

- simplified and less physical inspection
 - less physical inspection by the customs in the export/import process
 - inspection at a place the importer wants
- simplified customs procedures
 - less requirement of additional document submission after electronic declaration
 - exemption from tax audit before acceptance of import declaration as well as post-clearance audit
 - provision of convenience in customs clearance, etc at international (air)ports to the representative of an AEO
 - post self-management of imports which are supposed to be under customs control under the Customs Act for application of a usage tariff rate, reduction or exemption of customs duty or installment duty payment
- less financial burden
 - exemption from the obligation to offer security for import clearance
 - monthly payment of customs duties and taxes;
- other
 - reduction of punishment for violation of customs-related laws

The benefits applied depend on the type of operator. Some benefits are applied to all type of the operators. The benefits given to the same type of operators are also differentiated according to the AEO level (A, AA, AAA) of a company.

Common benefits:

- exemption from planned post audit
- reduction of fine
- exemption of the representative from passenger inspection
- use of a CIP lounge at the airport
- consideration of preferably to administrative punishment in case of law violations

For exporters and importers:

- export and import declaration by corporate ERP
- self-management audit

For exporters:

- exemption from the selection of document submission for export declaration
- exemption from inspection of export declaration goods

For importers:

- monthly duties payments
- exemption from inspection of imported goods

For customs brokers:

- paperless issue of drawback-related certificates

For Freight forwarder, sea carrier and air carrier:

- correction of manifest based on paperless

Malaysia

- Lodging of declaration with minimum data through the internet
- Automated and fast approval of declaration (within 15 minutes)
- Green lane clearance
- Self accounting for movements between bonded premises
- Simplified drawback claims based on self accounting principles
- Control by post clearance auditing
- Deferred payment of duty via electronic fund transfers
- Secured transaction through the internet

New Zealand

Advantages of joining the scheme are:

1. Reduce export transactions fees for the lodgment of all export entries.
2. The supply chain is secure from point of packing, to time of delivery, to the point of export.
3. The lower potential for intervention by New Zealand Customs means that you have more time to load shipments and complete your export documentation.
4. Ability to demonstrate compliance with security standards when contracting to supply overseas importers who are committed to supply chain security.
5. Gain access to border clearance privileges for countries that have mutual recognition arrangements (MRA) with the New Zealand Customs Service.
6. Following trade disruption caused by security alerts, SES partners' exports are likely to experience minimal disruption, as their security can be assured.
7. Customs can provide advice and assistance for unexpected issues in regard to export goods with overseas border agencies that have an MRA with the New Zealand Customs Service.

The World Customs Organization's *Framework of Standards to Secure and Facilitate Global Trade* is being adopted and implemented by a large number of international Customs administrations. By joining this scheme, partners will have in place security measures that comply with these standards.

Singapore

Companies that have adopted and implemented robust security measures will benefit from increased visibility of goods in the supply chain, reduction in pilferages and greater efficiency in their supply chain management.

In addition, companies certified under the STP program will be recognized as trusted partners of Singapore Customs and enjoy the following benefits:

- Cargo is less likely to be inspected;
- Recognition as a low-risk company (i.e. enhanced branding);
- Reduced inspection or expedited clearance should certified status be recognized by overseas countries;
- Designated account managers;
- Other trade facilitative benefits such as Bank Guarantee reduction; and
- STP companies will automatically be recognized as known consignor (KC) under the Regulated Cargo Agent Regime (RCAR).

Chinese Taipei

1. The lowest documentation examination and goods inspection rates.
2. The goods selected for random inspection may be exempted from the Customs inspection. Where goods selected for random inspection are not exempted from inspection, such goods shall have the priority to be inspected.
3. The customs clearance may be processed before goods entering the terminal warehouse.
4. The Customs may set up a single contact window for handling cases where goods are not released.

United States

CBP offers benefits to certain certified C-TPAT member categories, including:

- A reduced number of CBP inspections (reduced border delay times)
- Priority processing for CBP inspections. (Front of the Line processing for inspections when possible.)

- Assignment of a C-TPAT Supply Chain Security Specialist (SCSS) who will work with the company to validate and enhance security throughout the company's international supply chain.
- Potential eligibility for CBP Importer Self-Assessment program (ISA) with an emphasis on self-policing, not CBP audits.
- Input into further development of C-TPAT program
- Invitation to attend C-TPAT training and seminars such as the annual C-TPAT symposium which provides opportunities to network with other C-TPAT members
- Access to web based C-TPAT Portal system and "Public Library" of training materials and information

Since its inception C-TPAT has made remarkable strides in developing program benefits and will continue to explore new benefits that are relevant to a security focused program. Key points in this regard include:

- Benefits must continue to be within the of control of both CBP and the C-TPAT program and have connectivity to current benefits
- Benefits must have realistic applications (e.g. 100% relief from examination or no payments of duty are not plausible)
- C-TPAT will examine the Tier benefit structure in an effort to ensure that the program is addressing the needs of its current and future members as well as the needs of CBP

Chapter IX: Mutual Recognition

Canada

Signed Mutual recognition agreement(s):

- United States (June 2008)
- Japan (June 2010)
- Korea (June 2010)
- Singapore (June 2010)

China

Under Consultation:

- EU (target date: end of 2010)

Studying:

- Japan
- Korea
- Singapore
- United States

Japan

Signed Mutual recognition agreement(s):

- New Zealand (May 2008)
- United States (June 2009)
- European Union (June 2010)
- Canada (June 2010)

Under Consultation:

- Korea
- Singapore

Studying:

- China
- Malaysia

Japan Customs is endeavoring to advance efficiency of the program and providing further benefits to AEO companies through developing partnerships with overseas AEO programs. In this context, Japan Customs is positively discussing with other Customs administrations to conclude mutual recognition arrangements. As a consequence, Japan Customs signed mutual recognition arrangements with New Zealand, the United States, the European Union and Canada.

Furthermore, currently Japan Customs is conducting consultations or studies with several Customs administrations such as Korea, Singapore, China and Malaysia.

Korea

Signed Mutual recognition agreement(s):

- Canada (June 2010)
- Singapore (2010)
- United States (2010)

Under Consultation:

- New Zealand (2011)
- Japan
- China

Malaysia

Signed Mutual recognition agreement(s):

Under Consultation:

New Zealand

Signed Mutual recognition agreement(s):

- United States (June 2007)
- Japan (May 2008)

Under consultation:

- Korea
- Singapore

Singapore

Signed Mutual recognition agreement(s):

- Canada (June 2010)
- Korea (June 2010)

Under Consultation:

- Japan
- New Zealand
- United States

Studying:

- China

Chinese Taipei

Under Consultation:

- China
- Philippines
- United States

United States

Signed Mutual recognition agreement(s):

- New Zealand (June 2007)
- Jordan (June 2007)
- Canada (June 2008)
- Japan (June 2009)
- Korea (June 2010)

Under Consultation:

- European Union

Expected timeframe for mutual recognition is subject to completion of the 4 phase process:

1. side-by-side comparison of programs
2. joint validations
3. signing of mutual recognition
4. development of mutual recognition operational procedures