



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
for Asia-Pacific **Prosperity**

Integrating SMEs in Authorized Economic Operator Certification: Improving SME Participation in APEC Secure Trade

APEC Sub-Committee on Customs Procedures

February 2021

APEC Project: SCCP 01 2019A

Prepared by

Jing, Shin-Tsyrr and Hsu, Kristy Tsun Tzu*

Taiwan WTO & RTA Center

Chung Hua Institution for Economic (CIER)

75 Chang Hsin Street, Taipei

Tel: (886) 2-2735-6006 Fax: (886) 2-2377-2692

Email: jing@cier.edu.tw; kristy@cier.edu.tw

Website: www.cier.edu.tw

For

Asia-Pacific Economic Cooperation Secretariat

35 Heng Mui Keng Terrace

Singapore 119616

Tel: (65) 68919 600

Fax: (65) 68919 690

Email: info@appec.org

Website: www.appec.org

© 2021 APEC Secretariat

APEC#221-CT-01.2

* The views expressed in this paper are those of the authors and do not necessarily represent those of APEC Member Economies.

Table of Contents

I. Summary	4
II. Actual level of AEO implementation and the MRA network in the APEC Region	6
1. Actual level of AEO implementation	6
2. The MRA network in the APEC Region	11
III. AEO certification barriers for SMEs and best practices from integrating SMEs into AEO programs (specific benefits)	13
IV. Best Practices in the implementation of Pillar 3 WCO SAFE Framework of Standards	16
V. Customs Release Time Comparison Study: Case Study of AEO MRAs - Key findings and Policy recommendations.....	20
VI. Private-Public dialogue: conclusions and contributions to improve AEO and MRA implementation in APEC Member Economies	25
VII. Key discussions and findings from the Puerto Varas and Taipei workshops.....	27
1. BRIEF DESCRIPTION	27
2. DISCUSSIONS AND FINDINGS	27
3. RECOMMENDATIONS and NEXT STEPS	30
VII. Annexes.....	32
Annex A- Meeting Minutes of Chinese Taipei’s Workshop.....	32
Annex B- Meeting Minutes of Chile’s Workshop.....	41

List of Figures and Tables

Figure 1	Program names and launch dates.....	6
Table 1	Number of AEO importers and/or exporters	6
Figure 2	Length of the authorization process.....	8
Figure 3	Number of AEOs per staff member	10
Figure 4	Number of MRAs signed between APEC Economies.....	11
Figure 5	Number of MRAs under negotiation between APEC Economies	12
Figure 6	The type distribution of AEO benefits generated by cooperation between customs and OGAs based on Pillar 3 of the SAFE Framework	17
Figure 7	Import procedures under Stage 1 and Stage 2	20
Table 2	Release Times and Rates of Change of Chinese Taipei’s Imports from Japan under the Chinese Taipei-Japan AEO MRA	21
Table 3	Release Times and Rates of Change of Chinese Taipei’s Imports from Korea under the Chinese Taipei-Korea AEO MRA	21
Table 4	Release Times and Rates of Change of Chinese Taipei’s Imports from Australia under the Australia-Chinese Taipei AEO MRA	21
Table 5	Release Times and Rates of Change of Japan’s Imports from Chinese Taipei under the Chinese Taipei-Japan AEO MRA	22
Table 6	Release Times and Rates of Change of Korea’s Imports from Chinese Taipei under the Chinese Taipei-Korea AEO MRA	22
Table 7	Release Times and Rates of Change of New Zealand’s Imports under AEO MRA with Hong Kong, China	22

Acronyms and Other Initials

AEO	Authorized economic operator
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
CBP	Customs and Border Protection
MRA	Mutual Recognition Agreement or arrangement
PSU	Policy Support Unit
SAFE	Standards to secure and Facilitate global trade
SCCP	Sub-committee on Customs Procedures
SME	Small and Medium Enterprise
OGA	Other Government Agency
TFA	Trade Facilitation Agreement
WCO	World Customs Organization
WTO	World Trade Organization

I. Summary

In 2002, the World Customs Organization (WCO) established a task force to explore ways of balancing supply chain security and trade facilitation. The task force responds to the increasing debate on issues relevant to supply chain security following the 9/11 attack in the United States in 2001. In 2005, the WCO adopted the Standards to Secure and Facilitate Global Trade (SAFE) Framework, which introduced the concept of an Authorized Economic Operator (AEO). An AEO is defined by WCO as “a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national customs administration as complying with WCO or equivalent supply chain security standards.”

The number of AEO Mutual Recognition Arrangements/Agreements (MRAs) signed during the past years has increased considerably. There are also dozens of MRAs currently being negotiated. On this background, APEC’s Sub-Committee on Customs Procedures (SCCP) included the APEC Framework based on the WCO SAFE Framework in its Collective Action Plan, and further included in 2011 a section on AEO and MRAs, aiming to encourage the signing of AEO MRAs between and among interested APEC Member Economies. At SCCP, Chile and Chinese Taipei collaborated in a 2-year project “Integrating SMEs in Authorized Economic Operator Certification” (SCCP 01 2019A), to examine AEO programs within APEC, focusing on AEO and AEO MRA benefits for businesses, especially SMEs. Supported by researcher consultancy in delivering specific outputs, this two-year project involved two phases. Phase 1 was aimed at identifying entry barriers to SMEs’ AEO certification, to find ways of enhancing SME participation in AEO, take advantage of the Mutual Recognition Agreements (MRAs) network in APEC, and promote benefits for a faster release of goods to SMEs. A workshop was held in Chile in 2019 to assess and share the results with the private sector and together identify gaps that diminish the effects of AEO benefits.

In the first-year study, Chile found that 30 percent of AEO-certified importers/exporters perceived goods to be released faster when exporting to or importing from an MRA counterpart economy.¹ In addition, opportunities to expand MRAs and broaden the inclusion of SMEs increased the number of AEO-certified enterprises in the APEC region from 17,409 in 2018 to 18,183 in 2019, or an increase of 4.45 percent. Additionally, there was an increase in the number of AEO MRAs signed and implemented by APEC Member Economies, according to information provided in the WCO’s AEO Compendiums 2019.² However, though APEC and Member Economies have endeavored to promote their AEO programs and MRAs, challenges still remain in the delivery of effective and convincing evaluation or assessments of MRA benefits for AEOs or economic operators in general, particularly for SMEs. It is widely regarded that the lack of convincing impact evaluation makes it challenging for international institutions or customs authorities to provide quantitative assessments or “hard evidence” that present the benefits of AEO MRAs to the business community or other government agencies (OGAs) not directly involved in customs procedures.

The Phase 2 project was aimed to develop guidelines and best practices applicable across APEC-AEO programs through an AEO Status Survey and a (Time Release Study (TRS) to measure AEO benefits implementation. A second workshop was held in Chinese Taipei in 2020 to disseminate the results of the study and involve stakeholders from both public and private sectors to exchange views on how to take the AEO to the next level. Chinese Taipei’s study, based on and extended from Chile’s

¹ APEC. (2019). AEO in APEC Economies - Opportunities to expand Mutual Recognition Agreements and the inclusion of SMEs. Chile. P. 54.

² WCO. (2019). AEO Compendium, 2019 Edition. Retrieved from <http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aeo-compendium.pdf?db=web>

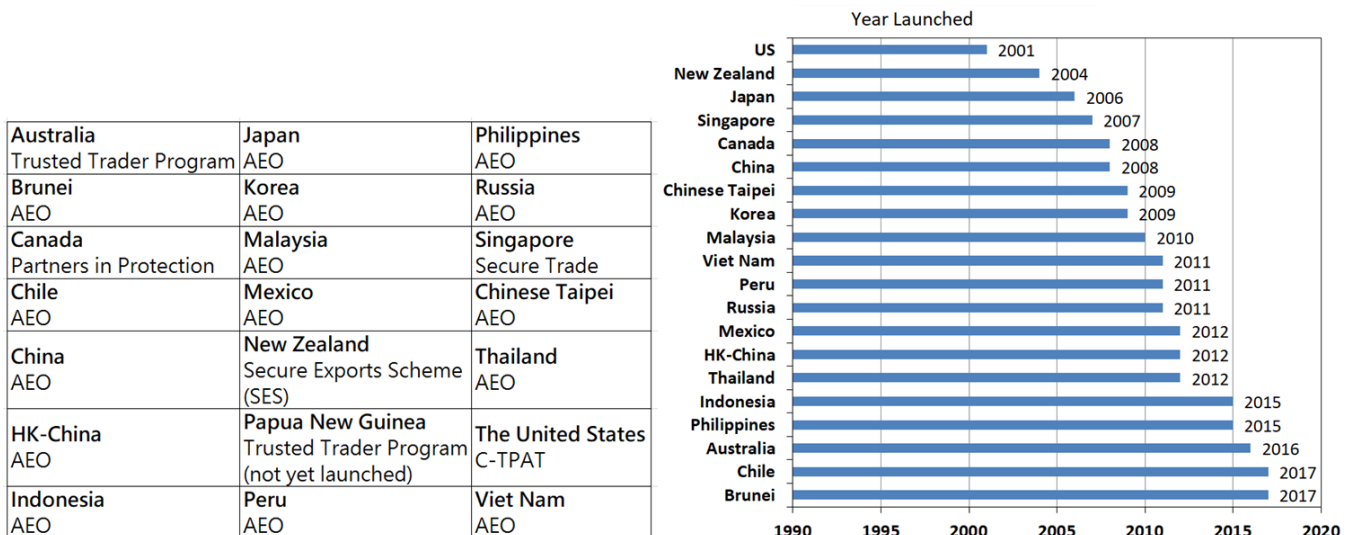
findings, involved a structured quantitative survey on more AEO MRAs between APEC Member Economies. The results provided in this study are expected to complement APEC's previous research on AEO-related issues and aims to demonstrate Members' on-the-ground experience formalizing and optimizing the implementation of AEO MRAs for the benefit of not just government agencies but also exporters, importers and other players in supply chains within the APEC region.

II. Actual level of AEO implementation and the MRA network in the APEC Region

1. Actual level of AEO implementation

Twenty APEC Member Economies have operational AEO programs in varying stages of development. Papua New Guinea is in the process of developing its own program. AEO-certified enterprises in the APEC region rose from 17,409 in 2018 to 18,183 in 2019, an increase of 4.45%, according to the WCO's AEO Compendiums.

In 15 out of the 21 APEC Economies, the program is referred to as the AEO program. The exceptions are Papua New Guinea, New Zealand, Australia, Canada, Singapore and the United States. As for the order the program was launched, the first economy to launch the program was the United States, followed by New Zealand, Japan and Singapore. Between 2008 and 2012, a wave of APEC Economies launched their programs, as shown in Figure 1. A few years later Indonesia and the Philippines introduced their respective AEO programs in 2015. Australia and Chile followed suit in 2016 and 2017. Papua New Guinea is the only APEC Member yet to launch the AEO program.



Sources: WCO 2019 AEO Compendium and 2019 AEO Study for APEC Economies for IDB.

Figure 1 Program names and launch dates

The statistical data on the current number of AEOs in each APEC economy are as follows:

Table 1 Number of AEO importers and/or exporters

Economy	Number of AEO importers and/or exporters by IDB studies	Number of AEO Operators from the WCO 2019 Compendium of AEO Programs
Chile	2	
Hong Kong, China	38	50
Japan	60	97 Importers, 239 Exporters, 211 Customs brokers, 136 Warehouse operators, 7 Logistic operators

Viet Nam	69	65
Malaysia	70	70 Importers and 70 Exporters
Peru	85	101
Chinese Taipei	122	
New Zealand	125	123 Exporters
Thailand	182	178 Importers/Exporters; 176 Customs Brokers
Singapore	193	183
Australia	325	317
Mexico	631	612 Exporters and importers, 154 Customs brokers, 165 Road carriers, 10 Bonded warehouses, 2 Strategic bonded warehouses, 2 Industrial estates, 2 Couriers
Canada	2,088	1,633
China	3,200	3,366 Advanced Certified Enterprises, 30,145 General Certified Enterprises
United States	11,579	11,586
Korea		276 Exporters, 143 Importers, 105 Customs brokers, 205 Freight forwarders, 34 Transporters, 9 Sea carriers, 2 Air carriers, 6 Ground handlers, 52 Warehouse operators
Indonesia		110
Russia		177

Notes: According to Chinese Taipei's online AEO information, the AEO Operators in Chinese Taipei on July 12, 2020 consisted of the following: 130 Exporters, 130 Importers, 123 Manufacturers, 157 Customs brokers, 134 Freight forwarders, 20 Road transportation, 8 Sea carriers, 3 Air carriers, 36 Warehouse operators, and 7 Shipping agents. There is no information on the number of AEO operators in Brunei, the Philippines or Papua New Guinea.

In general APEC Economies grant AEO certifications indefinitely, with the exception of Mexico and Malaysia where they are valid for 2 years, and in Singapore, Viet Nam and Hong Kong, China, where they are valid for up to 3 years. Although the majority of the participating APEC Economies grant indefinite AEO certifications, traders need to spend a burdensome amount of time and resources on certification application processes. Much of the process is still done on paper, and waiting times for authorization are long.

As "time is money", it is crucial to examine the estimated or average amount of time both customs and the AEO spend on the authorization process prior to the submission of applications. Figure 2 shows the minimum amount of time specified by each economy for this process, measured in business days. It should be noted that in most cases, customs authorities have requirements that increase the time it takes to conclude the application and evaluation process. Japan is the only Economy from the survey that had two other agencies involved in the AEO certification process. For Japan, it takes 1-2 years before submission of application for the benefit of applicants, as its customs consults with the applicants to help them become authorized within the 1-2 years. The most common timeframe is 120 business days, as the general rule is 90 days plus another 30 days in case additional information is needed.

