

Authorized Economic Operators

(Salient Features of Korean AEO Program)

August, 13, 2024

Dongsuk, Kim



CONTENTS

- **Section 1** KOREAN AEO program
- **Section 2** KOREAN Mutual Recognition

SECTION 1

Korean AEO Program

- Korean AEO Program Trajectory

Preparatory Phase (Jun 2007-Apr 2009)

- Legal basis (Article 255.2 of Customs Act)
- Pilot Project (Samsung Electronics)

Implementation Phase (May 2009-May 2011)

- **Support for SMEs**
- **Korea AEO Association**

Mature Phase (Jun 2011-To Date)

- Expanded benefits (Customs Audit Exemption)
- **Broader AEO MRA territory**

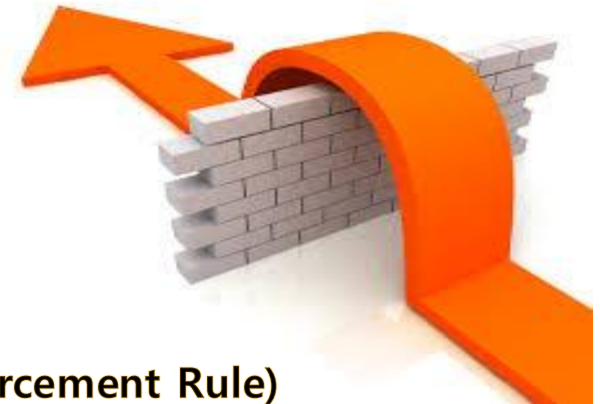
- Challenges Identified



- **Conflicts** among government agencies
- **Skepticism from within** Korea Customs Service
- **Budget and Personnel Shortage**
- Trade community's **apathy** toward AEO Program

- **Solutions**

- ✓ **Established legal basis**
(Customs Act, Enforcement Decree, AEO Enforcement Rule)
- ✓ **Reached a consensus through dialogue and consultation**
- ✓ **Secured budget & Established AEO Association**
- ✓ **Initiated consulting service by Customs' officers and by Consultancy**

