

Korea Customs Service's proactive policies to support SME for sustainable growth

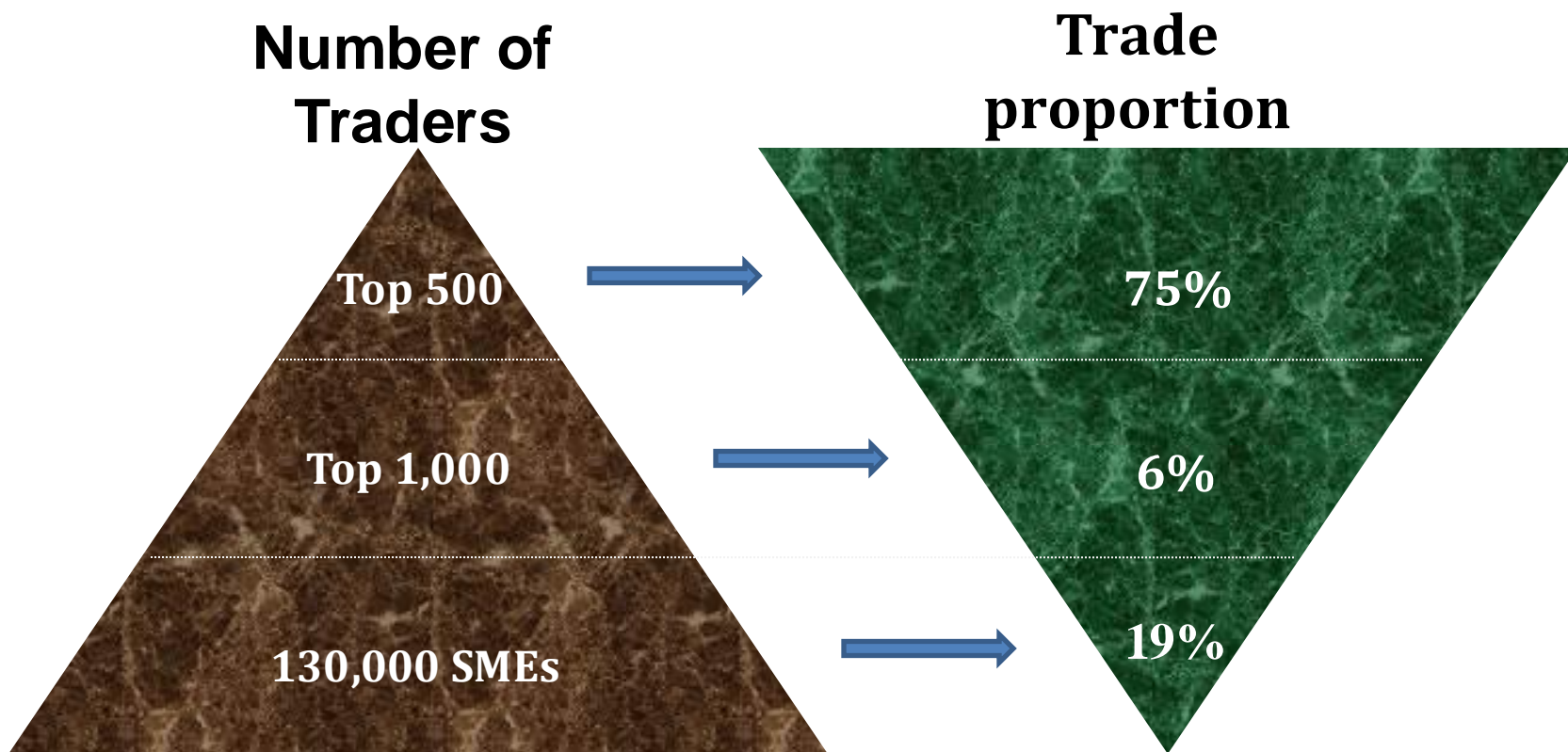
The background of the slide is a composite image. On the left, a city skyline with several tall skyscrapers is visible. A road with yellow and white lane markings curves from the bottom left towards the center, appearing to merge with the water. On the right, a large cargo ship with a white hull and a deck stacked with colorful containers (red, blue, green) is sailing on the water. The sky is blue with some white clouds, and a faint airplane trail is visible in the upper right.