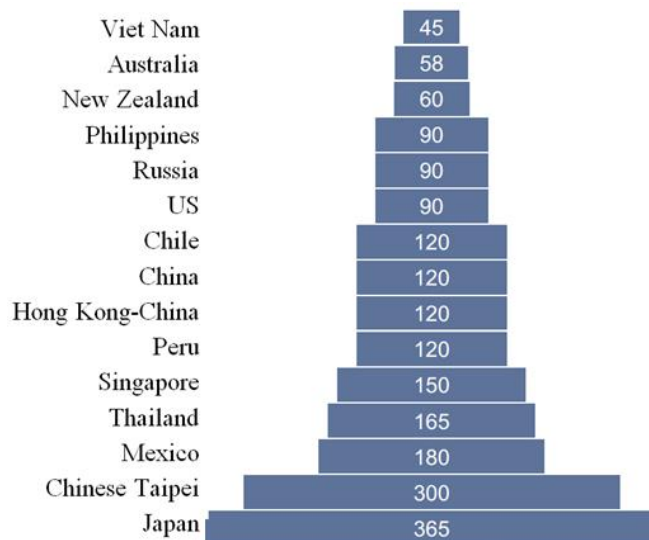


Figure 2 Length of the authorization process

If the certification process is bureaucratic, onerous, and time-consuming, operators may be reluctant to apply. If their application is denied due to an under-compliance that can easily be corrected, they may decide not to start the process again.

This obstacle can be removed by developing a procedure that promotes open communication with traders that allows applicants to pause the application process to make the necessary changes and return to the application process where they left off. Under this approach, the trader and customs would establish and agree upon a timeframe for resolving the issue for continuation of the process.

Another important element of the application process that was analyzed is the support provided to AEOs, specifically whether a customs official is assigned to each company as its main point of contact. All Economies confirmed that they assign an account manager once the trader has acquired certification. However, the suggestion is that with resources permitting, it would be beneficial to assign the official during the application process.

The Inter-American Development Bank's survey (2019) finds that customs was the only authority responsible for managing the AEO program in all APEC Economies. No economy specified whether there was currently any type of communication with other government agencies regarding the implementation of the AEO program. Previous studies, such as the APEC Policy Support Unit study, "APEC Best Practices in AEO Programs" published in May 2016, indicated that a common theme in the survey responses was that APEC customs authorities viewed the AEO programs as an issue concerning customs alone. However, the program has progressed significantly since then. At this point of development, other agencies should be involved in the certification process, including defining specific requirements and granting additional benefits.

There is a clear need for more cooperation with other agencies, especially since many benefits are blocked if other government agencies decide to hold up an import or export shipment without considering the AEO's credibility and security measures. Establishing clear lines of communication is the simplest method of addressing this concern, as it ensures that the problem is dealt with at the program's inception. Interagency coordination will ensure a streamlined and efficient AEO program and will reinforce the security of the logistics supply chain, addressing additional risks. This will contribute to further facilitation incentives for companies as well.

APEC customs administrations should be encouraged to reach out to other government agencies to achieve their participation in AEO programs, thus leveraging APEC's unique environment.

As for the number of members on the AEO customs teams, the biggest team by far is the 1,000 officials working for the Enterprise Management and Audit-Based Control Department of China Customs. Second place goes to the United States followed by Japan; Australia; Canada; Mexico; Singapore; Chile; Thailand; Viet Nam; Peru; Hong Kong, China; New Zealand; Chinese Taipei; and lastly, Malaysia.

There is obviously a wide disparity in team sizes, which raises the need to closer examine the degree to which staff sizes affect the number of new AEOs, the service provided to new and current operators, the speed of progress on MRA negotiations, and the program's overall effectiveness and progress.

Regarding service, Economies were asked whether a customs official was assigned to each company as its main point of contact and support mechanism during and after the application process. Twelve Economies responded that they had a dedicated account manager for AEOs. Only China provided no response.

One benefit of having a dedicated account manager is receiving tailored advice on how to successfully obtain the AEO certification. The account manager is a customs official who is a subject matter expert that guides companies through all processes. This builds and strengthens trust between the public and private sector. Rather than a service that merely responds to requests, this arrangement entails a more proactive approach from the authorities that ensures everything is done smoothly and that companies fully comply with all requirements and regulations.

Current and aspiring AEOs are more likely to be motivated to apply and stay in the program if customs administrations provide them with solid support mechanisms like an account manager. Of course, the feasibility of this support depends on the number of officials in the AEO team. If the group is small, it can be a challenge.

The following figure shows the number of AEO companies per official, based on the total number of AEOs reported in the survey.

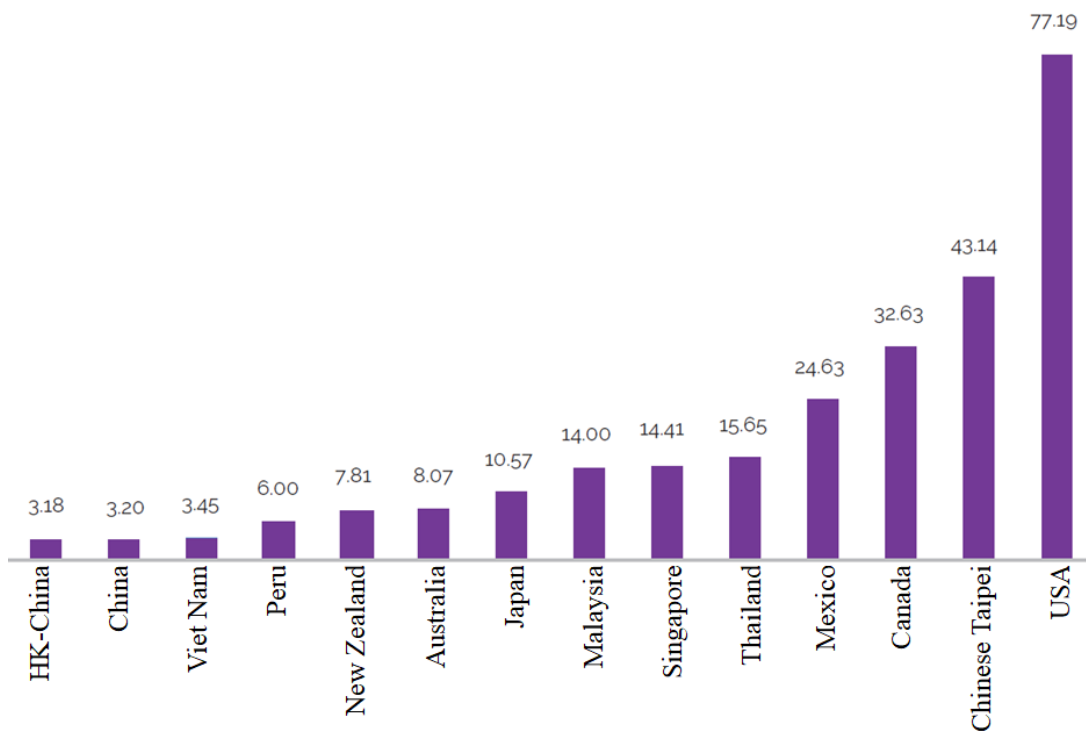


Figure 3 Number of AEOs per staff member

China, a top trading economy, stands out with 1000 officials on its staff. This means each person manages an average of 3.2 AEO companies. In USA, on the other hand, one official manages 77 companies.

Japan has a ratio of 10.57 companies per account manager, but the customs official carries out other tasks as well. As part of the AEO program and by request, any traders or operators that wish to do apply for AEO certification can contact an AEO Unit to obtain information on the application and authorization procedures. Customs explains the AEO requirements and the Self- Assessment Check Sheet and helps applicants identify points on the sheet that need to be reviewed. Finally, if necessary, the account manager help applicants with their compliance program so that it meets AEO requirements.

This means staff is available at all stages of the certification process, as well as after it is completed. Operators interested in becoming AEOs can have a prior consultation with customs to help them properly fulfill the requirements and gain AEO certification.

It is also important to create strategies to ease AEO specialists' overall workload while ensuring that all necessary assignments are completed in an effective manner. For example, all Economies surveyed indicated that AEO specialists have to perform onsite validations. If Economies recognize the validation visits carried out by the counterpart economy under an MRA, as is the case in Mexico and the United States, AEOs will not have to undergo repeated validation processes, and AEO staff can use that time to perform other duties. Another way that can help the AEO team is to periodically review administrative requirements, which could facilitate the admission process and incorporate technology to expedite procedures. This matter is of particular relevance because as programs continue to grow, processes need to be optimized to better manage resources, while expectations for expansion need to be realistic.

The study found that a variety of actors participate in AEO programs. Almost all Economies offer the AEO certification to importers and exporters, except New Zealand, which only certifies exporters.

Only seven Economies have certified customs brokers and warehouses and six have certified highway carriers. Another type of operators (specifically logistics operators, terminal operators, couriers, and other) were certified in less than half of the Economies.

Trade and the AEO program are interrelated. Of the 16 Economies, 94 percent of the AEO importers and exporters certified in the region are in three Economies: United States China, and Mexico.

In Mexico, New Zealand, Viet Nam, and Chinese Taipei, AEOs account for more than 20 percent of the economy’s total trade. Peru, Australia, and Singapore’s AEOs account for 17%, 11% and 9%, respectively.

2. The MRA network in the APEC Region

Joint recognition of AEO status by Economies that implement the AEO MRA is a vital tool that strengthens security in the international supply chain.

Regarding the state of MRAs within the APEC region, three specific years marked important milestones: 2007, when the first MRA was signed between New Zealand and the United States.; 2018, when the first multilateral MRA was concluded between Pacific Alliance members; and 2019, when the first action plan for an inter-bloc MRA (Pacific Alliance /Mercosur) was signed.

The global network of MRAs has been expanding. As of July 2019, 75 bilateral and 4 multilateral/regional MRAs had been concluded, and 65 MRAs were under negotiation. Of the 75 bilateral MRAs, 48 are between 14 APEC Economies, and the region has 2 multilateral agreements that include 3 Economies (Pacific Alliance and the Andean Community). Another 71 MRAs had been entered into between APEC Economies and the rest of the world, proving the relevance of APEC region in terms of MRA promotion.

The following graph illustrates the number of MRAs between APEC Economies that had been signed or were under negotiation as of July 2019:

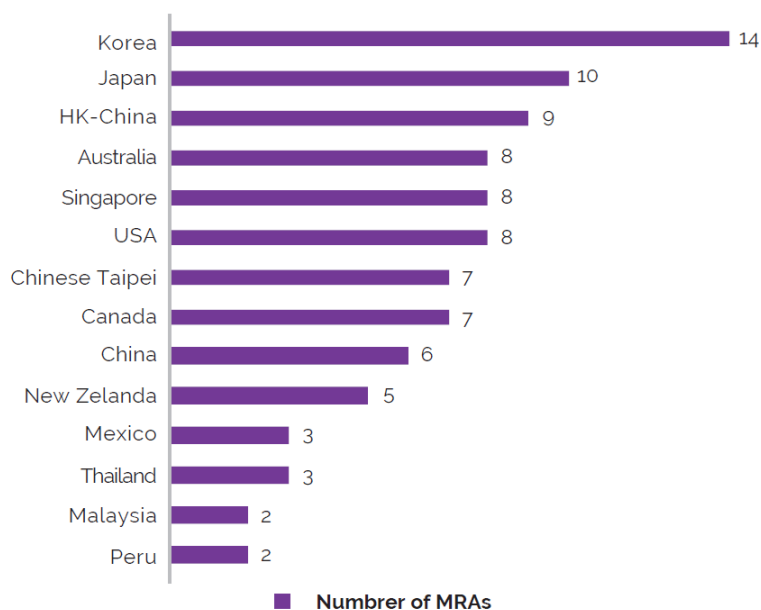


Figure 4 Number of MRAs signed between APEC Economies

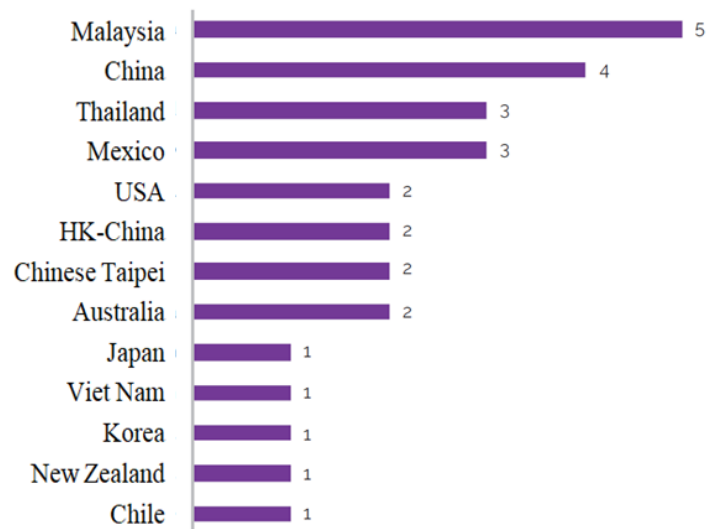


Figure 5 Number of MRAs under negotiation between APEC Economies

A total of 17 additional MRAs between APEC Economies are currently being negotiated. According to the information given in the survey, Malaysia, China, Thailand, and Mexico account for much of the growth of the MRA network, while the United States; Japan; Hong Kong, China; Chinese Taipei; Canada; Australia; and Korea continue to be key promoters. Of note, Vietnam is a new player that is starting to participate in negotiations.

Furthermore, one inter-bloc MRA (Pacific Alliance and Mercosur) is being negotiated in the Latin American region, that involves APEC participants Chile, Peru and Mexico, plus Colombia.

Of the 17 MRAs mentioned, 11 are being negotiated with the top APEC trading Economies. Of these top trading Economies, China has the highest number of MRAs under negotiation (6).

Six APEC Economies have yet to sign an AEO MRA: Brunei, Indonesia, the Philippines, Russia, Viet Nam, and Papua New Guinea, which are still developing their AEO programs. The top five Economies in terms of volume of trade within the APEC are also key promoters of MRAs worldwide and in the region. These Economies are: the United States, China, Korea, Japan, and Hong Kong, China.

III. AEO certification barriers for SMEs and best practices from integrating SMEs into AEO programs (specific benefits)

Most APEC Economies use the number of employees as a criteria to identify and categorize SMEs, but the caps vary considerably - from 20 employees in New Zealand to 1000 employees in China. The International Finance Corporation (2012) defines an SME as a registered business with less than 300 employees. The IFC further categorizes SMEs into a micro, small, or medium enterprises. The UNDP defines SMEs as enterprises with less than 200 employees.

Small and medium-sized enterprises (SMEs) play an important role in generating economic activity and employment in developing and developed Economies. According to the OECD, SMEs represent 99% of all businesses, generate about 60% of employment, and account for between 50% and 60% of value added in the OECD area. SMEs make up over 97 percent of all APEC businesses, employ over half of the workforce of APEC Economies, and contribute between 20 and 50 percent of GDP in the majority of APEC Economies.