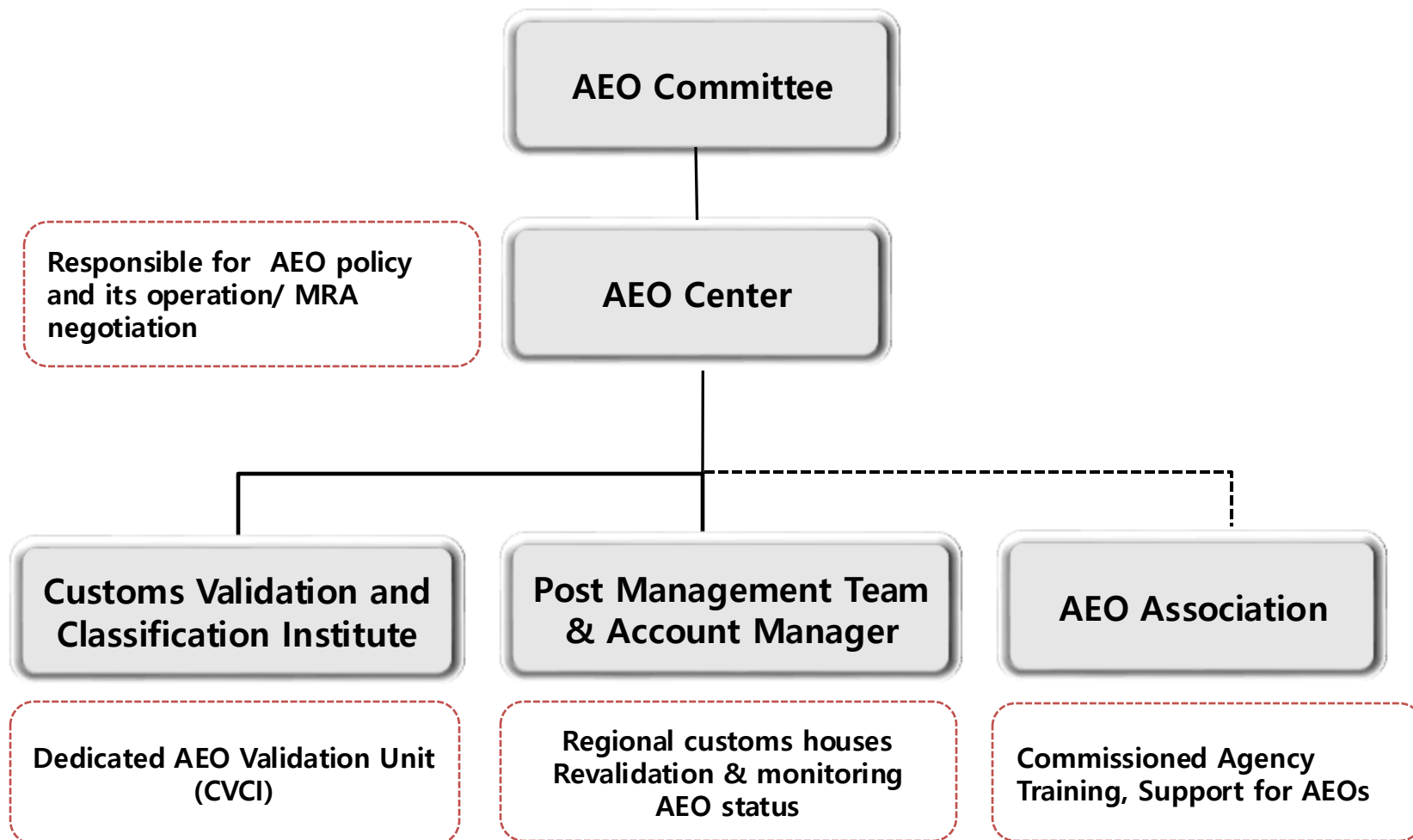


- **Where we are standing now**
 - **Reinforcing AEO organization**
 - AEO Committee, AEO Center (Headquarters), CVCI(dedicated unit)
 - **Striving to maximize AEO effect**
 - Holding 'Annual AEO Contest' for Best Practices
 - Exploring incentives of being an AEO
 - **Contributing to increased export through AEO MRA**

01

S02

- **AEO Organizational Chart**



01

S02

- Criteria and Sub-criteria for AEO Authorization

Law compliance	Internal control System	Financial Solvency	Security Management
1. Disqualification	1. CEO will , Organization and Budget	1. Audit report	1. Biz partner Mgmt
2. False Declaration	2. Cooperation with Customs	2. Credit ratings	2. Containers and Trailers
3. Violation of Regulation	3. Records Mgmt		3. Access Control
4. Law Compliance	4. Manual on Customs - related Affairs		4. Personnel Mgmt
	5. Management and Improvement of Risk Factors		5. Procedural Mgmt
	6. Information Sharing		6. Facilities and Equipment
		7. IT Mgmt
	13. Integrity Maintenance		8. Education and Training
↓	↓	↓	↓
Score based on automated calculation by KCS system	Score based on validation	Pass/Fail based on documentary validation	Score based on validation

01

S02

- Qualification for POCs(Point of Contact)
 - **Aside from Qualification, POC are subject to get Mandatory education of 18 hours regarding AEO**

1. AEO Director
 - A Director of department in charge of procedures for importing and/or exporting goods and supply chains (CEO or senior executives)
2. AEO Manager

POCs (Points of Contact)

