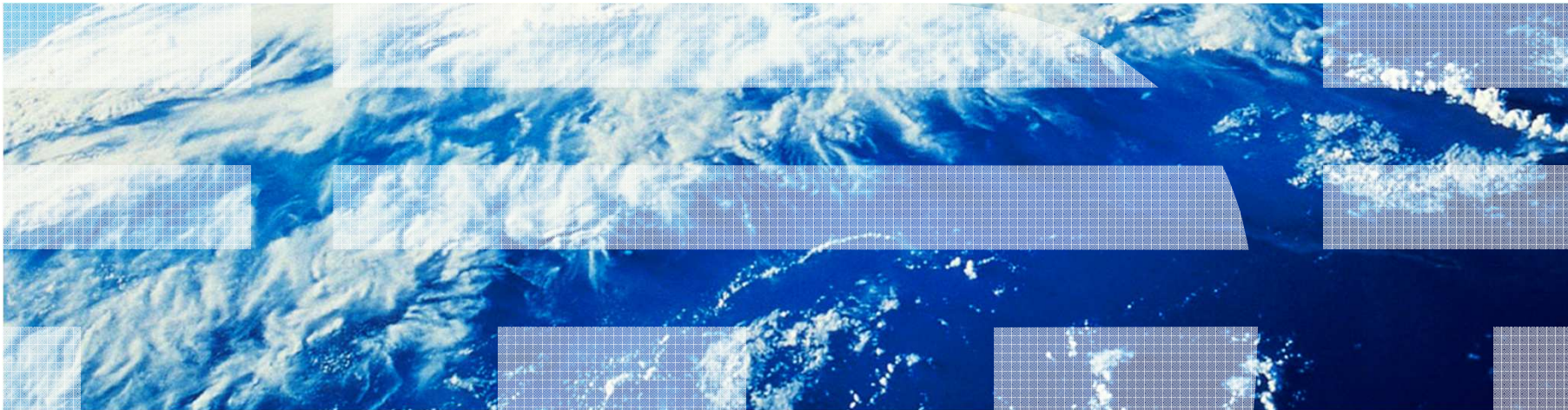


# Import Compliance and Supply Chain Security Brazil - 2010

## IBM experience with AEO Program development and implementation

Robert E Byrne ([rebyrne@us.ibm.com](mailto:rebyrne@us.ibm.com))



## Agenda

- Thank You for the opportunity to share our experiences
- IBM Mission and Priorities related to Import Compliance and Security
- Responsibilities and Scope
- Strengthening Risk Management
- IBM Experience with Trade Facilitation and AEO Programs
- Keys for Success in Program Development and Implementation
- Timing and Commitment for Implementation
- Next Steps

*Government agencies in each country have established laws, regulations, and procedures that govern importation of goods. IBM is committed to complying with these requirements for every country where we import goods.*

## Import Compliance and Supply Chain Security--Mission

Enable a globally integrated,  
world-class import process

- Our approach is to take an end-to-end\* view and drive initiatives in these 3 areas:

- **Compliant**

- We must operate in an environment of mutual trust and cooperation with Customs authorities around the world, built on a strong foundation of regulatory compliance

- **Secure**

- A chain is only as strong as its weakest link. Security has to be applied across the entire value chain, across all borders and all parties

- **Efficient**

- As an innovative globally integrated enterprise we must drive trade facilitation efforts to enhance supply chain efficiency and predictability through common global processes

\* Product development through goods payment (ledger)