Analysis has found the share of direct export value that involves SMEs to be less than 20% in most Economies. According to data from the APEC, only in China does SMEs' share of total exports exceed 50%, while Canada and Korea have a relatively high share, at 41% and 35%, respectively. Thailand, the United States and Viet Nam fell into the bracket of 21% to 30%. SMEs' total share of exports ranged from 15% to 19% in Japan, Indonesia, Singapore, Chinese Taipei, and Malaysia. Finally, in Australia, Chile, and Peru, SMEs accounted for less than 10% of total exports (APEC, 2013). Besides direct exports, SMEs also engage in indirect export activities. A small but increasing number of SMEs supply intermediate goods and services in global supply chains. An analysis of direct exports alone might underrepresent SMEs' export capacity. Also relevant is the role of SMEs in e-commerce.

However, SMEs overwhelmingly bear the burden of bureaucracy in international trade. Trade costs for SMEs in low-income Economies were equivalent to a 219 percent ad valorem tariff, which was 85 percentage points higher than for high-income Economies (World Trade Report, 2015). The annual World Bank Doing Business report also provides a quantitative measurement of business regulations and the protection of property rights. This measurement affirms that SMEs are more vulnerable to difficulties and bureaucracy in the course of their business.

The role of SMEs in the APEC region, specifically, was promoted by the endorsement in 2015 of the Boracay Action Agenda. Therefore, the APEC has proposed and established a legal framework for cooperation that aims to encourage SME development and capacity-build them to help them engage in international trade and act as drivers of growth and innovation.

The APEC's efforts were chiefly realized in the following two initiatives: (1) the General APEC initiative: The SMEWG Strategic Plan 2017-2020 provides a roadmap that addresses critical issues pertaining to the growth of SMEs and micro enterprises in the APEC region (including entrepreneurship, innovation, financing, and market access), and (2) Initiative within the SCCP: The Boracay Action Agenda to Globalize MSMEs. Priority areas of cooperation are trade facilitation, trade finance, e-commerce, and institutional support. The goal is to widen the scope of AEO programs to include SMEs so that they can better contribute to supply chain security, integrity, and resilience.

AEO programs can help integrate SMEs into global value chains by simplifying customs administration procedures and enhancing SMEs' trading capabilities. This is an opportunity for customs authorities as they coordinate with other border agencies, but SMEs stand to benefit the most if they are included in the programs.

Of the 16 Economies that answered the Inter-American Development Bank's survey, all confirmed that SMEs had access to their AEO programs. None indicated that it provided special benefits directly to SMEs. Australia was an exception when it comes to specific requirements, as it did have a risk profile for SMEs that is different from the one for larger businesses, while Hong Kong, China provided additional benefits for AEO-certified companies that actively promote AEO certification among SMEs providers.

According to the survey, only seven APEC Economies identified the specific number of SMEs that had been certified and/or were in the process of becoming AEOs. These seven Economies indicated that the numbers of small and medium-sized enterprises that had obtained AEO certification were 118 in Australia, 1,512 in Canada, 45 in Singapore, 11 in Hong Kong, China, 3 in Peru, 2 in Malaysia and 1 in Chile. As of July 2019, the total number is 1,692, for all seven Economies. Seventy-five SMEs were still in the process of becoming AEOs: 74 in Australia and 1 in Hong Kong, China.

Additionally, only two Economies, Hong Kong, China and New Zealand, stated that they had developed and implemented outreach strategies to increase and promote the inclusion of SMEs.

After collecting information from the APEC Economies on SME involvement in their AEO programs and confirming that these enterprises play a central role in achieving balanced economic growth and that they represent an important part of the supply chain, some of the main challenges identified and shared by customs administrations are as follows:

1. Since SMEs do not have large trade volumes, their participation in the AEO program may not be as attractive from the standpoint of trade-related KPIs.
2. SMEs generally lack a supply chain security culture and therefore they implement no procedures at all.
3. SMEs have limited access to financing and resources, which restricts their ability to spend time and money on meeting AEO requirements and implementing the program.
4. For SMEs, the lack of SME-specific requirements makes the certification unattractive.
5. There is limited access to information and free tools.

Low SME participation in AEO programs decreases the value added of the initiatives, especially since "in some cases the vast majority of a supply chain may be composed of SME operators."

Inter-American Development Bank's study thus gives the following recommendations based on facts, statistics, the current status of SMEs in AEO programs within the APEC region, best practices, and projections:

1. To agree on a specific definition of what constitutes an SME.
2. To develop a tailored program for SMEs with specific requirements and benefits, considering their role in indirect exports.
3. In action plans, include a goal for SME inclusion.
 - a. Set a realistic goal according to SMEs with direct imports or exports,
 - b. Strengthen institutional support to help SMEs overcome regulatory and procurement hurdles,
 - c. Modify the information requested on the application to easily identify SMEs and the sector they are part of, and

- d. Develop and measure KPIs to monitor applications submitted and certifications granted, as well as to identify reasons why applications were rejected to develop specific capacity-building and outreach programs.
4. To allow prior consultation for SMEs before submitting an application.
5. To expedite AEO authorization examinations for SMEs through various preferential procedural provisions.
6. To implement an outcome-based approach for SMEs by asking operators to demonstrate how they intend to comply with the minimum standards and by working with them to achieve mutually acceptable criteria.
7. Websites are important sources of information. Customs authorities should provide explanatory information and specify preferential requirements and benefits to inform and prepare SMEs.
8. To identify common barriers associated with import and export procedures and regulatory compliance.
9. To provide capacity building programs to strengthen SMEs' ability to carry out secure and globalized trade.
10. To enhance public-private sector collaboration, particularly with SMEs associations, to support SME certification.
11. To foster collaboration between SMEs and large enterprises by providing the latter with additional benefits when trading with certified SMEs.

IV. Best Practices in the implementation of Pillar 3 WCO SAFE Framework of Standards

This study is based on a survey under Pillar 3 WCO SAFE Framework of Standards, in which 19 out of the 21 APEC Economies participated and focuses on the cooperation between customs and other government agencies (OGAs) in achieving a balance between trade facilitation and trade security control. The purpose for customs to establish the AEO program is to provide further facilitation for enterprises that meet the authorized economic operators (AEOs) standard, attract more enterprises to apply for AEO certification, and make trade more convenient in the rapidly changing digital era.

A total of 11 out of the 19 Member Economies stated that their customs cooperated with OGAs and that the OGAs had given AEO benefits, with a coverage rate of 57.9%. This study found that the customs authorities and OGAs collaborated on the standards of Pillar 3 of the SAFE Framework, and therefore the resulting AEO benefits had nothing to do with the geographical location of the economy, the time when the AEO benefits started, nor the number of AEO enterprises. The most important factor should be the determination of the economic leaders to accept and promote the WCO SAFE Framework, so that customs authorities and OGAs can look into what each other is interested in when they promote the AEO program to break through the limits of the existing regulations.

Overall, on average, each APEC Member Economy participated in more than three cooperation matters under Pillar 3 standards. However, only eight Member Economies had adopted more than three cooperation matters, with Singapore; Australia; Hong Kong, China; and Malaysia accounting for the most cooperation. By contrast, 11 Member Economies had adopted less than three cooperation matters, with Indonesia, Korea, Russia and Papua New Guinea engaging in the least amount of cooperation.

The questionnaire survey of APEC Member Economies shows that, as far as cooperation matters are concerned, the following are areas where customs authorities and OGA cooperate, in descending order: (1) mutual cross-border supply chain security cooperation, (2) harmonization of the supply chain security control measures and security program requirements, (3) the establishment, promotion and adoption of a single-window environment, (4) cooperation to improve the efficiency of agency functions and responsibilities and coordinate cross-border management functions, (5) other cooperation matters, and (6) development of mechanisms and plans for continuity and resumption measures to continue trade.

In terms of the different regions, the customs authorities of the Member Economies in the Americas had mostly engaged in cooperation with OGAs in the forms of (1) the establishment, promotion and adoption of a single-window environment, and (2) mutual cross-border supply chain security cooperation. Meanwhile, the customs authorities of the other Member Economies had engaged the most in cooperation related to (1) the harmonization of supply chain security control measures and security program requirements, and (2) mutual cross-border supply chain security cooperation.

The OGA practices that provided major benefits to AEOs were first and foremost: (1) the recognition of the contribution of AEO standards in simplifying work and eliminating duplication and re-examinations, which accounted for 38% of all practices, followed by (2) reductions to the number of physical export inspections and priority treatments or reductions in fees for permits and authorizations, which accounted for 34% of all practices, and (3) other policy support, etc., which accounted for 29% of all practices.

The type distribution of AEO benefits generated by cooperation between customs and OGAs based on Pillar 3 of the SAFE Framework in more detail is shown in Figure 6.

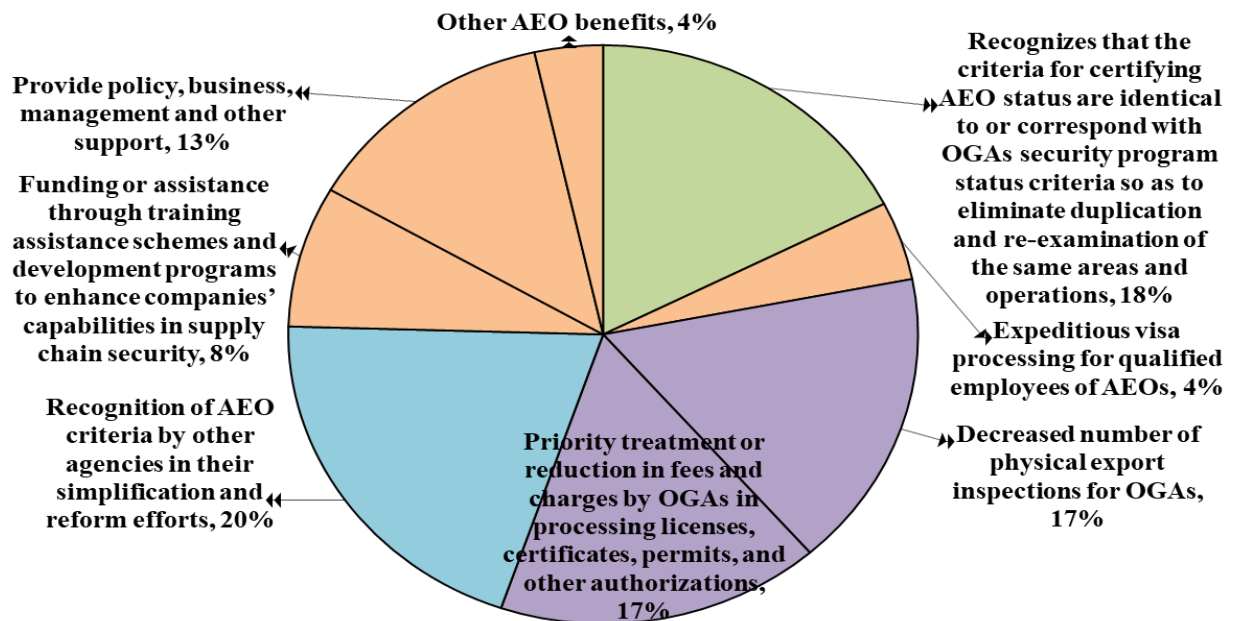


Figure 6 The type distribution of AEO benefits generated by cooperation between customs and OGAs based on Pillar 3 of the SAFE Framework

Regarding the best practices of customs and OGAs in relation to SAFE Pillar 3 cooperation, this study found that seven Member Economies already had their own best practices for cooperation and two Member Economies had planned the direction of promotion. However, 10 Member Economies had not yet engaged in such cooperation or had only focused on the AEO program itself. The self-described best practices of cooperation among the seven Member Economies are as follows:

1. The Australian Border Force (ABF) is part of the Home Affairs Portfolio, which supports the interactive relationship between agencies in the Portfolio. The best practices of the ABF are as follows: regularly cooperating with OGAs to coordinate border customs clearance procedures as part of policies, regulations, and service designs; promoting direct contact between trusted traders and OGAs to establish industry identity relationships, and assisting OGAs in trying to provide trusted traders with goods and people across its border in a low-risk manner. The ABF was leading an entire government review of border permits and licenses, which aims to remove barriers to international trade, reduce regulatory burdens related to permits for prohibited goods, and simplify regulations related to prohibited or licensed goods.
2. China Customs had signed MOUs with 39 other government agencies to provide 49 benefits to AEOs in 2016, including a Green lane, reduced inspection rates, priority treatment, simplified procedures and shortened release times, major references for credit financing, priority awards and recognition, and priority as a reformation pilot, etc.
3. The Mexican Taxation Administration Service stated that the cooperation between customs and the Federal Police (Gendarmerie) includes sharing best practices to help mitigate risks and ensure the integral security of the supply chain and production cycles threatened by organized crime. In addition, the cooperation between customs and the General Administration of Civil Aviation (DGAC) includes a pilot program that aims to achieve mutual recognition between the Safe Cargo Operator and the Mexican AEO program, which focuses on aligning the two programs for mutual recognition, as well as effective actions to respond to supply chain security challenges, avoid duplication of requirements and control, and simplify procedures.
4. New Zealand Customs recently arranged supply chain security program with the Civil Aviation Authority (CAA) of New Zealand's Ministry of Transport. CAA has implemented New Zealand's

Secure Export Scheme (SES) for air cargo. The arrangement involves adopting existing CAA security controls implemented under Regulated Air Cargo Agents (RACA) with the addition of enhanced package sealing and documented security at the packing site. There are also arrangements with the Ministry for Primary Industries (MPI). Such arrangements focus on securing packages under the SES. A joint Customs/MPI security bolt seal for containerized cargo has been approved with the addition of the secure air cargo Customs MPI's existing carton seal. A Customs trade single window has also been integrated with the MPI and exporters can submit export declarations that go to both agencies.

5. Singapore Customs works closely with the Immigration and Checkpoints Authority (ICA) in the risk management of import and export shipments. The ICA, with inputs from Customs, recognizes the shipments imported and exported by companies certified by the Secure Trade Partnership (STP), assigns a lower risk score and facilitates such shipments.
6. United States Customs and Border Protection have stated that the joint efforts between OGAs and AEO programs provide solid communication and a unified approach between the programs.
7. Viet Nam Customs and OGAs coordinate their efforts and cooperate in identifying and validating the compliance of enterprises.