2024. 08. 13.

Dongsuk, Kim

1. Trade proportions in SME in Korea

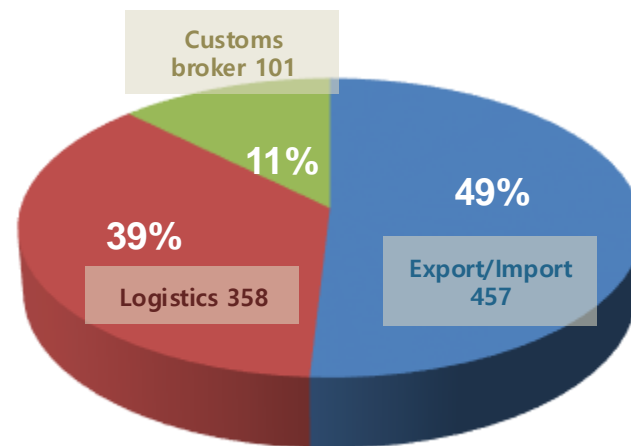
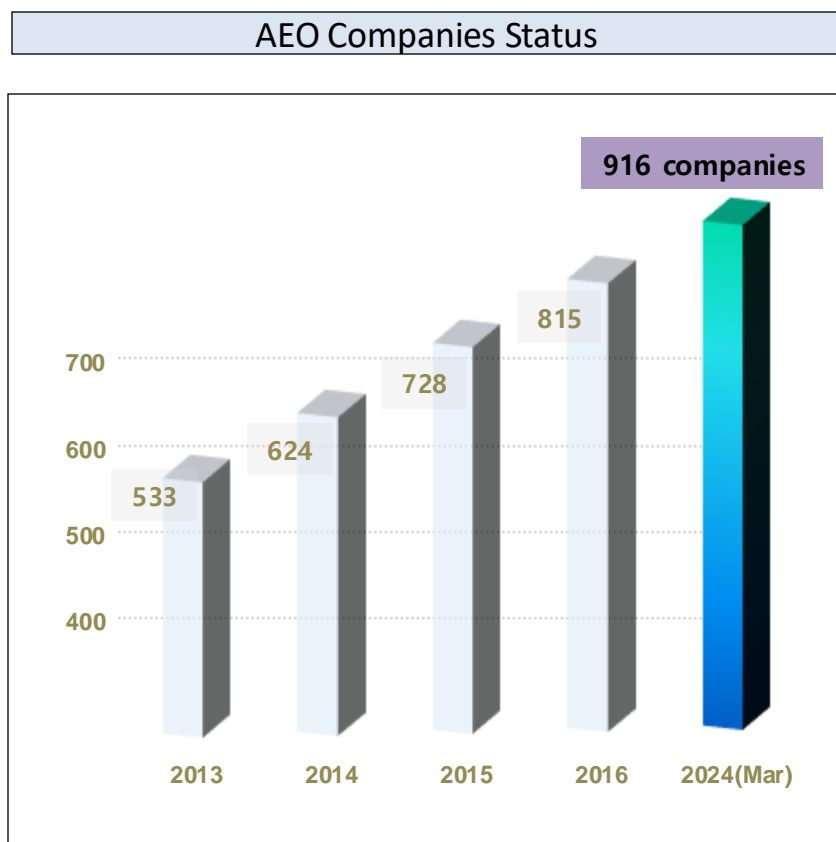
Global Supply Chain ➔ *SME's Risk Management*



