

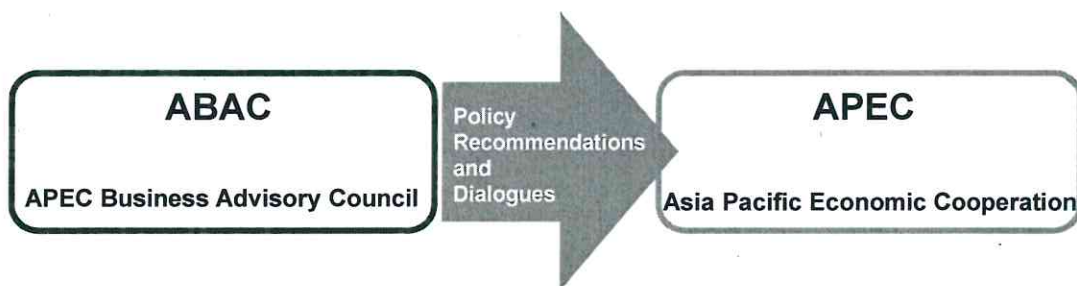


APEC Business Advisory Council

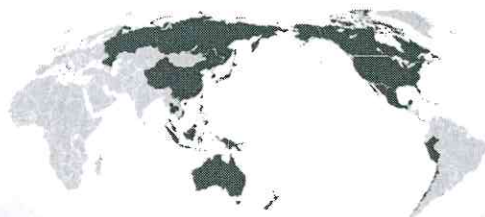
**Enhancing Trade Facilitation Through
Authorized Economic Operators (AEOs)
— BUSINESS PERSPECTIVES —**

SCCP
August 18, 2016

About APEC Business Advisory Council (ABAC)



- ✓ High-Level business advisory group created by APEC.
- ✓ A direct channel for business input into the APEC work program.
- ✓ Present recommendations to APEC Leaders in an annual dialogue.



A Look at Past AEO Activities by ABAC

ABAC's Recommendations to Leaders

Authorized Economic Operator (AEO)

AEO programs aim at balancing supply chain security with trade facilitation.



Encourage APEC economies to develop an AEO certification system

Mutual Recognition Agreements (MRAs)

MRAs are designed to enable customs officials to identify high-risk shipments more effectively, permit quicker release of goods for AEOs, and increase the economy's reputation and competitive advantage.



Promote mutual recognitions of AEOs (MRAs)

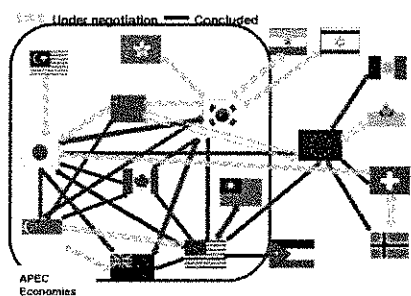
Business Sector Opinions

As security measures are on the rise, so too are trade facilitation costs. Although AEOs are classified as low-risk actors, business sectors feel there are not enough benefits, either for AEOs themselves or in signing their MRAs.



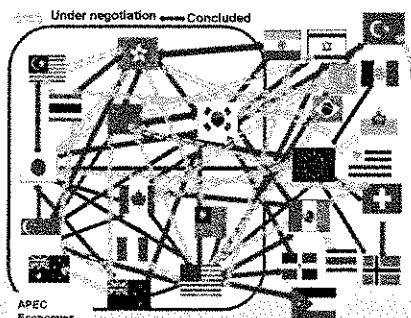
Increase benefits for AEOs

Increase in AEOs and MRAs



2012

APEC economies concluded 17 MRAs, of which 14 were between APEC economies.



2016

APEC economies concluded 37 MRAs, of which 25 were between APEC economies.

ABAC's Recommendation to Leaders

Encourage APEC economies to develop an AEO certification system ☺

Promote mutual recognitions of AEOs (MRAs) ☺

Increase benefits for AEOs

→ Still needs improvement ☹

PSU's Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs



Nine Recommendations:

1. Conduct private sector satisfaction and inclusion surveys
2. Consider stakeholder outreach study tours and workshops
3. Consider adopting a flexible approach to compliance and security standards designed to reasonably achieve desirable outcomes
4. Encourage SCCP to work on generic capacity-building initiatives (or revitalize work on AEOs in the Collective Action Plan)
5. Compile MRA processes in the APEC region and design an APEC AEO MRA checklist
6. Consider development of an APEC-wide automated electronic data exchange system and compatible trader identification number systems
7. Encourage APEC-wide commitment to OGA engagement
8. Conduct an impact evaluation quantifying the trade benefits of MRAs
9. Enhance predictability in the AEO approval process

PSU's Recommendations Reflecting Business Priorities

Private Sector Satisfaction

- ✓ Need for more direct communication between custom authorities and stakeholders.

➔ **Conduct private sector satisfaction and inclusion surveys**

MRAs

- ✓ A region-wide checklist along with WCO instruments would be useful to streamline and facilitate negotiations of MRAs.

➔ **Compile MRA processes in the APEC region and design an APEC AEO MRA checklist**

- ✓ Interoperability of different AEO identification systems lowers the cost to customs authorities.

➔ **Consider development of an APEC-wide automated electronic data exchange system and compatible trader identification number systems**

- ✓ Lack of hard evidence showing benefits of MRAs.

➔ **Conduct an impact evaluation quantifying the trade benefits of MRAs**

Recommendations to APEC Leaders



Consider and respond to the recommendations on "Stakeholder Involvement and Benefits" in PSU's report (Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs).

Take immediate steps to comply with the following recommendations which reflect business priorities:

- ✓ Conduct private sector satisfaction and inclusion surveys
- ✓ Compile MRA processes in the APEC region and design an APEC AEO MRA checklist
- ✓ Consider development of an APEC-wide automated electronic data exchange system and compatible trade identification number systems
- ✓ Conduct an impact evaluation quantifying the trade benefits of MRAs