In general, the customs authorities of APEC Member Economies promote cooperation with OGAs, and their attitudes are more positive than previous studies have indicated. Customs authorities focus not only on the implementation of the AEO program itself, but also on the implementation of cooperation in line with SAFE Pillar 3, such as communication between programs, sharing information, reorganizing government organizations, import and export risk management, and the signing of cooperation memorandums. According to the questionnaire survey, customs hoped to cooperate with OGAs, but OGAs were limited by various factors, and their willingness to cooperate needed to be improved.

Currently international trade is facing new challenges such as the rise of e-commerce and the reorganization of the supply chain. It is necessary for APEC Member Economies' AEO programs to take measures to address these challenges in digital trade and supply chain security.

If customs and OGAs can work together to pick up high-risk goods, they can let legitimate commerce pass borders. They checked high-risk matters according to their professional responsibilities. They had different focuses, and the laws customs and OGAs are governed under were not the same and could not be unified, but there is room for cooperation in practice. The WCO included OGAs in the AEO program, hoping that both parties would strengthen cooperation to promote the facilitation and safety of the supply chain. However, the AEO certification criteria were set by customs, mainly to protect against the border security risks for customs itself, and customs did not adopt the risk standards of OGAs. If practices were only based on the existing AEO certification standards, OGAs would never easily release benefits to AEO certified enterprises.

Therefore, the main task of AEO programs in the future is to implement existing practices, further promote the expansion of the scope of application and incorporate OGAs' risk standards. This study proposes that APEC Member Economies expand the four best practices for promoting AEO programs, namely, improving cooperation between customs and OGAs, increasing the types of AEO certification, promoting AEO compliance standards for cross-border e-commerce, and providing more innovative AEO benefits.

In order to adapt to the e-commerce environment and improve the safety and facilitation of international trade, customs must take action to attract more enterprises in the supply chain to AEO certification. One of the important means to achieve this goal is to provide economic operators with benefits, so that they are more willing to improve their capabilities and participate in AEO certification.

APEC Economies can take the following steps to provide economic operators with more benefits. The first is to implement the general benefits and the economic operator-specific benefits mentioned in the WCO 2018 SAFE Framework of Standards report as much as possible. The second is that under the existing AEO certification types, the customs authorities of various Economies are still working hard to improve their cooperation with OGAs and create benefits for AEOs. Therefore, APEC should encourage more Economies to share information including their experience to accelerate the provision of AEO benefits. Thirdly, by adding more AEO certification types, customs can develop more opportunities for cooperation with OGAs and create more AEO benefits. Fourthly, reducing the differences in the various AEO programs of APEC Economies can advance the signing of AEO Mutual Recognition Agreements, and thus extend AEO benefits to the customs clearance preferences of the signatory parties.

This study and IDB's 2020 report have identified the inclusion of SME participation and OGAs' collaborative participation as top priorities for AEO promotion. These are also areas where APEC needs to allocate more resources. In terms of the collaborative participation of OGAs, this study puts forward the following recommendations: For OGAs, leveraging the AEO program as a bridge for greater participation in supply chain security and facilitation; Strengthening customs-OGA coordination; Continuing to accumulate and share best practices for Pillar 3 of the SAFE Framework; Creating more concrete AEO benefits for companies; and Establishing certification requirements for cross-border e-commerce.

V. Customs Release Time Comparison Study: Case Study of AEO MRAs - Key findings and Policy recommendations

The 2016 PSU “Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs” provided a comprehensive background and literature review of AEO developments and introduced the various AEO programs in APEC. It also includes a test survey of quantitative assessments of an AEO MRA between two APEC Member Economies. The test survey presented for the first time in APEC, the Customs Release Time comparison for cargo before and after the implementation of an AEO MRA.

This study measured the quantitative benefits of signing and implementing AEO MRAs between Member Economies by examining and comparing the average customs clearance times (release times) spent on imports before and after the implementation of an AEO MRA between the exporting and importing Member Economies. The results provide a useful understanding to whether and how AEO MRAs facilitated AEO import clearance in Member Economies.

This study examined the customs release time changes from AEO MRAs between APEC Member Economies by comparing the average customs release times for declarations before and after the implementation of relevant AEO MRAs. It identified whether and how release times were reduced and focused mainly on the analysis of the customs clearance procedures fully under customs authority supervision (referred to as Stage 1 procedures), and provided complementary information on customs clearance procedures that were only partially under customs authority supervision (referred to as Stage 2 procedures). All customs data covered sea and air cargo.

Figure 4 below presents and describes the import procedures under Stage 1 and Stage 2, comprising the arrival of cargo, the filing of customs declarations, the release of documents, and finally, the delivery of cargo. Table 1 shows the template of the data to be filled by participating Member Economies. The Customs authorities of the participating Member Economies needed to select from all AEO import declarations with an MRA in place, and enter the average release times (to seconds) for declarations before and after the implementation of the AEO MRA (the pre-MRA and post-MRA time period).

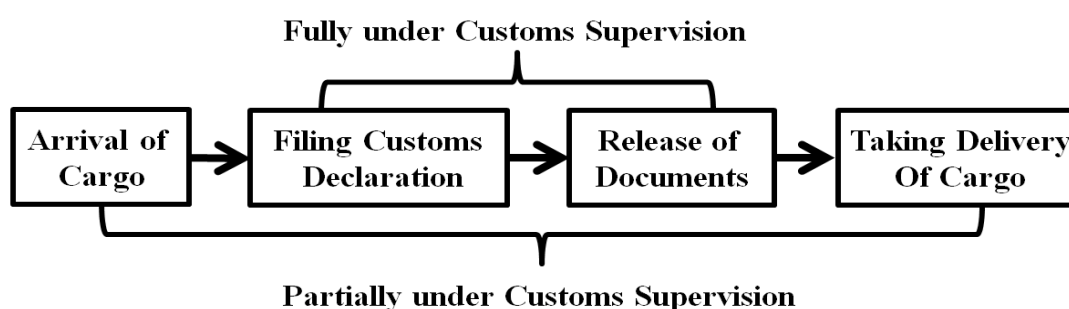


Figure 7 Import procedures under Stage 1 and Stage 2

Four Member Economies – Chinese Taipei, Japan, Korea, and New Zealand - provided their release time cases under Stage 1 customs procedures. The case analysis of Stage 1 procedures shows that customs release times after MRA implementation were reduced in all cases, if excluding those without record of filed import declarations during the survey period. The rates of change/improvement varied in different cases. Apart from the one case where the rate of change was less than 30 percent, all other cases under Stage 1 customs procedures had rates of change of more than 30 percent. The

rates of change for a few cases were as high as 80 or 90 percent. In one case there was a full reduction of release time to zero seconds.

A further comparison reveals different results between sea and air cargo for Stage 1 procedures. In some cases, a more significant reduction of release time was observed in sea cargo declarations compared to air cargo declarations, while in others, the results were the opposite. More in-depth study would be required to uncover whether and why AEO MRAs delivered different results for sea and air cargo declarations. Different policy designs may also be needed to provide and improve benefits to sea and air cargo declarations for AEO enterprises.

Tables 1 to Table 6 demonstrate the release times of imports from AEO partner Economies submitted by Chinese Taipei, Japan, Korea and New Zealand.

Table 2 Release Times and Rates of Change of Chinese Taipei’s Imports from Japan under the Chinese Taipei-Japan AEO MRA

Chinese Taipei		Before the Entry into Force of AEO MRA (2018.10.12~2019.05.21)	After the Entry into Force of AEO MRA (2019.05.22~2019.12.31)	Rate of Change (%)
Stage 1	Sea Cargo	0 days 12 hours 17 min. 26.3 sec.	0 days 8 hours 19 min. 26.9 sec.	-32.27
	Air Cargo	0 days 0 hours 47 min 52.5 sec	0 days 0 hours 34 min 1.4 sec	-28.93
Stage 2	Sea Cargo	6 days 9 hours 27 min 21.8 sec	3 days 6 hours 21 min 53.8 sec	-48.63
	Air Cargo	1 day 6 hours 26 min 42.1 sec	1 day 13 hours 48 min 43.9 sec	24.20

Table 3 Release Times and Rates of Change of Chinese Taipei’s Imports from Korea under the Chinese Taipei-Korea AEO MRA

Chinese Taipei		Before the Entry into Force of AEO MRA (2016/01/01~2016/09/30)	After the Entry into Force of AEO MRA (2016/10/01~2019/12/31)	Rate of Change (%)
Stage 1	Sea Cargo	0 days 17 hours 54 min. 53 sec.	No Records	-
	Air Cargo	0 days 0 hours 45 min. 30 sec.	0 days 0 hours 27 min. 19.7 sec.	-39.94
Stage 2	Sea Cargo	5 days 22 hours 48 min 24 sec	No Records	-
	Air Cargo	2 days 12 hours 27 min 33 sec	1 day 22 hours 0 min 3 sec	-23.91

Table 4 Release Times and Rates of Change of Chinese Taipei’s Imports from Australia under the Australia-Chinese Taipei AEO MRA

Chinese Taipei	Before the Entry into Force of AEO MRA (2018.11.01~2019.05.31)	After the Entry into Force of AEO MRA (2019.06.01~2019.12.31)	Rate of Change (%)

Stage 1	Sea Cargo	2 days 16 hours 54 min. 28.5 sec.	0 days 23 hours 59 min. 34.5 sec.	-63.04
	Air Cargo	0 days 4 hours 52 min. 28.4 sec.	No Records	-
Stage 2	Sea Cargo	5 days 13 hours 29 min. 3.3 sec.	22 days 2 hours 48 min. 0 sec.	297.65
	Air Cargo	1 day 0 hours 15 min. 56.9 sec.	No Records	-

Table 5 Release Times and Rates of Change of Japan’s Imports from Chinese Taipei under the Chinese Taipei-Japan AEO MRA

Japan		Before the Entry into Force of AEO MRA (2018.12.22~2019.05.21)	After the Entry into Force of AEO MRA (2019.05.22~2019.10.21)	Rate of Change (%)
Stage 1:	Sea Cargo	0 days 0 hours 22 min. 45 sec.	No records	-
	Air Cargo	0 days 0 hours 10 min. 27 sec.	0 days 0 hours 0 min. 0 sec.	-100%

Table 6 Release Times and Rates of Change of Korea’s Imports from Chinese Taipei under the Chinese Taipei-Korea AEO MRA

Korea		Before the Entry into Force of AEO MRA (2015.10.01~2016.09.30)	After the Entry into Force of AEO MRA (2016.10.01~2017.09.30)	Rate of Change (%)
Stage 1:	Sea Cargo	6.79 hours	1.11 hours	-83.6%
	Air Cargo	8.08 hours	0.390 hour	-95.1%

Table 7 Release Times and Rates of Change of New Zealand’s Imports under AEO MRA with Hong Kong, China

	Types of Imports⁽⁴⁾	Before Entry into Force of AEO MRA (2018.09.05-2019.02.19)	After Entry into Force AEO MRA (2019/03/08-2019/09/24)	Rate of Change (%)
Stage 1	Sea Cargo	0 days 0 hours 0 min. 25 sec	0 days 0 hours 0 min. 1 sec.	-96%
	Air Cargo	Not available	Not available	-

This study also analyzed Stage 2 data from Chinese Taipei, the only participating Member Economy to also provide such customs data. The analysis aimed to provide some complementary information to the analysis of Stage 1 cases. The study found that the cases regarding Stage 2 procedures also show a reduction of the average release times for both sea and air cargo for most of the cases after the AEO MRAs were implemented. However, there was an increase of average release times for sea or air cargo after the implementation of two MRAs. Further study would be needed to understand the different results of cases under Stage 2 procedures.

It is also important to note that on the one hand, the number of cargo declarations filed may directly affect average release times, especially for unusual long release times. On the other hand, as the Stage 2 procedures include those outside customs authority supervision, such as the periods for arrival and delivery, there may be unexpected factors during these periods that significantly affected the release times. These factors may need to be taken into consideration when examining the procedures in Stage 1 and Stage 2.

The release time cases provided by Chinese Taipei and Korea further divided release times into three categories based on different clearance modes: Free from Paper and Cargo Examination, Paper Review, and Cargo Examination. The study finds that the average release times of sea and air cargo in the three categories showed reductions after the implementation of an AEO MRAs in most cases.

Last but not least, this study compared the numbers of the cargo declarations in the different categories before and after an AEO MRA, and found that the proportion of filed declarations after the implementation of the AEO MRA increased in the Free from Paper and Cargo Examination and the Paper Review category, while the proportions effectively decreased in the Cargo Examination category. In some cases, 99.9 percent of cargo declarations were moved to either Free from Paper and Cargo Examination category or Paper Review category, leaving only 0.1 percent of cargo declarations in the Cargo Examination category. These changes, namely the significant reduction of declarations of the Cargo Examination category suggest the important benefits an AEO MRA provides to AEO companies.

The release time cases provided by Chinese Taipei and Korea further divided release times into three categories based on different clearance modes: Free from Paper and Cargo Examination, Paper Review, and Cargo Examination. The study found that the average release times of sea and air cargo in the three categories show reductions in most cases after MRA implementation.

This study proposes the following policy recommendations for APEC and interested APEC Member Economies to consider:

1. The 2-year project conducted jointly by Chile and Chinese Taipei, AEOs in APEC Economies and its separate studies have revealed important empirical findings. Specifically, AEO MRAs between APEC Member Economies provide significant benefits by reducing customs clearance times after the implementation of the relevant AEO MRAs. To move work forward based on these quantitative findings, APEC and interested Member Economies should encourage more in-depth, focused and quantitative research and surveys. Such studies on various important aspects of issues related to the design and implementation of AEO programs and AEO MRAs would support APEC's work on supply chain security and trade facilitation.
2. This study is based on the release times provided by Chinese Taipei, Japan, Korea, and New Zealand, and shows a significant reduction in customs release times after the implementation of relevant AEO MRAs. However, all four of these Economies are highly export-oriented Asia Pacific island Economies. There may be more and perhaps different findings in release times in cases from continental or land-locked Economies. Therefore, APEC can encourage Member Economies to create and develop different methodologies or approaches to provide more comprehensive information on their AEO programs and AEO MRAs to address their common or varied experiences, interests and concerns.
3. According to the interviews with AEO-certified SMEs in Chinese Taipei, some SMEs agreed that their AEO status had brought benefits. To these SMEs, promotion of the AEO concept and its benefits, and requests from clients or importers were important factors that helped them in their

decision to apply for AEO certification. APEC could consider producing AEO promotional toolkits on its website for the business sector, in particular SMEs, as well as for relevant government agencies. APEC should also elaborate on the “demand-driven” trend (importers/clients requesting exporters/suppliers to apply for AEO certification) in supply chains and their implications for AEO programs and AEO MRAs in the APEC region.