2. AEO status in SME in Korea

1) Increasing number of AEO company including SME

Currently **916 companies** AEO Certified



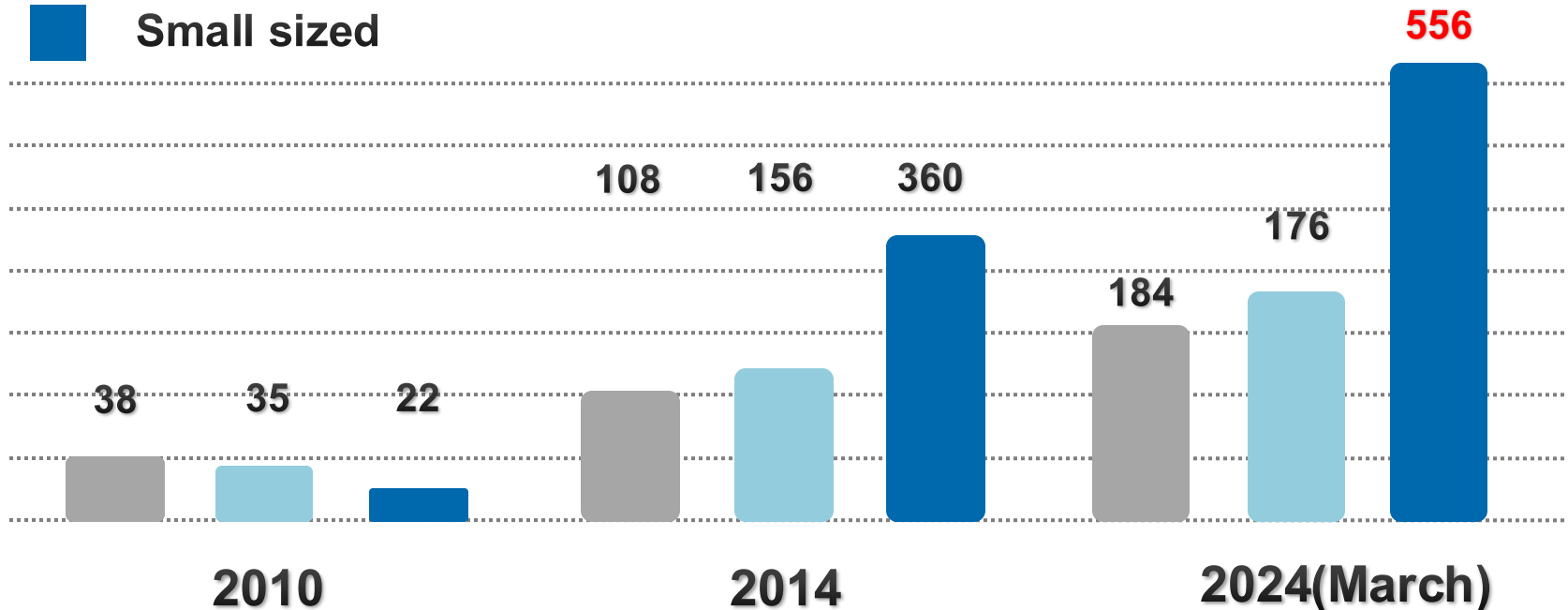
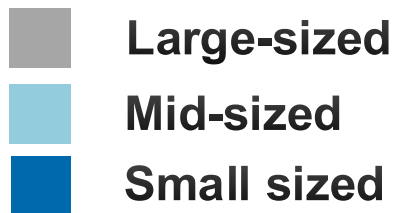
Category	Export	Import	Logistics	Customs Broker
AEO Certification	282	175	358	101

2. AEO status in SME in Korea

2) AEO Status by size

60% of AEO company is Small-sized corporation

◆ 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



3. *The Difficulty in SME's AEO Authorized Expansion*

AEO Program Recognition Survey - 300 SMEs

AEO Recognition: 42.4% → Intention to AEO Authorization : 15.1%

AEO Program Preparation (Employee Education, Document Writing)

Security Equipment (CCTV, Fence and etc.)