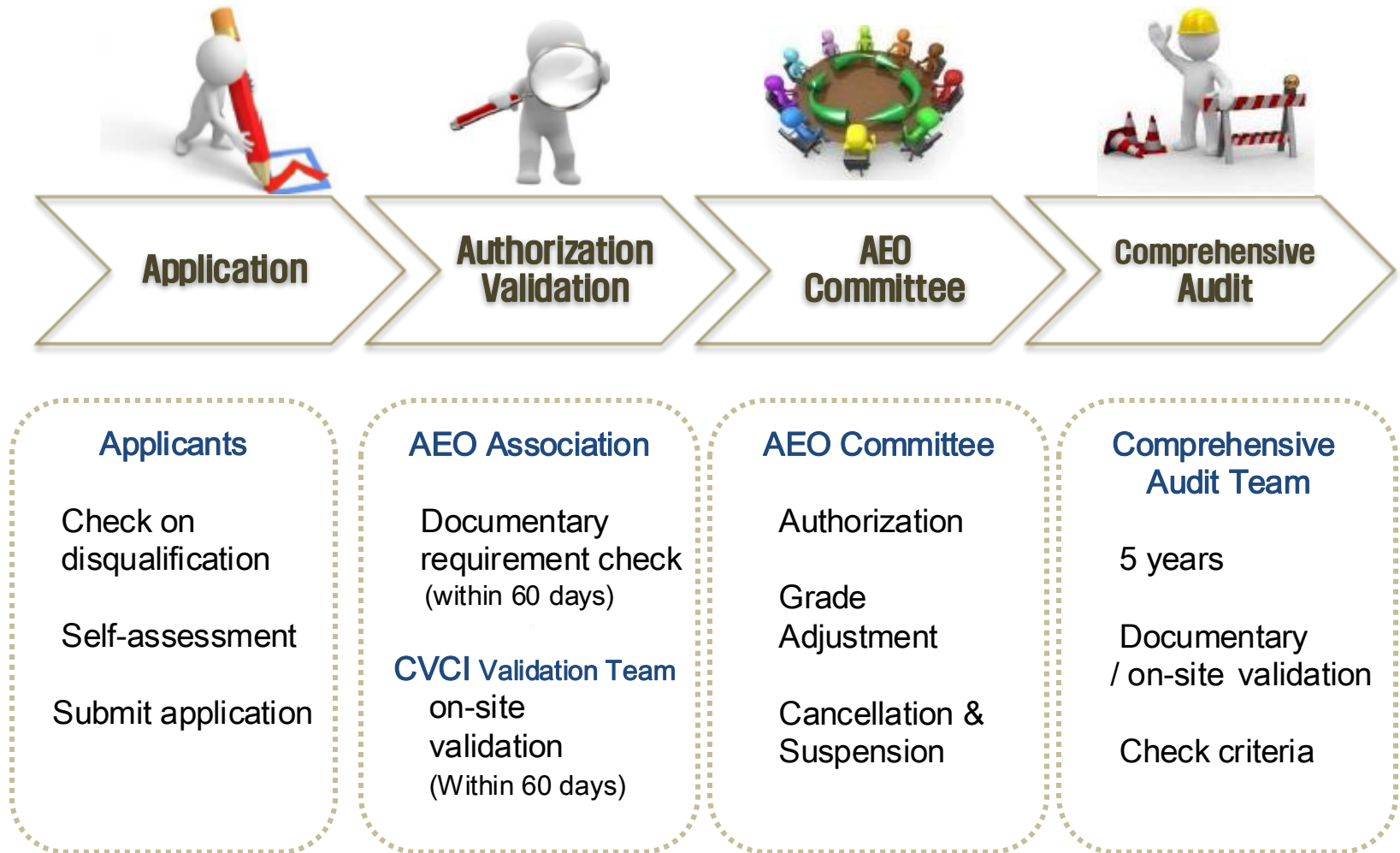
Qualification

Type of Operators	Qualification
Exporters, Importers Freight Forwarders, Bonded Transporters Bonded Area Operators Ground Handlers	a. a person who has work experience of three or more years in importing and exporting (at least one year for small and medium-sized exporters) b. Licensed goods caretaker (applicable only to Bonded Area Operators)
Customs Brokers	Customs Broker who has work experience of three or more years in customs clearance
Sea Carriers	a. Security Officer designated under the 「International Ship and Port Facility Security Act」 b. a person who has work experience of three or more years in importing and exporting
Air Carriers	a. Security Officer designated under the 「Aviation Security Act」 b. a person who has work experience of three or more years in importing and exporting