4. COVID-19 has changed international trade flows and the concept of supply chain resilience and security as a result of supply chain disruptions since the beginning of 2020. The emerging need for more resilient and sustainable supply chain management and customs functions in the new trade context will be an area soon to be tackled by APEC Member Economies. This may produce significant implications for APEC’s work promoting AEO programs and AEO MRAs in the post pandemic period. APEC should be prepared for such changes and launch relevant discussions and possible work plans.

VI. Private-Public dialogue: conclusions and contributions to improve AEO and MRA implementation in APEC Member Economies

1. The purpose of conducting the public-private dialogue

In the 21st century, most APEC Economies' customs administrations face two major problems: the surging volumes of trade; and customs resources not increasing, or even decreasing with the increase of trade volume.

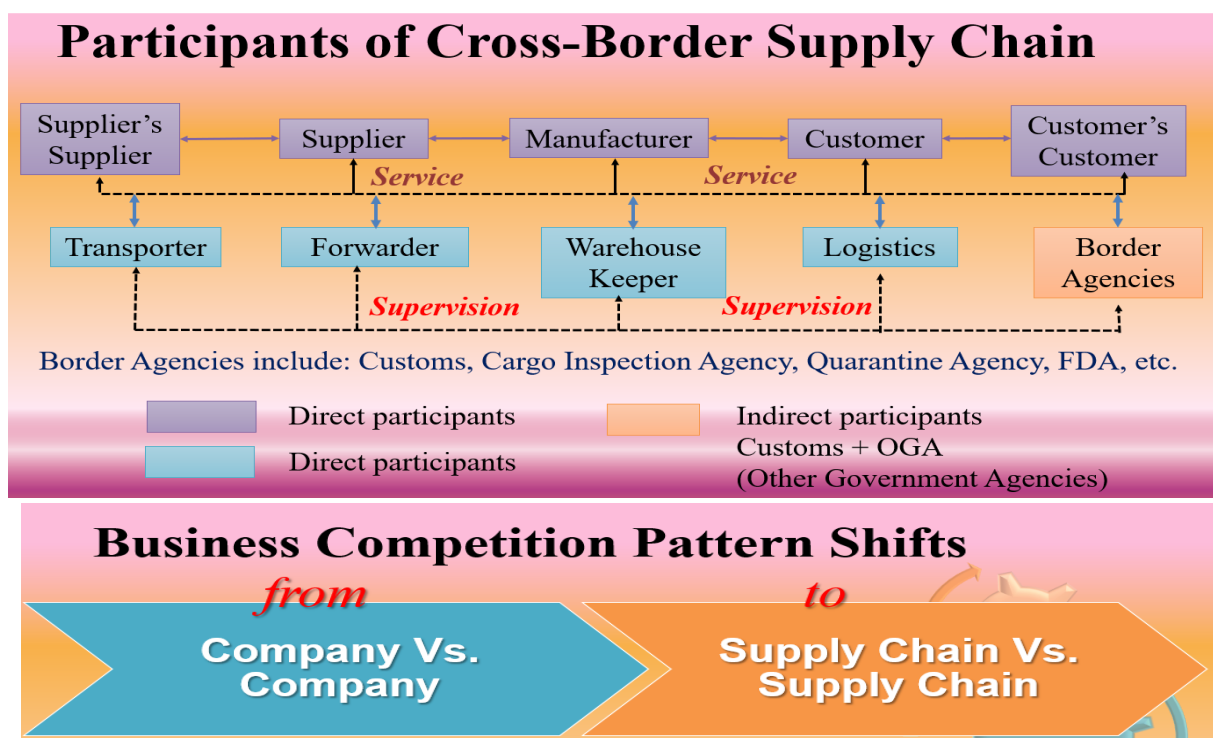
Under such conditions, public and private sectors should intensify the customs-business partnership and talk to each other face to face on equal standing. Through such interactions, both customs and businesses can work together to figure out the best practices for involving SMEs and OGAs in the AEO program, and upgrades to MRAs, etc. for AEO 2.0.

2. How to include SMEs in AEO programs

(1) Implementing supply chain-based AEO programs

- a. The purpose of the WCO SAFE Framework is to facilitate and secure trade in supply chains. Moreover, the business competition pattern has shifted from company vs. company to supply chain vs. supply chain. The worldwide supply chain network is increasingly regarded as an entity, just like a large company.
- b. Customs should work together with businesses to create supply-chain based AEOs for AEO program expansion.

SMEs account for 97% of APEC enterprises. However, less than 10% have acquired AEO status in most of the APEC Economies. Furthermore, e-commerce supply chains are different from regular supply chains. Participants in supply chains include direct participants and indirect participants, as shown in the following picture.



If all supply chain members are AEOs, SMEs will inevitably join the AEO program. The supply chain master will also help them become AEOs.

- c. Customs risk management should consider the supply chain as a whole, involving SMEs.
There are many different types of risks including those related to security, customs duties, prohibition and restrictions, and political and economic considerations and interests. Therefore customs should consider supply chain operators as a whole that involves SMEs.
3. As the risk profiles of SMEs are different from large enterprises, a system specific for SMEs should be established. Flexible accreditation criteria should be applied in this system, and additional and specific benefits should be provided to SMEs.
 - a. SME risk profiling should mainly focus on the compliance rate of customs laws and regulations. The other accreditation criteria should be flexible.
 - b. SMEs need a tailor-made AEO program and tailor-made AEO benefits, which can be determined from the common barriers in cargo clearance SMEs encounter.
 - c. The system should foster collaboration between SMEs and large enterprises, especially supply chain organizers by providing additional benefits to SME AEOs or providing assistance in the certification process.
 - d. Economies can make SME involvement in AEO programs a KPI (Key Performance Indicators) for their customs.
 4. Upgrading the MRA in AEO 2.0

So far, the average percentage of AEOs in the total number cross-border supply chain operators is less than 10% in most APEC Economies. It indicates that a large portion of supply chain members are not AEOs. Given this data, it is clear that the ultimate goal of the WCO SAFE Framework has not been achieved.

Signing an MRA is not easy, it needs a considerable amount of preparation. If there are only several hundred AEOs in an Economy, the benefits of MRAs would not be significant, even with numerous MRAs in place. APEC Economies should take the following measures to upgrade the MRA in AEO 2.0:

- a. Implement a supply chain-based AEO program to encourage the all-AEO supply chain to increase participation in the AEO program,
 - b. Involve OGAs, especially licensing agencies to offer more benefits to encourage supply chain operators, especially SMEs, to participate in the program, and
 - c. Adopt a Trade Identification Number (TIN) to exchange AEO information between APEC Economies for risk management purposes regardless of whether an MRA is in place.
5. Involving OGAs to offer more benefits

Customs should improve its relationship with OGAs and form partnerships. Suggested measures include:

- a. Holding biannual meetings and larger-scaled annual meetings with licensing agencies to solve licensing issues on trade facilitation, e.g. simplifying or exempting licenses for low-risk e-commerce merchandise to facilitate e-commerce clearance.
- b. Joint Office
Install joint offices for customs and licensing agencies to save time and facilitate convenient information-sharing.
- c. Joint Declaration

Customs could allow importers to transmit their license applications with their import declarations through a single window interface with the licensing agencies to save resources for both importers and licensing agencies.

d. **Joint Cargo Inspection**

As part of the CBM (Coordinated Border Management), customs can conduct joint cargo inspections with the FDA or other quarantine agency to reduce release times.

6. **Negotiate AEO Accreditation Criteria with Licensing Agencies**

If customs wants licensing agencies to be involved in the AEO program and offer more benefits to AEOs, it should negotiate accreditation criteria with them to promote mutual trust because mutual trust should be based mutual interests. In sum, to involve OGAs in AEO programs, seeking support from the cabinet level is indispensable.

VII. Key discussions and findings from the Puerto Varas and Taipei workshops

1. BRIEF DESCRIPTION

(1) Workshop held in Puerto Varas in 2019

A one-day workshop was held in Puerto Varas, Chile, on the margins of APEC SOM 3 meetings. The workshop brought together more than 130 participants, including government officials from the SCCP, the private sector, and policy makers of APEC economies. The objective of the workshop was to analyze and discuss how to improve SME participation in AEO programs. Participants discussed views on different proposals addressed to? the SCCP. This included entry barriers for SMEs to AEO certification; best practices to integrate SMEs into AEO programs and the identification of specific benefits of MRAs that can improve SME access to international markets. The study conducted by the Inter-American Development Bank (IDB) was shared at the workshop which provided important insights related to the identification and analysis of entry barriers for SMEs to become AEOs and the identification of potential MRA benefits within the APEC region, with special emphasis on integrating SMEs into international value chains.

(2) Workshop held in Chinese Taipei in 2020

A one-day workshop in a hybrid format was held in Chinese Taipei at the Taipei International Convention Center on the topic of “Integrating SMEs and E-commerce in AEO Supply Chains”. The workshop brought together 160 participants including senior customs officials, government representatives, business representatives and policy makers from more than 14 APEC Member Economies, including the United States, Australia, New Zealand, Japan, Korea, Thailand, the Philippines, Canada, Chile, Peru, Singapore, and Papua New Guinea, who joined the workshop online across 8 time zones with representatives from the private sector. The objective of the workshop was to present the results of the phase 2 project, highlight the importance of partnering Other Government Agencies (OGAs) and incorporating e-commerce into AEO programs. The workshop concluded with a public-private dialogue that offered recommendations for the next step of AEO development. The discussion and findings of the two workshops are further elaborated in the following sections.

2. DISCUSSIONS AND FINDINGS

(1) Workshop held in Puerto Varas in 2019

The workshop highlighted the importance that SMEs hold for the economies of the region based on the study conducted by the Inter-American Development Bank. It suggests, given the fact that 97% of companies are SMEs in the region, it is of paramount importance to incorporate them into the AEO program to not just increase the number of certified companies, but to boost economic development strategies in APEC region.

While the AEO concept is implemented in all our economies, the findings of the IDB survey alerted us to the fact that only six APEC economies have identified only a small number of certified SMEs or SMEs in the process of becoming an AEO, which corresponds to great opportunities for the program.

By tapping into this opportunity, the workshop reviewed and shed more light on the main barriers that hindered SME participation in AEO programs - the costs that accompanied the implementation of solutions so that SMEs comply with security requirements and are thus able to be certified. In addressing this issue, the experts from different programs in the dialogue shared their experience and suggested that public sectors assess the flexibility involved when SMEs use standards to demonstrate their compliance. Customs must review the development of programs and focus on a correct understanding, regarding the way in which the requirements can be met by SMEs.

Another aspect that can contribute to the SME focus in AEO programs is the challenge of in-depth coordination between government agencies. This may be of particular interest for the inclusion of SMEs since it increases SME benefits from directly or indirectly participating in foreign trade.

Similarly, it was indicated that it is very important for the initiatives of the AEO Program and Single Windows to complement each other since they have been highly efficient in expediting processing and giving traceability to the operations; therefore, it is essential for Customs Administrations to actively participate by supporting the implementation of these initiatives.

Moreover, the private sector in the workshop also stated that the certification process encourages enterprises to improve their operational and recruitment procedures and other aspects, which directly affect productivity, in addition to the benefits of the program itself. During the discussion, some key strategies were identified by the private sector to further facilitate the participation of SMEs, such as 1) providing education/training to enterprises to develop awareness about risk analysis and strategies to mitigate them, 2) offering outreach programs to facilitate faster, more familiar and more understandable certification processes for SMEs, and 3) managing effective communication for best practices and information exchanges.

Finally, much emphasis was also placed on the importance that Mutual Recognition Agreements represent for the APEC region, and how economies should continue working to strengthen their actual implementation. The findings suggest exploring tools to achieve this goal, especially in the field of information exchange. In this regard, it has been suggested that blockchain can be a tool that supports the solution of problems associated with the exchange of information, thereby facilitating the effective provision of benefits derived from the growing number of MRAs in the world.

As for the MRA negotiation process, it is important to correctly evaluate and study the security criteria given that the harmonization of the requirements between different economies is one of the benefits that generate expectations within the private sector. This means extending the acquisition of benefits outside the borders of each economy and reducing the costs of this process for private stakeholders. Thus, the public sector must work to deepen the agreement and implementation.

(2) Workshop held in Chinese Taipei in 2020

Against the backdrop of surging trade volumes and limited customs resources, customs administrations across APEC Member Economies today need to start public-private dialogues to identify best practices for involving SMEs and OGAs in the AEO program and upgrading MRAs for AEO 2.0. The workshop therefore focused on key topics around the international trend for AEO and corporate competitiveness. Specifically, they included AEO supply chain integration, challenges and opportunities for governments, the impact of the AEO system on e-commerce, and MRA (Mutual Recognition Arrangement) best practices.

Regarding the AEO supply chain integration, the invited experts suggested that building a supply chain-based AEO program and integrating with MRA leads to better risk management by customs and further trade facilitation as it helps customs administrations identify trusted traders and high-risk members with targeted manpower and resources.

In the workshop, Chinese Taipei also presented the findings of two studies, including the AEO Benefits Survey, and the APEC Customs TRS. The first study identifies the most common collaboration areas between customs authorities and OGAs, such as cross-border supply chain security, harmonization of supply chain security control measures and requirements, and promotion and adoption of single windows. As for the TRS report, the results demonstrate significant benefits following the implementation of MRA and suggest that more in-depth joint TRS studies between AEO MRA signatories can also be conducted to further analyze and deliver AEO benefits.

Since initiating the AEO program further requires more coordinated action between customs and OGAs, the invited experts to the workshop shared the best practices and indicated the benefits of collaboration between customs and OGAs, including harmonization to enhance efficient border processing, presentation of new initiatives to align and simplify the process, and improvement of customs and OGA understanding of risk management. The workshop further suggested that customs enhance their relations with OGAs through joint meetings/offices or by forming customs-OGA partnerships.

In resonating with Chile's study conducted by the IDB, which indicates that over 97% of the enterprises in APEC Economies are SMEs but with very low SME participation, this further undermines the effectiveness of the SAFE Framework. Hence, it is strongly recommended that an AEO system customized for SMEs be established by taking several factors into consideration, including tailored-made AEO programs, additional benefits, and assistance provided during the certification process. The workshop also suggested that the WCO create guidelines to involve SMEs in AEO programs or take SEM involvement as one of the KPIs for customs authorities.