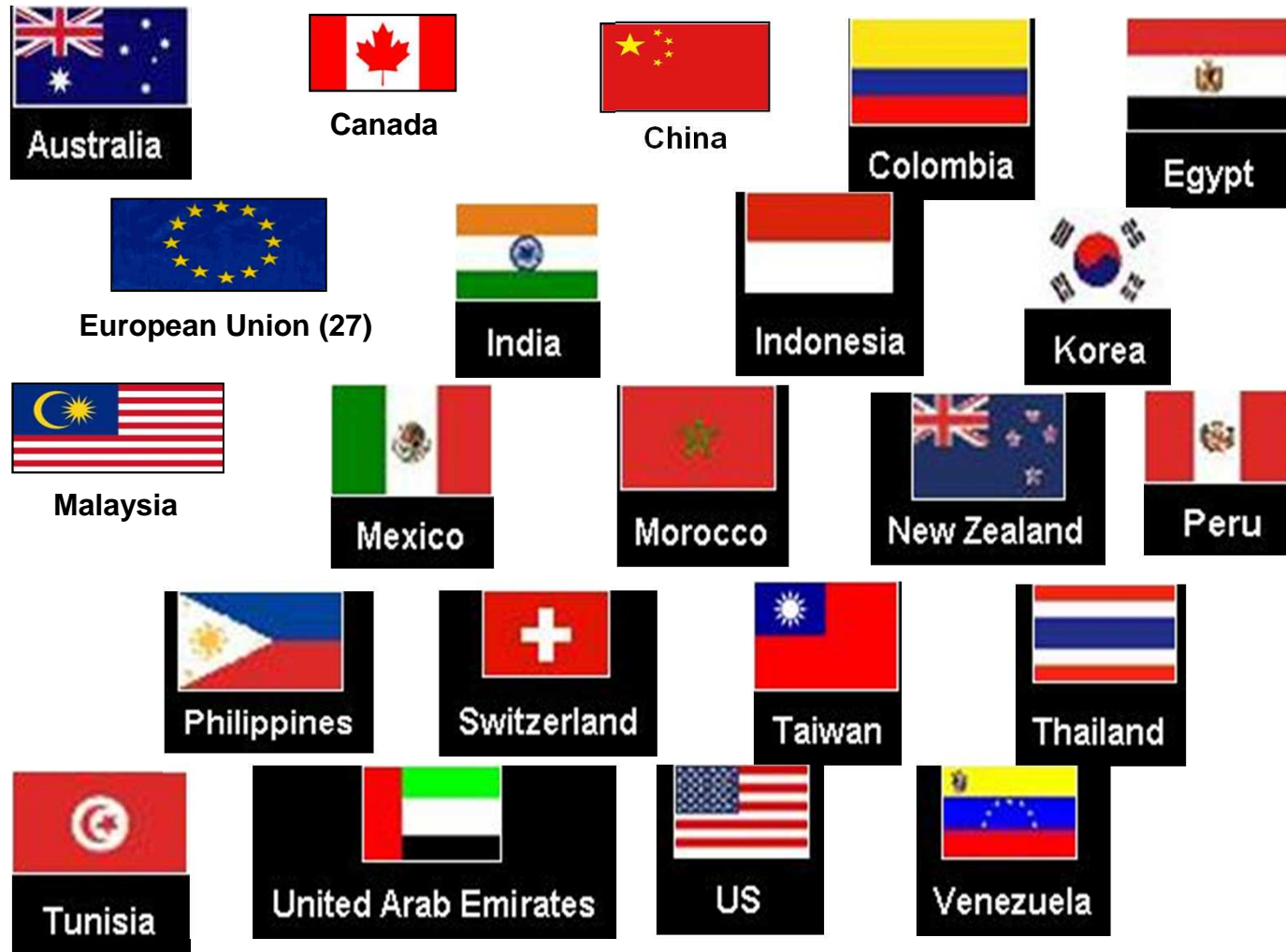
## Global Import Compliance and Supply Chain Security

- **Responsibilities**
  - Identify and interpret regulations
  - Establish internal policies
  - Assess internal compliance
    - Brazil – rigorous processes to validate compliance. (Shipping instructions (SPI), transaction testing (paperwork, weight confirmation, quantity validation))
    - Security assessments including independent audits.
  - Educate import network
  - Develop government relationships
  
- **IBM is a globally integrated enterprise**
  - 60% of revenue and 65% of our employees are outside the US and growing
  - Brazil is one of the Key growth markets for IBM
  