01

S02

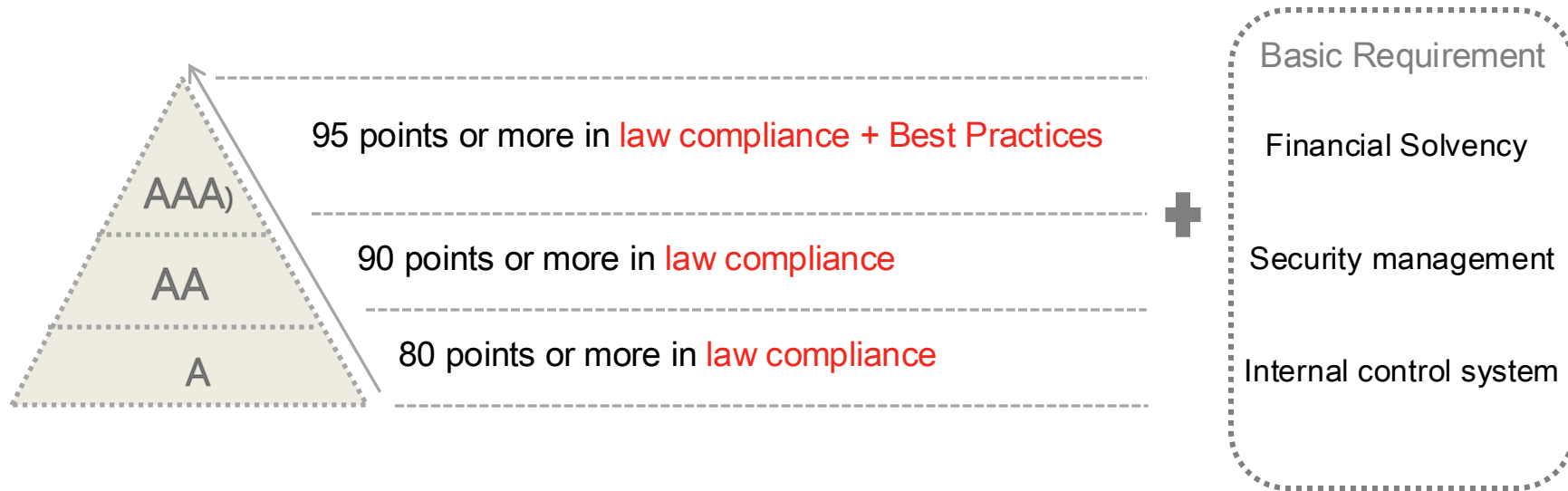
- AEO Authorization Procedure



01

S02

- AEO TIER SYSTEM



➤ Validity period : 5 years

01

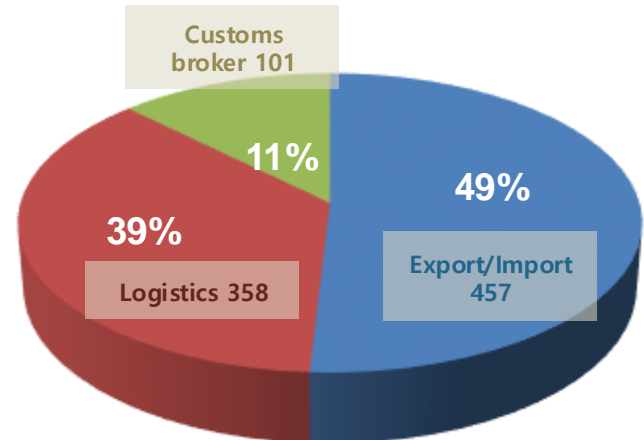
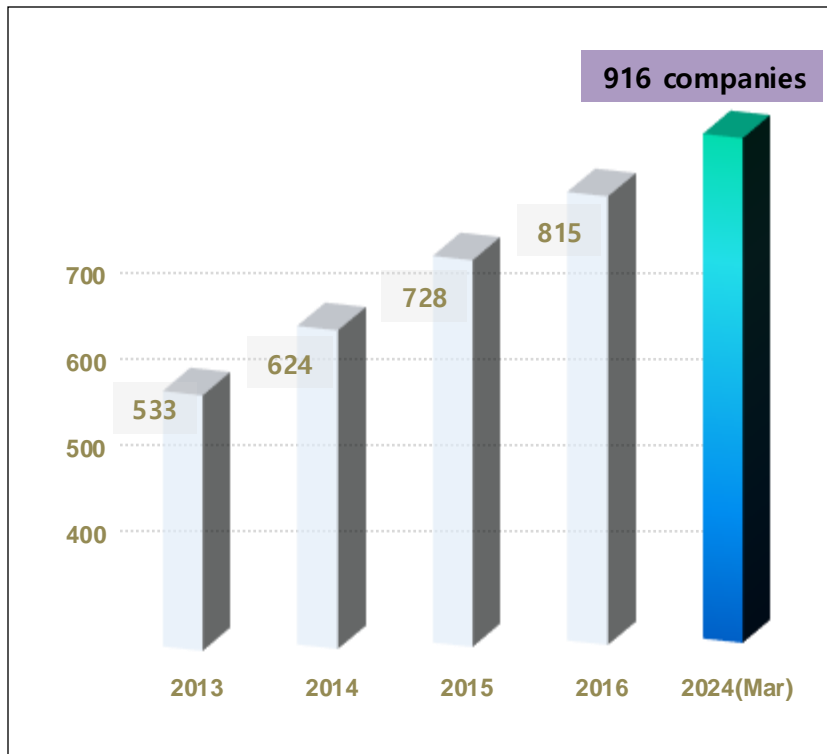
- AEO Status