As SMEs and e-commerce account for less than 5% of all AEOs despite being key drivers of economic growth, it is of paramount importance to extend AEO programs to e-commerce with a robust customs-business partnership, especially one with e-commerce platform operators. The workshop concluded that a stronger connection between customs and e-commerce operators through the AEO mechanism is vital to optimizing e-commerce clearance.

Finally, the workshop wrapped up by suggesting that the effects and benefits of MRAs cannot be fully realized if the number of AEO members remains small. As such, APEC Member Economies should upgrade MRAs in AEO 2.0 through a supply chain-based AEO program, involving OGAs, especially licensing agencies, and adopting a Trade Identification Number system to exchange AEO information on risk management.

3. RECOMMENDATIONS and NEXT STEPS

(1) Recommendations

Through the two workshops and three studies, several recommendations were made for future reference and advancing AEO to the next level.

Recommendation 1: It is important that the AEO Programs consider the differences between the benefits that each type of operator seeks when certifying as an AEO. For example, exporters and importers seek benefits that reduce clearance times, controls and costs, while the rest of the operators in the supply chain seek to consolidate a “market preference”, preferring it to other service providers, thereby becoming the main incentive to certify AEO.

Recommendation 2: For an AEO program to be a real contribution to facilitation, it is very important that customs officers operating at borders be trained in AEO and understand how to provide the benefits to the operators. Many programs do not consider this, so implementation of the benefits becomes frustrating.

Recommendation 3: Customs administrations should endeavor to review their programs and be aware that the programs should not lower their standards for SMEs, but their evaluation of compliance by these companies should be more flexible. Therefore, it is important to recognize the context in which these companies work and if the evidence they present is consistent with the identified risks.

Recommendation 4: AEO programs must make greater efforts in fulfilling requirements for training and dissemination and, especially, strive to have programs in which the certification processes are faster, more familiar and more understandable, with special emphasis on the incorporation of SMEs.

Recommendation 5: Although certification is free of charge in most of the AEO programs in the APEC region, customs administrations should consider that the incorporation of SMEs into the AEO certification would require a provision for external financing for the implementation. It is at this point that the Economies have to look for or adopt tools supporting the AEO certification process of SMEs. Public funds and resources, in general, are available in all Economies of the APEC region, either because they have been specifically designed for this purpose, or because they are part of public support and subsidy policies for the development and internationalization of SMEs., but it is necessary to organize the trade associations that represent these enterprises so that they know the financing tools, spread them among their partners and take advantage of them.

Recommendation 6: Economies must strongly promote the use of MRA among AEOs, because not everyone knows how to use it, given that 75% of the enterprises say that there is no information on MRA available on the Customs websites. Therefore, it is recommended that the Economies make further progress on this issue, especially by informing the AEOs via websites how they can get access to the benefits of ARM. In this regard, it is also recommended that they try to include in the text of ARM a monitoring clause to verify that the benefits are being delivered, indicating that one should be creative when negotiating them. Although it is easier to find benefits when Economies share borders, discussions with those implied are necessary in order to find new ones. It is also important to hold joint meetings and seminars involving customs administrations and AEO enterprises of both economies, since good ideas may appear which can be implemented.

Recommendation 7: Customs administrations must work hard to improve information exchange systems in a secure way and share the certified operator’s status, thereby ensuring that such operators will receive the expected benefits upon arrival in the economies with which

MRAs have been signed. This is essential for the consolidation and expansion of the AEO programs.

Recommendation 8: Customs administrations must work with greater enthusiasm in incorporating other government agencies into AEO programs. This alliance between organizations can bring direct benefits to SMEs, significantly reducing clearance times and costs.

(2) Next Steps

Aside from the abovementioned recommendations, customs administrations could also step up their efforts in taking AEO to the next level.

Step 1: To establish much more inclusive and sustainable AEO programs, customs should incorporate Key Policy Indicators (KPI) into the program that focus on SMEs, such as participation rates, number of operators, use of benefits, among others.

Step 2: In addition to setting up KPI indicators, customs could also involve OGAs in the AEO program with clear roadmaps to improve relations through joint meetings/offices and inspection schemes; form customs-OGA partnerships based on mutual trust and mutually beneficial purposes; and adopt OGA-proposed AEO accreditation criteria.

Step 3: In order extend AEO programs to e-commerce, a robust customs-business partnership is essential, especially one with e-commerce platform operators and which is vital to optimizing e-commerce clearance.

Step 4: Lastly, more research and studies should be expanded concerning the effects that the benefits of the program generate in clearance times and costs, as well as how implementation of MRAs further boosts SME confidence in joining the program.

VII. Annexes

Annex A- Meeting Minutes of Chinese Taipei's Workshop

All sessions were moderated by Dr William Wang, Chief Adviser of the Taiwan Association of Logistics Management and Former D.G. of Customs.

Session 1: How does the Inclusion of a Supply Chain based AEO Program Contribute to Trade Facilitation and Customs Risk Management?

Speaker: *Mr Manuel Garza, Director of the Customs Trade Partnership Against Terrorism (CTPAT)*

Mr Gaza began by briefly introducing the CTPAT program, which consists of 13 thousand supply chain members categorized into 12 different entity types. To build a supply chain-based AEO program that leads to better customs risk management and further trade facilitation, it is important for customs organizations to look at a number of indicators, such as the volume of cargos, number of economies with MRAs in place, cargo information, inspection, and supply chain security requirements.

The purpose of the AEO program is to help customs organizations identify high-risk members and trusted partners, so as to better focus their limited resources, and use data to identify and target shipments for examination. On the SME side, AEO programs help ensure cargo security, reduce clearance times and costs, and offer a dedicated cargo lane and security professionals. Marketability and being a part of the trusted supply chain are also AEO benefits for the SME.

On the inclusion of OGAs in the AEO framework, the CTPAT representative shared the US Customs and Border Protection's collaboration with the Food and Drug Administration (FDA) and the Transportation Security Administration (TSA) to eliminate unnecessary repeat efforts, save on costs and enhance program efficiency. He concluded emphasizing the importance of identifying potential AEO program benefits for members. With a supply chain-based AEO program that helps identify trusted traders and high-risk members, customs organizations can better save on manpower and resources, which will lead to enhanced risk management.

Q&A session

Do you think supply chain-based AEO programs should be included in MRAs to attract more trusted trader participation and narrow the focus? (Deborah Chang - Chinese Taipei Customs)

CTPAT: It is important to have both the AEO program and MRA in place, as the MRA provides huge benefits to companies shipping goods to the US. Although improvements are needed on the existing process of information and benefit exchange under the MRA, efforts are being made on a global level.

When evaluating the risk level of an imported shipment, does your customs authority take into consideration whether the supply chain partners are all AEOs? (Jay Su - Chinese Taipei Customs)

CTPAT: The US targeting system is complicated but helpful. MRAs provide companies with reduced inspection times and risk levels. The system records the AEO status of their business partners, which are taken into consideration during risk assessment.

Session 2: Presentation on Findings of the Time Release Study (TRS) and the Manual of Best Practices based on the results of the AEO Benefits Survey in Pillar 3 WCO SAFE Framework of Standards

Speaker: *Kristy Tsun-Tzu Hsu, Director of Taiwan ASEAN Studies Center of The Chung Hua Institution for Economic Research (CIER), Chinese Taipei*

Panelists:

Nana Kim, Senior AEO Program Manager, Korea Customs Service

Kato Ryosuke, AEO Section Chief of the Customs Clearance Division, Customs and Tariff Bureau, Ministry of Finance, Japan

Vinka Cisternas Torres, Policy Analyst of the New Zealand Customs Service (NZCS)

This session began with a presentation by a CIER representative on the findings of the phase II Chinese Taipei-Chile project, which encompasses two separate studies: the AEO Benefits Survey based on the WCO SAFE Framework of Standards in Pillar 3, and the APEC Customs Time Release Comparison Study (TRS). The former survey sought to investigate the types of collaboration in Pillar 3 and the potential benefits generated as a result. The background, methodology, as well as general survey results of the study were shared. The survey results indicated that, (1) cross-border supply chain security mutual cooperation, (2) harmonization of supply chain security control measures and security program requirements, and (3) establishment, promotion and adoption of a single window environment were the most common collaboration between customs authorities and OGAs. The most widely reported AEO benefits from such partnership was the recognition of AEO criteria by other agencies in their simplification and reform efforts. Difficulties encountered when cooperating with OGAs, and best practices for Pillar 3 cooperation and promoting the AEO programs were also shared. Specifically, the following were discussed (1) improving cooperation between customs and OGAs, (2) increasing the types of AEO certification, (3) promoting AEO compliance standards for cross-border e-commerce, and (4) providing more AEO benefits.

As for the TRS, the CIER representative elaborated on the case study of AEO MRAs between APEC Member Economies, citing examples of release times and rates of change before/after AEO MRA implementation to demonstrate the significant benefits from the findings and potential areas for further exploration. In conclusion, CIER recommended more in-depth quantitative research on the design and implementation of AEO programs and MRAs to support APEC's work on supply chain security and trade facilitation. CIER stated that with COVID-19, a need has emerged for more resilient and sustainable supply chain management and improved customs authority functions in the new trade context.

Following the presentation, customs representatives from the three APEC Economies that participated in the TRS shared the results and insights from their release time cases.

Korea Customs Service (KCS): Since KCS entered into an MRA with Chinese Taipei in 2015, considerable improvement had been observed in the rate of change in both sea and air cargo. KCS then made a brief introduction of Korea's AEO program, and concluded that customs authorities needed to step up efforts to attract more companies to AEO programs, and that it is necessary to obtain feedback from the private sector and conduct exchanges between customs authorities to enhance AEO 2.0.

The Customs and Tariff Bureau, Japan: The AEO MRA between Japan and Chinese Taipei took effect in 2019, after which the efficiency of cargo declaration and release has seen huge improvement. The implementation of the MRA had helped ensure cargo security while expediting clearance processes.

The New Zealand Customs Service (NZCS): New Zealand Customs had conducted various TRS over time, and has rich experience from being part of joint studies aiming to measure trade facilitation and support customs clearance processes through data collection and analysis. The key elements to success in reducing time release include single window and risk management tools, pre-arrival processing, and electronic payments.

Q&A session

Questions were directed to the three customs organizations. Questions for Japan's customs (Sharon Yang - Chinese Taipei Customs): Are your licensing agencies and private sectors part of your customs' TRS program? Does your TRS include bottleneck findings and responsibility attribution? Japan's customs representative answered 'no' for the above two questions.

Questions for New Zealand's customs (Claire Chen - Chinese Taipei Customs): How does your team take samples for TRS? NZCS: We have not established sets of methodology or sample taking procedures. A two-week sample is normally selected from shipments coming into New Zealand.

Do you plan to conduct a joint TRS based on the MRA? NZCS: We are not able to answer the question but will pass the question onto the department in charge.

Do your licensing agencies provide benefits to AEOs? NZCS: Yes, some benefits include expedient inspection, lower fees for export entry transaction, and cargo security, etc.

Questions for Korea's customs (Deborah Chang - Chinese Taipei Customs): In order to learn from your best practices, could you please let us know the relationship between Korea's customs and the Korea AEO Association (KAA)?

Sunbok Kwon from KAA (Korean TRS study co-author): KAA was established in 2010 with the mission to support the private sector, Korea's customs, and the AEO scheme offer AEO manager training, document audits and conduct AEO-related research.

Does Korea's customs provide financial support or outsource some of its AEO projects to KAA?

KAA: Yes, KCS provides financial support for the pre-audit or document audit work for the private sector, as well as organizes annual AEO manager training.

Session 3: How to involve Other Government Agencies (OGA) and consolidate the partnership between Customs and OGAs in AEO programs to create a joint benefits program

Speaker: *Louise Greig, Director of Australian Trusted Trader (ATT) Program*

Ms Greig gave a brief introduction of ATT, Australia's AEO program, and the eligibility of becoming a Trusted Trader under the program. The Australian Border Force (ABF) is currently involving OGAs in the ATT program to (1) streamline reporting, (2) align application, (3) avoid duplication, and (4) work towards providing ATT recognition in their own agencies. Fields with existing OGA collaboration range from agriculture, industry, and science, to foreign affairs, taxation, health, and intellectual property. Collaboration with other border agencies brings about three major benefits for biosecurity, including harmonization to enhance efficiencies in border processing, greater knowledge and recognition of the ATT program to strengthen priority processing, and better alignment and collaboration with biosecurity. Additionally, collaboration creates a single point of contact, streamlines processes for Trusted Traders, presents new initiatives to align and simplify processes, and improves customs and OGA understanding on risk assessment. Looking forward, the ATT program director called for a "whole of government" approach with a single point of contact, which will require bilateral information-sharing with OGAs and collaboration between OGAs and businesses.

Q&A session

Do you think the inclusion of OGAs in AEO programs needs political will and mandate from the cabinet level? What role does the ABF play in cooperation with OGAs? (Penny Lien - Chinese Taipei Customs)

ATT: Political will and cabinet-level endorsement can be beneficial. It's important to find the common ground with OGAs to make a strong case for action. As the lead border agency, ABF directly engages and brings in OGAs.

Would you please elaborate on the function of the Joint Office? (William Wang)

ATT: ATT adopts a cooperative approach on an operational level where OGAs work closely and reach agreement on facility sharing/provision.

How should we start effective collaboration with OGAs? What are the challenges from your experience? (Thailand Customs)

ATT: It's advisable to engage OGAs and identify common issues. AEO industry stakeholders lobbying several agencies proves effective in facilitating collaboration with OGAs. It's also critical to build understanding about other OGAs' approaches and concerns and conduct exchange.