- **Daily Global Scope**
  - 2500 Customs Declarations
  - \$68M in value
  - 5.5M pounds shipped

## Strengthening Risk Management – Commitment and benefits for both Industry and Government.

- Industry
  - Must have documented, transparent import processes
  - Must be able to continually demonstrate compliance status
  - Must be willing to provide advance information to enable risk assessment
  - Must be willing to benchmark and incorporate latest best practices
  
- Government
  - Capability to differentiate risk based on importer performance.
  - Expedited processes for highly compliant importers and **opportunity to direct resources to higher risk transactions.**
  - Willingness to introduce meaningful 'trusted partner' trade facilitation and/or security programs that offer tangible benefits (eg reduced inspections. faster clearance time) for compliant importers.

# Trade Facilitation (TF) programs exist in over 40 economies ...



... and Authorised Economic Operator (AEO) programs have been implemented in 35+ countries.



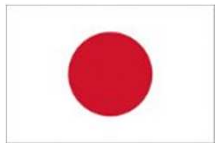
Canada Partners in Protection (PIP)



China Classified Management of Enterprises (CME)



European Union AEO (27)



Japan AEO



Jordan Golden Client/AEO



Korea AEO



Malaysia Golden Client/AEO



New Zealand Secure Export Scheme



Norway AEO



Singapore Secure Trade Partnership (STP)



US Customs-Trade Partnership Against Terrorism

## IBM experience with trade facilitation and AEO programs globally. Relevant examples...

- **Singapore** – Secure Trade Partnership and Secure Trade Partnership Plus
  - Engagement with industry including IBM from the beginning
  - IBM advocated program design aligned with WCO SAFE framework (AEO)
  - Singapore held numerous ‘focus meetings’ with stakeholders. To confirm ability of program participants to implement program requirements
  - Program (s) consistent with other AEO programs being developed/announced. Some specific areas of focus. (eg: business continuity)
- **Hong Kong, China** – Hong Kong Authorized Economic Operator Program
  - Detailed engagement with IBM on program requirements
  - Sought input from IBM on experience/rationale of other AEO programs
  - IBM is first company to be invited to participate in pilot announced June, 2010.
- **India**
  - Targeting to deliver a program this year
  - Engagement with industry including IBM
  - Building on an ‘Accredited Client’ program with security focus
  - Small/medium company focus – consistent with environment.

## Keys for AEO Program Success and Participation

- Benefits for all stakeholders
  - Government – ability to better manage risk. Utilize limited resources for high risk transactions/importers.
  - Industry – after demonstrating a compliant and secure process, benefit from a streamlined import process, reduced inspections and improved cycle time.
- Requirements consistent with other AEO programs
  - WCO SAFE framework
  - Unique, country specific requirements hinder implementation for global companies
- Collaboration during program development with Industry and Trading Partners
  - Key to strong program participation by stakeholders
  - Trading partners – key to assuring mutual recognition
- Skills and resource commitment
  - Government – AEO program coordination and participant assessment
    - Unique skills (knowledge of industry processes and supply chains) and process consistency required
  - Industry – need to be willing to share import compliance/security processes and controls. Also, need to be able to provide advance information.

## Timing and Commitment for Implementation

- Timing varies depending on the scope of the program and number of participants
- Communication and collaboration are very important
- Resources involved:
  - Government – Senior officials, Port personnel, Office/Department to coordinate, Personnel to review participant companies and confirm compliance with requirements.
  - Industry – Senior management, Logistics, Procurement, Security, Tax, Fulfillment and Suppliers!
- Pilot programs enable opportunity for testing and gaining experience and addressing issues that get identified. Also, generate momentum...

## IBM Brazil – Suggested next steps and how we can support AEO program development

- Continue to seek industry input. We congratulate your efforts to date including this symposium.
- We welcome the opportunity to continue to collaborate [with Receita Federal] on AEO program development for Brazil.
- IBM Brazil would be willing to participate in a pilot program. (Test shipments, validations, systems)
- IBM can support review of our existing/established supply chain security processes.