S02

1) Increasing number of AEO company

Currently **916 companies** AEO Certified

AEO Companies Status



Category	Export	Import	Logistics	Customs Broker
AEO Certification	282	175	358	101

01

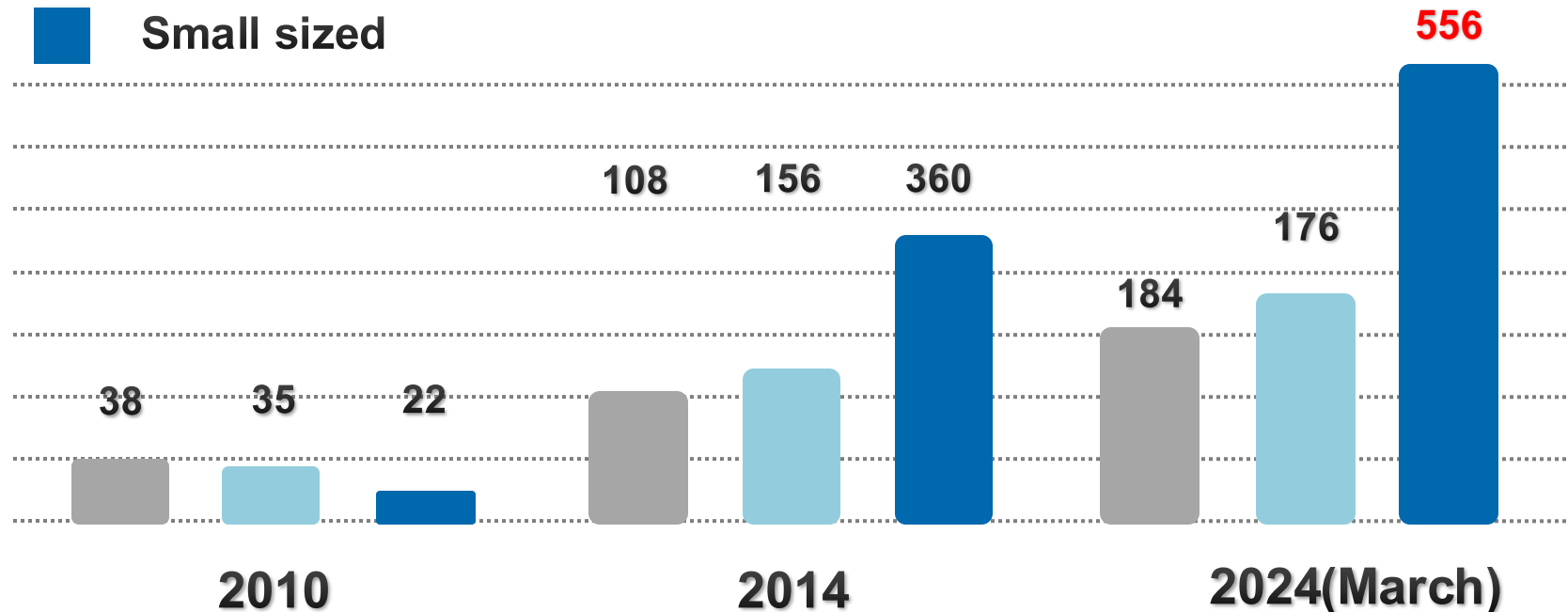
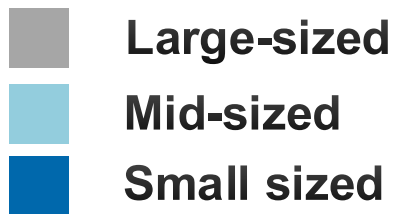
- AEO Status