Session 4: Creating a New Track in the AEO Program for E-commerce Supply Chain Operators (SMEs Included)

Speaker: *Fatimah Alsagoff, UPS Public Affairs Director for the Asia Pacific Region*

Ms Alsagoff began with a brief introduction of UPS as a global package delivery company, and presented three drivers of e-commerce, including online marketplace significance, mobile technology and seamless integration. As a majority of shoppers are purchasing from international retailers due to lower pricing and product availability, purchase volume from international retailers has seen considerable increase, with low value small parcel volumes also growing. E-commerce shipments are characterized by (1) a time-sensitive goods flow, (2) high volumes of small packages, (3) participation of unknown players, and (4) required return/refund processes. While e-commerce has generated numerous benefits for Economies, it has caused disruption at the border leading to capacity constraints, a surge of low-value cross-border volume, deteriorating trade compliance and changing risk profiles. At the same time, it has created issues such as tax neutrality and last-mile delivery inefficiencies behind the border. In response, a holistic approach is required for e-commerce border management that is based on three pillars, including further trade facilitation, upstream risk management and capacity-building for traders. UPS put forth a proposal to establish an accreditation AEO scheme tailored to e-commerce traders, platforms and operators that provide benefits such as informal clearance, simplified procedures for returned shipments and duty refunds, and lower inspection rates. Ensuring success in border management calls for complementary measures such as education and capacity building for e-commerce traders, and use of data and technology for risk management and trade facilitation. Participation of large e-commerce retailers and marketplaces is also critical. The presenter concluded by expressing a need for simplified customs procedures separate from existing AEO Programs, so as to ensure SMEs' continued and diverse access to the global market.

Q&A session

As an international express carrier, is your company willing to collaborate with e-commerce platform operators in forming a supply chain-based AEO to intensify its partnership with customs for more AEO benefits and a win-win effect with customs? (Penny Lien - Chinese Taipei Customs)

UPS: Collaboration with e-commerce platform operators would make for a seamless experience. It is also important to ensure access for small retailers who might not want to sell through marketplaces but trade directly.

What does "informal clearance" mean? (Penny Lien - Chinese Taipei Customs)

UPS: Examples include simplified paper review processes, reduction in duty payments, etc.

Do you think WCO should develop AEO guideline for SMEs? If yes, what should be specified in the guideline?

UPS: Yes, guidelines should be established to promote SME participation in AEO programs. However, it requires time and effort, which explains UPS' proposal of a Trusted Trader Scheme customized to address the idiosyncrasies of SMEs.

Session 5: Public Private Dialogues on AEO Issues (A solution to involve SMEs in the AEO program, two reports conducted by Chinese Taipei, and the way to upgrade MRAs in AEO 2.0, etc.)

Moderator: Dr William Wang

This session provided opportunity for the public and private sectors to engage in dialogue on how to upgrade existing AEO systems and lay out a roadmap for AEO 2.0. It began with a short speech by each panelist on possible solutions or insights from involving SMEs in the AEO program.

Nantha Kumar Govindasamy, Intel's International Trade Policy Director (Asia Pacific)

Mr Govindasamy began by acknowledging the benefits of AEO programs, attributing its success largely to government collaboration across APEC Member Economies over the years. He then put forth a number of recommendations on improving AEO programs, including enhanced inclusion of SMEs, improved understanding of challenges faced by SMEs and the gap between government expectations and SMEs' capabilities. Simplifying procedures for SMEs, including private stakeholders in MRA discussions, digitalization of AEO programs, as well as creating a single window were the key enablers identified to encourage more SMEs to join the AEO program.

Sunbok Kwon, Associate Researcher for the Korean Authorization Management Dept.

Mr Kwon shared how KCS and KAA support SMEs to obtain the AEO certificate. Korea offers expedited AEO authorization examinations to SMEs and specialized AEO security criteria (lower eligibility) to facilitate AEO certificate acquisition. SMEs are also provided alleviated security criteria. As for the financial support provided under Korea's AEO program, businesses with proof of a lack of manpower and financial resources are provided with consulting and training funds, and in some cases, funds to procure equipment and devices to meet AEO security standards.

Yamaguchi Takahisa, Director for the Authorized Economic Operator Program, Customs Clearance Division, Customs and Tariff Bureau, Ministry of Finance, Japan

Mr Yamaguchi shared the current status of Japan's AEO program, where membership has seen significant increase in the number of customs brokers and SMEs thanks to the new benefits released in 2017. Japan was promoting SME participation in the AEO program through expanding AEO benefits and strengthening communication with AEO members. Its customs authority has taken a proactive approach to engage potential AEOs, especially SMEs, by assigning a customs account manager to each potential AEO for consultation purposes, allowing flexibility in AEO guideline implementation, and ensuring easy access to the AEO program for SMEs. These measures have led to fruitful results, and future efforts will center on sustained public relations to engage SMEs and continued improvement on the AEO program.

Clarence S. Dizon, Attorney IV, Philippines' Bureau of Customs (BOC)

The Philippines launched its AEO program in 2019, and is now reviewing applications from interested multinational companies. It is working with other Asian economies to prepare for an AEO Asian MRA by 2025. The Philippines customs proposed a number of ways to involve more SMEs in the AEO program, including formulating flexible AEO rules that adjust to SME models, partnering with OGAs to promote the AEO program among SMEs, assigning Account Managers for SME applicants to support the AEO application process, collaborating with organized sector groups for consultation and developing SME-oriented AEO programs, and providing SMEs with guidelines to improve supply chain security and help them qualify for the AEO program.

Ignacio Tapia, Assistant Manager of Viña La Rosa Chile

Viña La Rosa is a winery that was recently certified as an AEO company. Mr Tapia shared the company's experience in obtaining the AEO certificate, and the challenges encountered in the process. He pointed out the importance of having support from customs organizations during the AEO application, and suggested that APEC Member Economies be more flexible in setting accreditation criteria. In Chile, family-trust organizations are common, but AEO programs set unnecessary limits

that hamper the application process. He closed by suggesting that SME involvement in AEO programs be a Key Performance Indicator (KPI) for customs authorities.

Julie Liu, Director of the Dept. of Customs Clearance Affairs, Customs Administration, Ministry of Finance, Chinese Taipei

In order to further expand AEO programs, involving OGAs in AEO programs is a necessary yet challenging task. Ms Liu shared Chinese Taipei's experience from strengthening collaboration with OGAs focusing on licensing agencies. Chinese Taipei customs had adopted several measures to this end, including holding biannual meetings with licensing agencies to solve systematic issues, setting up contact points between customs and OGAs, setting up a Joint Office to exchange information and save time and costs, as well as creating a single window interface with licensing agencies to save resources for both businesses and agencies. Another important measure is to discuss AEO accreditation criteria with licensing agencies as a way of taking into consideration their concerns and building mutual trust. She concluded by emphasizing the importance of cabinet-level support.

Q&A session

What role do you think AEO programs can play in the Covid-19 period? (Jonathan Tang - Chinese Taipei Customs)

Mr Govindasamy: It is desirable to have AEO programs specifically for pandemic or natural disaster issues that allow flexible facilitation for cross border movement while ensuring trade compliance. Intel welcomes the opportunity to discuss such a program.

ASEAN Economies' resources vary from one economy to another; does ASEAN plan to adopt flexible AEO criteria to pursue an intra-ASEAN MRA?

Mr Govindasamy: An ASEAN-level AEO program was proposed by the private sector and was accepted by ASEAN Member States, with Singapore currently leading a feasibility study. [Note: A multilateral MRA is currently being pursued by ASEAN Member States with Singapore chairing the sub-working group.]

Could you show examples of your tailor-made AEO criteria for SMEs and examples of the AEO requirements that you allow SMEs to outsource? (Hsu Min Su - Chinese Taipei Customs)

Mr Yamaguchi: Other examples include cargo security safety with the use of CCTVs or security guards. AEO criteria also allows much flexibility by considering different SMEs' business environments.

Could you please tell us what KAA can do for SMEs to participate in your AEO program? (Sharon Yang - Chinese Taipei Customs)

Mr Kwon: KAA is the platform that links the private sector and Korea Customs. During COVID-19, businesses have had difficulty maintaining their AEO status, and KAA discussed with Customs and industry stakeholders to address these challenges. KAA also conducts annual surveys on its members and AEO companies to gather feedback to inform Customs for its decision making.

You just mentioned a joint office between Chinese Taipei customs and FDA. Could you further explain this example? (Hsu Min Su - Chinese Taipei Customs)

Ms Liu: Keelung Customs has shared its office with the FDA Keelung Office since 2018 to facilitate information sharing and help save time and costs in customs clearance and border control for brokers and businesses.

SMEs account for a high percentage of Philippines' total enterprise count. Does your customs need to establish an organization to help SMEs participate in the AEO program?

Ms Dizon: The Philippines AEO program is flexible and can provide a tailored model and benefits for SMEs.

Does adopting flexible AEO criteria compromise the security of supply chains?

Mr Takahisa: Security requirement cannot be compromised.

PHOTOS





WORKSHOP SUMMARY REPORT

“Integrating SMEs in Authorized Economic Operators Programs in Asia Pacific Region: Improving SMEs Participation in APEC Secure Trade”

Subcommittee of Customs Procedures (SCCP)

Puerto Varas, Chile

August 16, 2019

August 2019

TABLE OF CONTENTS

1.	BRIEF DESCRIPTION OF THE WORKSHOP ACTIVITIES.....	27
2.	FOLLOW-UP AND EVALUATION.....	44
3.	MAIN FINDINGS OF THE SURVEYS.....	45
4.	MAIN CONCLUSIONS.	49
5.	RECOMMENDATION.	52
6.	PHOTOS.....	54

1. BRIEF DESCRIPTION OF THE WORKSHOP ACTIVITIES

A one-day workshop was held in Puerto Varas, Chile on the margins of APEC SOM 3 meetings. The workshop brought together more than 130 participants, including representatives of the Subcommittee on Customs Procedures (SCCP), the private sector and policy makers of APEC economies. The objective of the workshop was to analyze and discuss how to improve SMEs participation in AEO programs. Participants discussed views on different proposals addressed by the SCCP. This included entry barriers for SMEs to the AEO certification; best practices to integrate SMEs into AEO programs and the identification of specific benefits of MRAs that can improve SME access to international markets.

A consultant from the Inter-American Development Bank (IDB) provided important insights from the initial research. These insights related to the identification and analysis of entry barriers for SMEs to AEO and the identification of potential benefits of MRAs within the APEC region, with special emphasis on the integration of SMEs into international value chains. Before starting discussions in each Panel and as an introduction to the Panel, the consultant provided participants and experts with the first results from the research.

The content of the three panels was as follows:

- **Panel 1:** *Addressing AEO Certification as a Trade Facilitation Instrument: Where are we in the APEC Region?*

This Panel sought to reveal how the AEO Program, in the field of customs procedures, is achieving (or not) the objectives related to Trade Facilitation. The discussion included among other elements, time, costs, benefits and opportunities for companies to comply with the requirements of the AEO Programs. The issue of extended benefits was also addressed, and concluded that is not only those related to customs procedures and clearance, but also those associated with processes that Customs Administrations share with other regulatory agencies operating at the border or within the economies.

- **Panel 2:** *Questions remaining about SMEs: Is SMEs involvement on AEO Programs a low point for the Region? Are there entry barriers related with SMEs involvement in AEO Programs?*

This Panel included, in addition to the presentation of the first findings by the consultancy on the issue of entry barriers for MSMEs to the AEO certification, an enriching conversation and exchange of experiences and good practices among representatives of the economies, experts, customs officers and representatives of private sector companies.

- **Panel 3:** *Mutual Recognition Agreements (MRAs) as the key component of the Trade Facilitation objective of AEO Programs: Is APEC Region too far?*

This Panel focused on the perspectives of the agenda of the Mutual Recognition Agreements within APEC. The objective was to try to show a general perspective on the existing agreements between Customs and the benefits that AEO companies can see after their implementation, with

emphasis on tangible measures in trade facilitation, such as control reduction, elimination of duplicate inspections and implementation of simplified processes, among others.

In the three panels, the private sector, participants and experts were encouraged to analyze and discuss the different issues proposed and develop their own conclusions, which were compiled through a survey.

2. FOLLOW-UP AND EVALUATION (Phase 1: Workshop).

Measures	Indicators	Target	Result
Workshop participation rate and gender data	Number of participating member economies	At least 12 economies	14 economies (included Chile)
How many government agencies, companies and representatives participated in the workshop?	Number of participants	50 participants	147 participants
	Participation rates of women	30% of female experts /panellists	47% of female experts/panellists
		30% of female participants	35% of female participants
	Participation rates of private sector panellists	30% of private sector panellists	35% of private sector panellists
	Participation rates of expert panellists in customs matters	50% of expert panellists in customs matters	44% of expert panellists in customs matters
	Number of attendees by gender.		Men: 96 Women: 51
Recommendations and comments made by panelists and participants	Number of recommendations developed	5 recommendations	10 recommendations
	Survey response rates	50% of surveys answered	52% of surveys answered

3. MAIN FINDINGS OF THE SURVEYS; THE EVALUATION OF THE PERCEPTION OF PARTICIPANTS REGARDING THE MAIN ISSUES DISCUSSED IN EACH PANEL.

During the Workshop, a survey was given to each of the attendees, which included a number of questions to collect their perception regarding the main topics addressed in each panel (see Annex 1). At the end of the day, the surveys were collected, totalling 71 surveys answered, corresponding to 54% of those attending the Workshop. The answers have been tabulated, finding the following results:

Panel 1: Addressing AEO Certification as a Trade Facilitation Instrument: Where are we in the APEC Region?