SMEs Support Background & Contents

- **99% of Korean Companies, 50% of Domestic Production, 85% of Domestic Employment**
- **SMEs have a difficulty in human resources, capital & infrastructure in preparing for AEO authorization in comparison to larger companies**
- **strong need for Supports Consulting & Education services**

4. Proactive policies for SME

Proactive policies for SME to get on board AEO



- ▶ Alleviate AEO criteria and eliminate a eligibility requirement of entry threshold



- ▶ Expand consulting and education Opportunities through 3rd party association



- ▶ Provide a financial assistance through export voucher program to get AEO



- ▶ Strength AEO benefits through active collaboration and cooperation with OGAs

4. Proactive policies for SME(① Alleviating criteria)

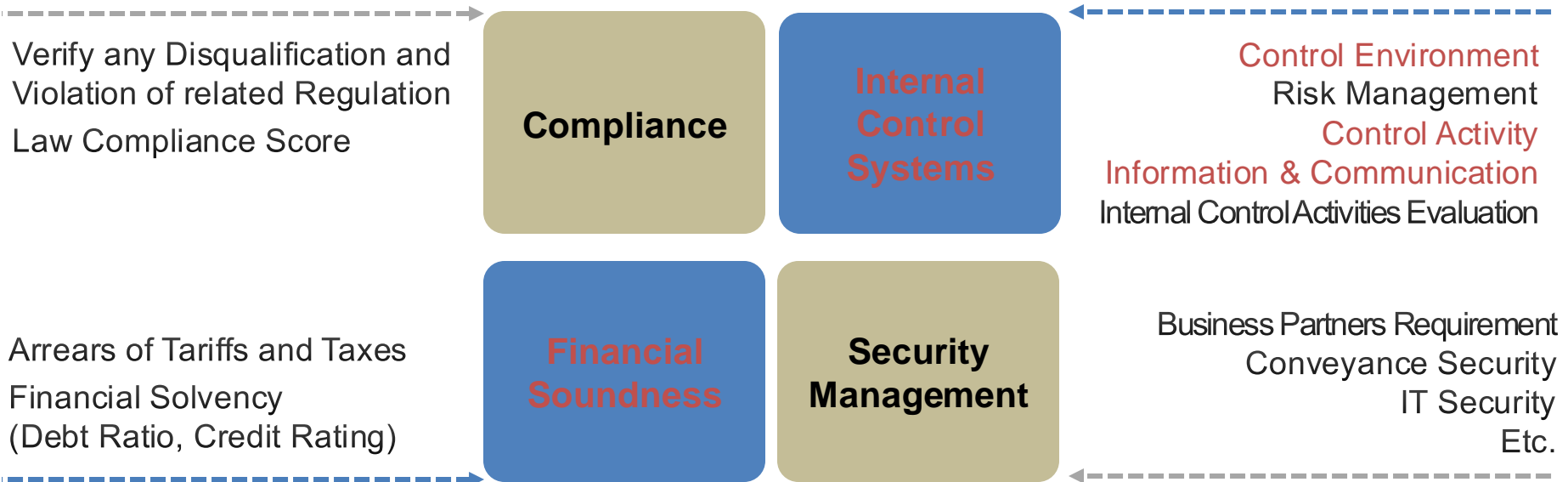
Alleviate criteria for SME to get AEO accreditation

Guideline

Internal Control Systems 2.1, 2.3, 2.4
- Control Environment, control Activity, etc

Guideline

Financial Soundness 3.1.1.1
- Number of Import & Export entry threshold



4. Proactive policies for SME(① Alleviating criteria)

Eliminate AEO eligibility requirement for customs clearance

- ◆ **AEO eligibility threshold for customs clearance which was the average number of customs declaration during the past 3 years**
 - **Import : 50 or more import declaration**
 - **Export : 50 or more export declaration**
 - **Customs Broker : 3,000 or more import/export declaration**
 - **Bonded warehouse operator : 1,5000 or more bonded cargo declaration**
 - **Bonded transporter : 1,5000 or more banded cargo declaration**
 - **Shipper/Air carrier : 10,000 or more B/L issuance**