S02

2) AEO Status by size

- ◆ Definition of SME in Korea in accordance with relevant laws
Manufacturing companies with 300 or less regular workers or capital of 6.5 million(USD) or less

60% of AEO company is Small-sized corporation



01

What benefits are granted?

S02

Grant of Authority for Import/Export activity

Grant benefits during Customs Clearance Procedure

- **Minimized Customs Audit**
- **Minimized Foreign Currency Transaction Audit**
- **Reduced Penalty and Noticed Disposition**

- **Reduced Inspection Rate**
- **Priority Inspection**
- **Ex/import declaration by Corporate ERP**

- **Exemption from Customs Bond**
- **Increased limit of deferred payment**
- **Reduced Interest to be paid for SMEs**
- **Fast track at airport**

**Voluntary
management**

**Fast
Clearance**

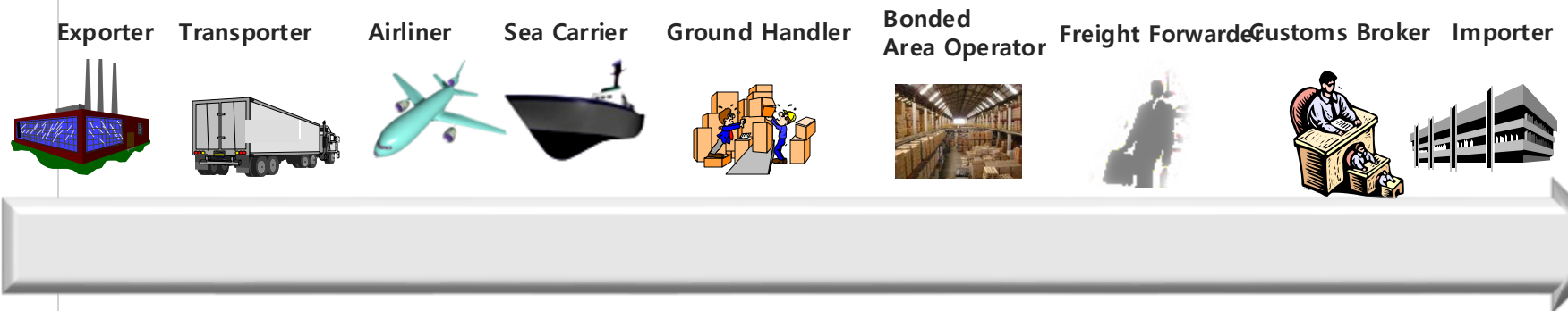
**Duty Payment
and Convenience**

01

A WAY FORWARD

S02

Authorized Supply Chain



Factors Behind Korea's AEO Program Success

- **Corporate Acceptance**
 - Reduced Non-Tariff Barrier/ Higher Competitiveness

- **KCS Outstanding Capability**
 - Commissioner's commitment to AEO Program
 - Customs officers' support
 - *UNIPASS*, Korea's unique, advanced e-clearance system

- **Strong AEO Organizational Structure**
 - AEO Center, AEO Committee, CVCI, AEO Association

Section 2

Mutual Recognition of AEOs

01

❖ KOREAN MRA Partners; 24 Countries

S02



USA('10) Canada('10) Singapore('10) Japan('11) New Zealand('11) China('13) Hong Kong('14) Mexico('14)
Turkey('14) Israel('15) Dominican Republic('15) India('15) Taiwan('15) Thailand('16) Australia('17) UAE ('17)
Malaysia('17) Peru ('17) Uruguay('17), Kazakhstan('19), Mongolia('19), Indonesia('20), Saudi Arabia(23), English(24)

● Trade Volume of MRA Partners

- Among Korea's large trading partners, only EU and Vietnam were excluded from AEO MRA contracting countries.

