

“ABC – Accelerated Border Clearance” Model

An Innovative Idea by GEA

“ABC” Clearance Model

Introduction

- Smooth border facilitation is a critical component of international trade and has become a significant driver to economic growth.
- Single Window is a positive step forward; however, it still leaves many of the same border issues unresolved.
- The “ABC” model connects the dots on many of the new customs programs and provides a highly efficient and compliant clearance process.

“ABC” Clearance Model

The Basics

- The “ABC” model replaces the current clearance processes being used by most countries around the world.
- The foundation of the “ABC” model is based on a strong security program, supported by an intensive pre-certification of the entities, the commodities and the supply chain.
- Companies volunteer to participate based on their willingness to meet the pre-certification requirements.
- Border agencies have to cooperate.
- The “ABC” model would not apply to occasional or one-time traders.

“ABC” Clearance Model

Requirements for Participation

- To qualify for acceptance in the program, a company must agree to participate in an individual country’s requirements, including:
 - Supply chain security program based on the WCO SAFE Framework of Standards, e.g. Authorized Economic Operator (AEO).
 - Self Assessment and Compliance Programs, e.g. authorized trader.
 - Electronic filing of all relevant border clearance information.

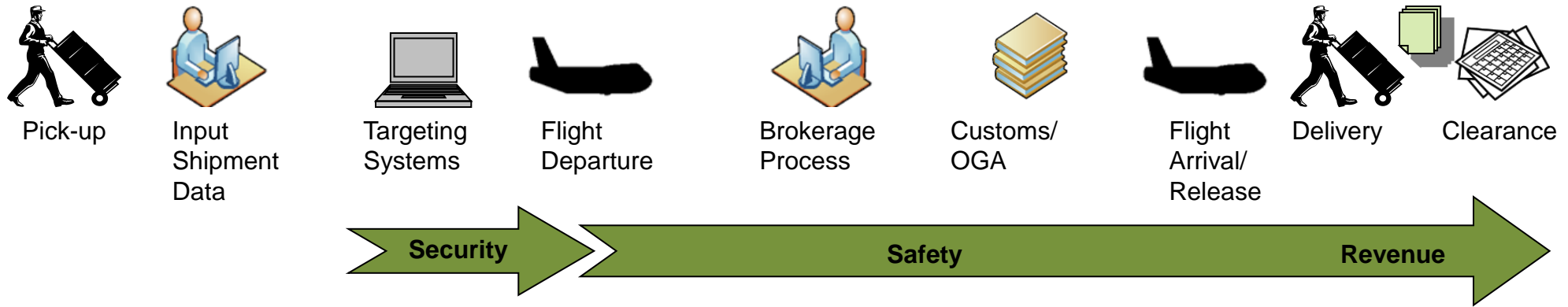
“ABC” Clearance Model

How It Works

- Security programs (AEO, ACAS) are combined with facilitation programs (authorized trader, deferred payment).
- Transactional controls for safety and revenue are replaced by pre-certification of entities and commodities and by account-based controls. Intel-based interventions remain.
- **1. Step:** Pre-loading filing for security risk assessment, immediate release upon arrival and accounting for the goods in the company's records.
- **2. Step:** Duties and taxes are self-assessed and paid periodically alongside with a periodic declaration summarizing all entries of the given period.

“ABC” Clearance Model

Phased Approach to Simplification of Clearance Process



| | 1 | 2 | 3 | 4 |
|---|--|--|--|--|
| Current Model 4 Steps | Security filing, e.g. ACAS | Pre-Arrival Entry Other Government | (Transactional) Agencies (OGA) Releases | Release and Clearance Payment 10 days |
| Single Window 3 Steps | Security filing, e.g. ACAS | Pre-Arrival Single Window processing - Other Government Agencies - Transactional Process | | Release and Clearance Payment 10 days |
| “ABC” 2 Steps Advance Processing and Account Based Controls | Security filing, e.g. ACAS Authorized Trader Certification Local clearance | | | Period Entry / Deferred payment |

“ABC” Clearance Model

Benefits

- Provides balanced focus on both security and trade facilitation
- Helps with border agency efficiencies and staffing
- Government agencies can focus on higher risk shipments
- Reduces bottlenecks and the number of shipments held at borders
- Provides tangible benefits and incentives for companies to participate
- Improves compliance due to reduced post entry activities
- Importers and service providers take on more responsibility
- Helps facilitate compliance with consumer protection enforcement such as Intellectual Property Rights (IPR)
- Reducing the number of steps reduces the potential for corruption
- Promotes exchange of best practices between government and trade
- Enables border agency contributions to economic growth



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