N ^o	Questions	General	Public Sector	Private Sector
1	The AEO Program support the voluntary compliance strategy.	3.6	3.6	3.7
2	The AEO Program support the Customs risk management strategy	3.6	3.6	3.7
3	The AEO Program is consistent with the WTO Trade Facilitation Agreement.	3.6	3.6	3.6
4	The AEO Program increases the speed of international market access.	3,5	3,5	3,5
5	The participation of other Regulatory Agencies in the AEO Program accelerates the clearance of cargo.	3.7	3.7	3.7
6	The participation of other Regulatory Agencies in the AEO Program has no major impact as a measure to facilitate customs clearance.	2.0	2.0	2.0
7	The participation of other Regulatory Agencies in the AEO Program can be understood as an extension / improvement of the benefits provided by the AEO.	3.4	3.3	3.5
8	The participation of other Regulatory Agencies in the AEO Program rises the price and increases the complexity of the AEO certification process for business.	2.5	2.8	2.3
9	One of the benefits that contributes most to Trade Facilitation is less physical inspection of the cargo	3.5	3.4	3.5

1 0	One of the benefits that contributes most to Trade Facilitation is the speeding up of border procedures	3.6	3.5	3.7
1 1	One of the benefits that contribute most to Trade Facilitation is the reduction or simplification of the formalities for cargo clearance.	3.6	3.6	3.6
1 2	One of the benefits that contributes most to Trade Facilitation is the implementation of simplified procedures for paying taxes.	3.2	3.2	3.3
<p>Note:</p> <p>4 = Strongly agree</p> <p>3 = Agree</p> <p>2 = Disagree</p> <p>1 = Strongly disagree</p>				

Panel 2: *Questions remaining about SMEs: Is SMEs involvement on AEO Programs a low point for the Region? Are there entry barriers related with SMEs involvement in AEO Programs?*

N ^o	Questions	Gene ral	Publi c Secto r	Priva te Secto r
1	Your economy has a specific Association for SMEs.	2.9	2.8	2.9
2	SMEs have access to the AEO Program in your economy	2.9	2.9	2.8
3	The AEO Program must include SMEs.	3.6	3.5	3.6
4	If your economy does not currently certify SMEs as AEO, It may have a plan to include them.	2.9	2.9	2.9
5	The institution responsible of the AEO has a specific section for AEO as well as SMEs on its website	2.5	2.6	2.3
6	SMEs have to fulfil specific requirements to apply and become an AEO.	3.0	2.9	3.1
7	SMEs can to waive from complying with certain requirements and to be certified	2.0	2.0	2.1
8	They must grant specific benefits for SMEs once they become an AEO.	3.1	2.9	3.4
9	SMEs have found it difficult to incorporate into the AEO Program because Customs does not design the AEO Program thinking in SMEs business model characteristics.	2.9	2.9	2.9

10	SMEs have found it difficult to incorporate into the AEO Program because, from the beginning, AEO Program was developed only for large companies.	2.7	3.0	2.5
11	SMEs have found it difficult to incorporate into the AEO Program because the benefits are not attractive to SMEs	2.8	2.9	2.8
12	SMEs have found it difficult to incorporate into the AEO Program because the benefits do not improve cost-benefits relationship.	2.6	2.6	2.7
13	To encourage SMEs to participate in the AEO Program Customs must develop new benefits focused on SMEs business model characteristics.	3.3	3.0	3.6
14	To encourage SMEs to participate in the AEO Program Customs must develop new AEO standards for SMEs with less requirement for SMEs. .	2.6	2.6	2.7
15	To encourage SMEs to participate in the AEO Program Customs must introduce some flexibility in the way in which SMEs demonstrate compliance with AEO criteria	3.0	3.1	3.0
16	To encourage SMEs to participate in the AEO Program Customs must promote the creation of a Government financial aid for SMEs to cover implementation costs.	3.2	3.1	3.4
17	To encourage SMEs to participate in the AEO Program Customs must involve Other Governmental Agencies in AEO Program to add supplementary benefits.	3.6	3.5	3.7
<p>Note:</p> <p>4 = Strongly agree</p> <p>3 = Agree</p> <p>2 = Disagree</p> <p>1 = Strongly disagree</p>				

Panel 3: Mutual Recognition Agreements (MRAs) as the key component of the Trade Facilitation objective of AEO Programs: Is APEC Region too far?

N ^o	Questions	General	Public Sector	Private Sector
1	Legal frameworks of each economy that involves complex processes to negotiate are one of the important difficulties faced during the negotiation process of MRAs.	3.2	3.2	3.4
2	Having enough companies to schedule observation visits is one of the important difficulties faced during the negotiation process of MRAs.	2.8	2.9	2.9

3	The provision of financial resources (budget) to conduct observation visits is one of the important difficulties faced during the negotiation process of MRAs. .	3.2	3.2	3.1
4	Program compatibility (requirements, conditions, legal framework, etc.) is one of the important difficulties faced during the negotiation process of MRAs.	3.4	3.5	3.3
5	Agreeing benefits that are attractive to companies in both economies is one of the important difficulties faced during the negotiation process of MRAs.	3.2	3.1	3.3
6	The methodology (process) definition for the exchange of information is one of the important difficulties faced during the MRAs implementation of the MRAs.	3.3	3.3	3.3
7	The provision of benefits to certified companies of the economy with which the MRA was signed is one of the important difficulties faced during the implementation of MRAs.	3.2	3.1	3.3
8	Technological barriers to information exchange (modification of IT) are one of the important difficulties faced during the implementation of MRAs.	3.2	3.3	3.2
9	The provision of financial resources (budget) for implementation is one of the major difficulties faced during the implementation of MRAs.	3.1	3.0	3.1
10	Streamlining border crossings (for economies with land border in common) is one of the most important benefits of MRAs implementation.	3.5	3.4	3.6
11	Simplification and streamlining of clearance of import / export cargo is one of the most important benefits of the implementation of MRAs.	3.6	3.5	3.7
12	The reduction in logistics costs of import / export operations is one of the most important benefits of the implementation of MRAs.	3.5	3.4	3.6
13	Partnership relationship between Customs of the signatory economies of the MRA is one of the most important benefits of the implementation of the MRAs.	3.4	3.4	3.5
14	Achieving a higher standard regarding cargo security, due to AEO business linkage is one of the most important benefits of the implementation of MRAs.	3.5	3.4	3.8
15	Creating new business opportunities between AEO companies is one of the most important benefits of the implementation of MRAs.	3.5	3.4	3.6
16	Simplification and acceleration of clearance between related companies (Headquarters-Branches) is one of the most important benefits of the implementation of the MRAs.	3.3	3.2	3.5

Note:

4 = Strongly agree

3 = Agree

2 = Disagree

1 = Strongly disagree

4. MAIN CONCLUSIONS.

In the Workshop, we were able to know the data provided by the consultancy that, together with the Inter-American Development Bank, is taking place within the framework of said project, which illustrated us very well about the importance that SMEs have for the economies of the region. If we think that 97% of companies are SMEs in the region, their incorporation into the program is not only relevant in terms of the number of potentially certifiable companies, but also relevant to boost economic development strategies in our region.

According to the IDB study, while SMEs do not represent more than 20% of direct export capacity in most economies, they are responsible, on average, for 50% of employment. Thus, their participation, both as a direct exporter or as part of the supply chain, should get our attention. SMEs are more vulnerable to difficulties and bureaucracy, on their way to business. Therefore, it is imperative that economies promote a regulatory environment that fosters and promotes cross-border trade in them.

In our economies, we have a global network of reliable companies, which continue to do their utmost to guarantee the security of their loads and thus be able to make use of trade facilitation measures that AEO programs deliver through their benefits. While the AEO concept is implemented in all our economies, with a greater or lesser degree of development and maturity, the findings of the IDB survey alerted us to the fact that only six APEC economies have identified the specific number of SMEs that have been certified or are in the process of becoming an AEO. (Total of certified SMEs: 180).

Considering the total universe of companies that could potentially be certified, it corresponds a discrete amount and a great future opportunity for the program.

If we agree that SMEs are relevant to our economy, looking at the figures shared by the Bank's study, the next question is what are the barriers that SMEs have to participate in the Authorized Economic Operator program?

We are satisfied because some answers have begun to be interpreted and one of the most important is that there is the conviction that, in the region, the programs do not consider entry barriers in their definitions. Therefore, we can ensure that there is no barrier in the design or conception of AEO Programs, which prevents entry for SMEs.

If there are no barriers in the definition of the program, then where are they? There seems to be a consensus that the main barriers for SMEs can be associated with the costs that the implementation of solutions can entail, which allow them to achieve compliance with security requirements, to be certified.

How to deal with that? The joint reflection and the experiences shared by the experts of the different programs in the dialogue, have allowed us to understand from the public sector that customs should recognize this as a barrier. Without modifying the requirements of our AEO programs, we should

perhaps assess the flexibility in the way in which SMEs demonstrate their compliance with standards. Therefore, Customs must review the development of programs and focus on the correct understanding, regarding the way in which the requirements can be met by the SMEs.

On the other hand, there is also responsibility on the part of the private sector, both at the individual level at the time of strategic business definitions, as well as through the contribution made by trade associations. In both areas, the idea that when companies spend on security, what they are actually doing is an investment must be strengthened. Therefore, while it may be necessary to invest resources when participating in a certification program, this investment has a return in the medium term according to the experience shared by SMEs of the private sector. In this regard businesses need to better understand their inputs in the global supply chain. Firms need to be educated in this area. There are a number of examples in which firms have lost considerable amount of money for no strengthening the security of their supply chain.

In this regard, the studies and data available regarding the effect that the benefits of the program generate in clearance times and costs must be broaden. To demonstrate that the benefits are tangible and significant, will allow greater confidence in the program for SMEs

A novel look regarding the effect that the AEO certification process has within the enterprises themselves is another of the contributions made by the private sector in the Workshop. The certification process pushes enterprises to establish improvements in their operational and recruitment processes and other aspects, which directly have an effect on productivity, even before the benefits of the program itself. In this regard, it would be interesting to have figures and studies provided by the private sector and trade associations on the participation of SMEs in the supply chain, the key processes in which they participate and an assessment of the specific risks regarding these actors, given that improving information strengthens the participation of SMEs in AEO programs.

In the dialogue some key strategies were identified, these can facilitate the participation of SMEs from the public sector:

- Provide education: accompanying in the certification process is relevant to the success of the SMEs; offer training to enterprises that allow them to develop knowledge about risk analysis and strategies to mitigate them;
- Outreach Programs: more expeditious, best- known and understandable certification processes for SMEs.
- Manage effective communication: maintaining communication and exchanging information is a good practice that must be enhanced.

Another aspect that can contribute to strengthening the program focusing on SMEs is the challenge of going in depth in the coordinated work between government agencies, exploring with greater enthusiasm the implementation of the Pillar 3 of the WCO SAFE Framework of Standards. This may be of special interest for the inclusion of SMEs in the programs, since it increases the benefits that they can receive when they participate in foreign trade, directly or indirectly. At the same time, it gives the public sector the possibility of adding value, based on coordinated actions.

Similarly, it was indicated that it is very important that the initiatives of the AEO Program and Single Windows complement each other, since they have shown to be highly efficient to expedite processing and give traceability to the operations; therefore, it is relevant that Customs Administrations actively participate by supporting their implementation.

Finally, much emphasis was also placed on the importance that Mutual Recognition Agreements represent for the APEC region, and how we should continue working to strengthen their actual implementation.

We must continue exploring tools that strengthen programs implementation, especially in the field of information exchange. In this regard, it has been suggested that block chain can be a tool that supports the solution of problems associated with the exchange of information, facilitating the effective provision of benefits derived from the growing number of MRAs in the world. We were able to know some general aspects of the CADENA project during the workshop, which is a pilot initiative financed by the IDB and thus we had light on the importance it may have in the future to promote an initiative of this nature at the regional level.

In the MRA negotiation process, it is important to make a correct evaluation and study regarding the security criteria given that the harmonization of the requirements between different economies is one of the benefits that generates expectations within the private sector. This mean the extension in obtaining benefits outside the borders of each economy, and therefore the cost reduction of this process for private actors.

From the public sector, we must work to meet the expectations we have sown, working on deepening the agreements and their implementation. Importers and exporters expect to have benefits; therefore, for programs to grow and strengthen, it is necessary that MRAs have a concrete effect on certified operators.

Today, the world is characterized by having a more dynamic foreign trade and in this sense, times and opportunities are relevant variables of competitiveness. To achieve this goal, we must continue working to strengthen trust and dialogue between the private-public sectors.

5. RECOMMENDATIONS

Recommendation 1: It is important that the AEO Programs consider the differences between the benefits that each type of operator seeks when certifying as an AEO. For example, exporters and importers seek benefits that reduce clearance times, controls and costs, while the rest of the operators in the supply chain seek to consolidate a “market preference”, that is, to prefer them to other service providers, becoming the main incentive to certify AEO.

Recommendation 2: For an AEO program to be a real contribution to facilitation, it is very important that customs officers operating at borders be trained in AEO and understand how to provide the benefits to the operators. Many programs do not consider this and the implementation of the benefits is frustrated.

Recommendation 3: Customs Administrations should endeavour to review their programs and be aware that the programs should not lower their standards for SMEs, but they should make more flexible the way in which they evaluate their compliance by these companies. For this, it is important to recognize the context in which these companies work and if the evidence they present is consistent with the identified risks.

Recommendation 4: AEO programs must make greater efforts in training and dissemination regarding requirements and, especially, strive to have programs whose certification processes are more expeditious, known and understandable, with special emphasis on the incorporation of SMEs.

Recommendation 5: Regarding the specific recommendations for Customs, it was emphasized that AEO programs should incorporate KPI indicators that focus on SMEs, such as participation rates, number of operators, use of benefits, among others.

Recommendation 6: Expand the studies and data concerning the effect that the benefits of the program generate in clearance times and costs, as well as the implementation of MRAs. Highlight that the benefits are tangible and significant will allow greater confidence in the program for SMEs

Recommendation 7: Although certification is free of charge in most of the AEO Programs in the APEC region, Customs Administrations should consider that the incorporation of SMEs into the AEO certification would require the provision of external financing for the implementation. It is at this point that the Economies have to look for or adapt tools supporting the AEO certification process of SMEs. Public funds and resources, in general, are available in all Economies of the APEC region, either because they have been specifically designed for this purpose, or because they are part of public support and subsidy policies for the development and internationalization of SMEs, but it is necessary to organize the Trade Associations that represent these enterprises so that they know the financing tools, spread them among their partners and take advantage of them.

Recommendation 8: Economies must strongly promote the use of MRA among AEOs, because not everyone knows how to use it, noting that 75% of enterprises say that they do not have information on MRA available on the Customs website. Therefore, it is recommended that the Economies make further progress with this issue, especially to inform the AEOs via web how they can get access to the benefits of the ARM. In this regard, it is also recommended that they try to include in the text of the ARM a monitoring clause to verify that the benefits are being delivered, indicating that one should be creative when negotiating them. Although it is easier to find benefits when Economies are bordering, discussions with those implied are necessary in order to find new ones. It is also important to hold joint meetings and seminars involving Customs Administrations and AEO enterprises of both economies, since good ideas may appear which can be implemented.

Recommendation 9: Customs Administrations must work hard to improve information exchange systems, in a secure way, share the certified operator's status and thus ensure that such operators will receive the expected benefits upon arrival in the economies with which MRAs have been signed. This is essential for the consolidation and expansion of the AEO programs.

Recommendation 10: Customs Administrations must work with greater enthusiasm in incorporating other government agencies into AEO programs. This alliance between organizations can bring direct benefits to SMEs, significantly reducing clearance times and costs.

6. PHOTOS