Unit, Thousand US Dollars, 2013

연번	유형	국가	수출 건수	수출 금액	수입 건수	수입 금액
1	발효	China	1,226,217	124,812,503	11,052,473	142,849,330
2	발효	US	2,268,364	115,709,936	19,563,778	71,247,316
3	발효	Japan	1,803,319	29,019,992	3,089,000	47,655,768
4	발효	Hong Kong	242,394	25,190,547	965,491	1,835,359
5	발효	Taiwan	416,163	20,181,885	254,233	24,370,436
6	발효	Singapore	587,325	18,758,141	243,804	11,179,021
7	발효	India	222,897	17,947,600	170,349	6,729,388
8	발효	Australia	204,391	17,798,557	588,449	32,830,133
9	발효	Mexico	211,092	12,227,113	94,860	7,656,723
10	발효	Malaysia	387,437	9,768,975	146,431	15,236,472
11	발효	Indonesia	167,218	9,141,547	118,333	12,145,821
12	발효	튀르키예	115,593	8,994,333	49,912	1,439,910
13	발효	캐나다	238,459	8,435,679	391,189	6,198,533
14	발효	태국	217,134	7,550,131	590,323	7,365,611
15	발효	아랍에미리트 연합	95,337	4,438,139	6,856	16,419,488
16	발효	뉴질랜드	39,019	2,857,698	400,254	1,740,775
17	발효준비	카자흐스탄	41,125	1,968,015	606	3,568,225
18	발효	이스라엘	29,000	1,913,654	20,801	1,542,738
19	발효	페루	13,930	689,008	10,334	2,942,416
20	발효준비	몽골	30,603	476,453	13,645	62,786
21	발효	도미니카 공화국	7,074	327,419	1,725	148,687
22	발효준비	우루과이	2,370	136,454	951	149,167
총계			8,566,461	438,343,779	37,773,797	415,314,103

01

The Way Forward : AEO MRA

S02

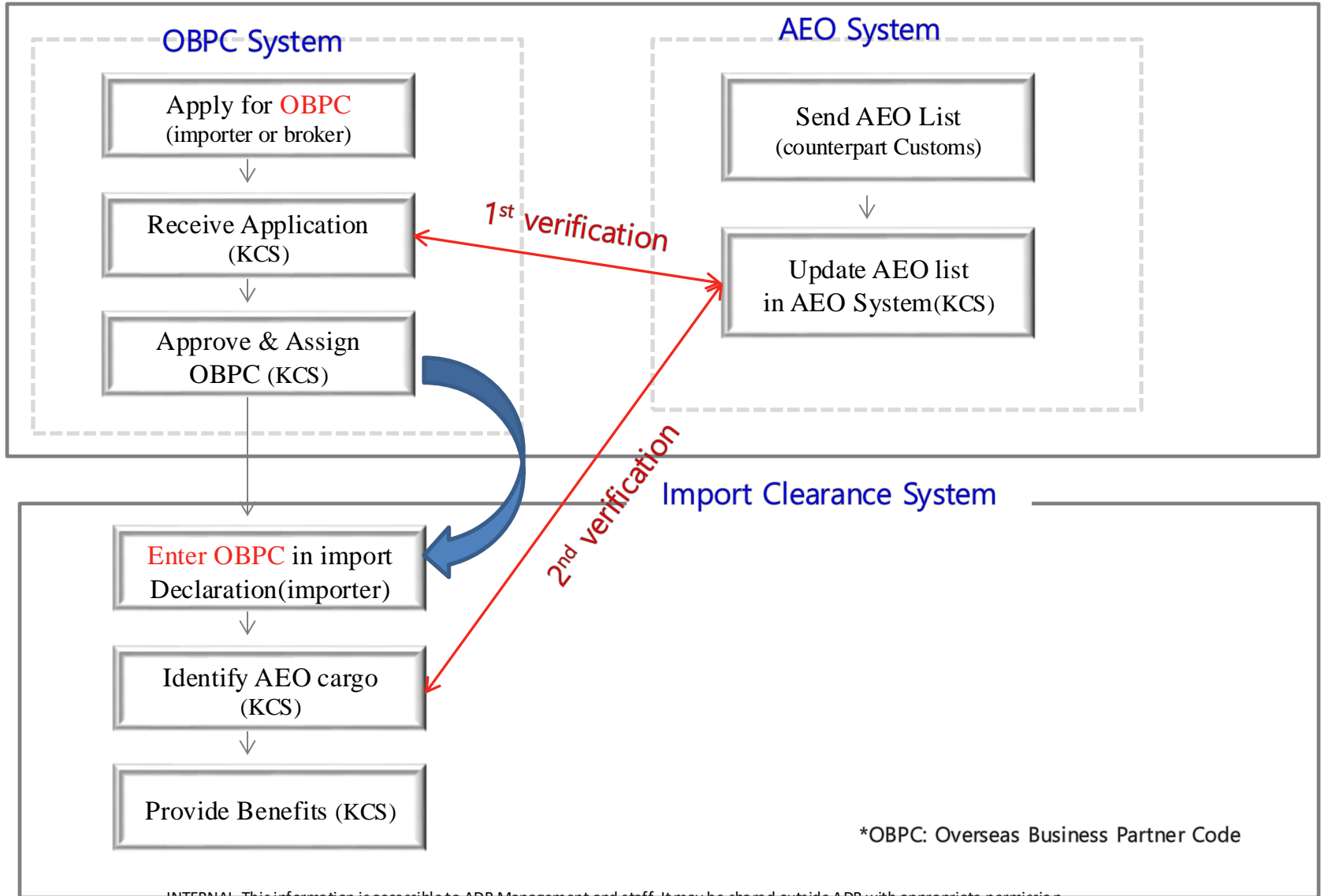
- ✓ To expand AEO MRAs
 - Viet Nam, EU (in progress) and other countries
- ✓ To focus on a successful implementation with MRA partners