4. Proactive policies for SME(② Expanding consulting)

1. Establishment of KAA foundation

KAA was founded in order to enhance **global competitiveness** for **Korean companies** through **research, investigation, education, and official authorization with supports** for **AEO especially for SME**
It is “**unique AEO professional institution**”

Increase in the Number of AEO Applicant
[education, research, Audit, etc.]

Consensus of necessity of AEO
Association(AEO professional institution
from private sector)

Emerging need for private
AEO Experts



KAA Founded

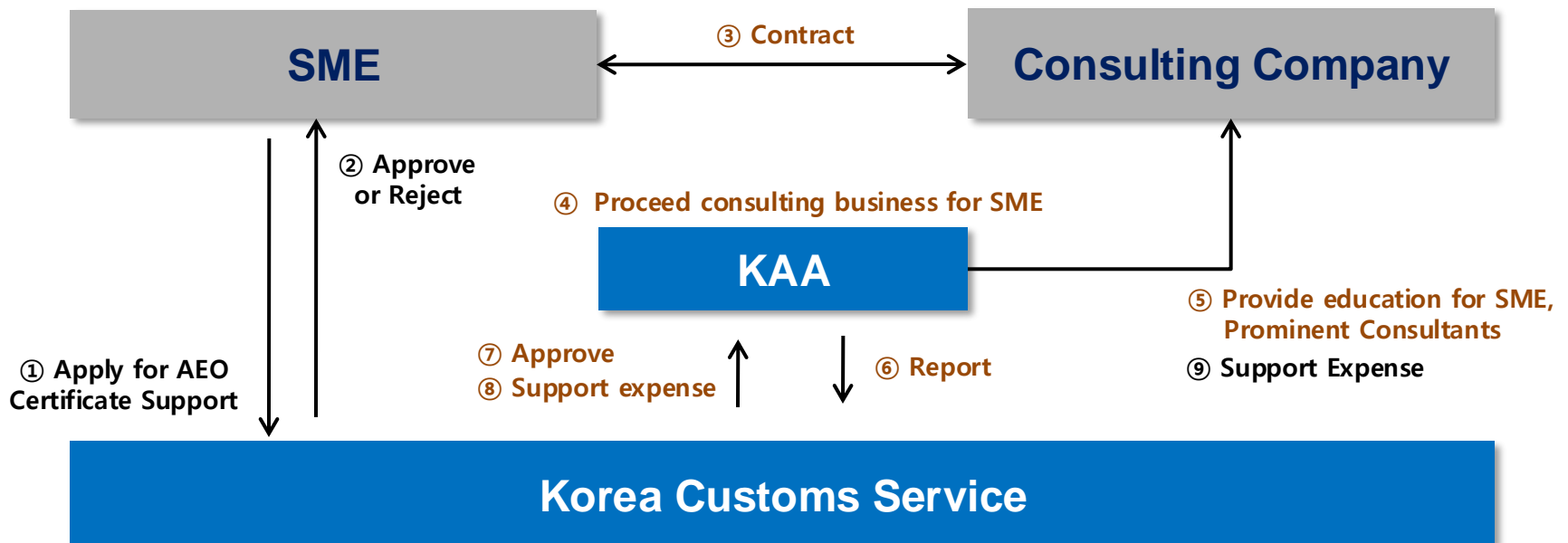
***Unique AEO professional institution
for AEO in Korea**

***Harmonizing Partnership between
Private sector & Government***

4. Proactive policies for SME(② Expanding consulting)

2. Roles and functions of KAA

Supporting Process : On behalf of Korea Customs Service, KAA has managed not only education, audit and other public supports, but foster AEO consultants and manage similar associations having them provide high quality of consulting. * Support Consulting & Education expenses



4. Proactive policies for SME(② Expanding consulting)

3. Educational support for SMEs

KAA has performed customized training in order to support AEO acquisition and maintenance for SME.