● How to identify AEO cargoes?

01

S02



Import Declaration Form

① 신고번호 99999-99-9999999-9	② 신고일 YYYY/MM/DD	③ 세관 .과 999-99	⑥ 입항일 YYYY/MM/DD	전자인보이스 제출번호 XXXXXXXXXX-X-XX-XXXXX
④ B/L(AWB) 번호 XXXXXXXXXXXXXXXX(XXXX)		⑤ 화물관리번호 YXXXXXXXX-9999-999		반입일 YYYY/MM/DD
⑩ 신고인 XXXXXXXXXXXXXXXXXXXXXXXXXXXX ⑪ 수입자 XXXXXXXXXXXXXXXXXXXXXXXXXXXX (9999999 X) ⑫ 납세의무자 (XXXXXXXX-9-99-9-99-9 / 999-99-99999) (주소) XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX (상호) XXXXXXXXXXXXXXXXXXXXXXXXXXXX (전화번호) XXXXXXXXXXXXXXXXXXXXXXXXXXXX (이메일주소) XXXXXXXXXXXXXXXXXXXXXXXXXXXX (성명) XXXXXXXXXXXX ⑬ 운송주선인 XXXXXXXXXXXXXXXXXXXXXXXXXXXX (9999999) 해외거래처 XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXX(XX) / XXXX9999X		통관계획 X XXXXXXXXXXXXXXXXXX	원산지증명서 유무 X	총중량 9,999,999,999,999 XX
		신고구분 X XXXXXXXXXXXXXXXX	가격신고서 유무 X	총포장갯수 99,999,999 XX
		거래구분 99 XXXXXXXXXXXXXXXX	국내도착항 XXXX XXXXXXXXXXXX	운송형태 XX-XX
		종류 X XXXXXXXXXXXXXXXX	적출국 XX XXXXXXXXXXXXXXXX 선기명 XXXXXXXXXXXXXXXXXXXX XX	
MASTER B/L 번호 XXXXXXXXXXXXXXXX			운수기관부호 XXXX	

OBPC

- **Future Strategy**

- AEO : To **Shift focus** from accreditation to **Post-Audit system**
(AM, Comprehensive Audit)
- AEO MRA : To Ensure **effective MRA**
with reciprocal, demonstrable benefit
- To **Share Korea's experience** and knowledge
with global community



Thank You !