Category	AEO Basic	AEO General Standardization	Customs Law Compliance
Time	8 Hours	16 Hours	8 Hours
Target	AEO Preparing or Authorized Company		
Contents	<ol style="list-style-type: none"> 1. Understanding AEO and Audit Policy of KCS 2. AEO Application Process and Preparation 3. Supply Chain Security 	<ol style="list-style-type: none"> 1. Compliance Management 2. Internal Control Framework and Its Management 3. Supply Chain Security 4. Financial Soundness 	<ol style="list-style-type: none"> 1. Customs Law and its implementing ordinances, enforcement regulations, notification 2. Rules of Origin, HS, Drawback, Foreign Exchange, Customs Valuation and Classification, etc.
How to Apply	KAA Portal	KAA Portal	KAA Portal

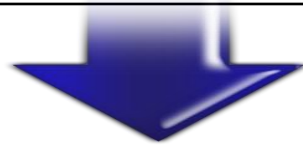
4. Proactive policies for SME(③ Financial Assistance)

Export Voucher Program for AEO accreditation

- ◆ KCS provides assistance for SME application in obtaining AEO status, under what is call export voucher program, in cooperation with other government agency, given the circumstance that SMEs lack financial and human resources comparted to large companies.

Export Voucher Program: the program is designed and issued for SMEs to help them gain access to export assistance and these vouchers can be seen as a means of payment for public administration services.

It is an export-supporting platform where by a participant company, once a voucher is issuance, choose the service and vendor in need.



Under the program, SME are provided with consulting expenses on AEO acquisition and post-management.

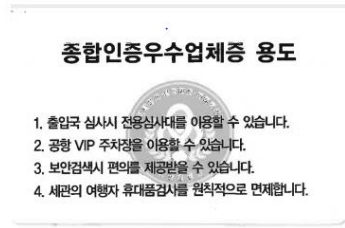
4. Proactive policies for SME(④ Strengthening benefits)

1. Preferential treatment for AEO at airport in collaboration with Immigration departments and airport corporation

AEO Card



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Immigration VIP Card

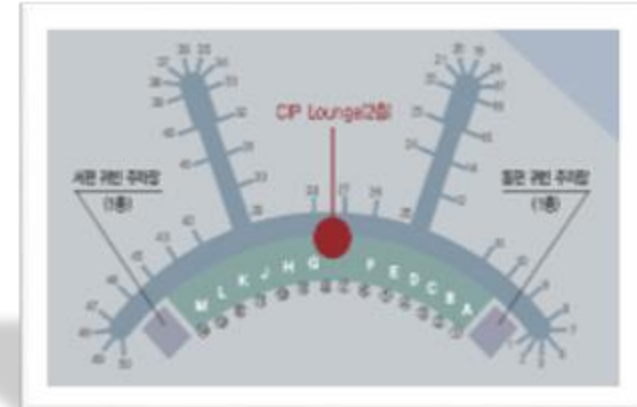


◎ fast lane (Immigration)

◎ fast lane (customs)

◎ VIP Parking(airport)

Designated Entrance



Preferential treatment for CEO at airport

4. Proactive policies for SME(④ Strengthening benefits)

2. Make a MOU with private banks and financial institute to provide a financial assistance for SMEs

- Lower interest rate applicable for SMEs by IBK and IM Bank
- More export credit guarantee by K-Sure(Korea Trade insurance corporation)

© MOU with IBK bank

© MOU with IM Bank

© MOU with K-Sure



A composite image featuring a city skyline on the left, a road on water in the foreground, a cargo ship on the right, and an airplane in the sky. The text "Thank You" is centered in the middle.

Thank You