



AEO and Customs Compliance Programmes: An Overview



Customs Business Partnership

- Win -Win -



Customs

- Improved trade security
- Trade efficiency
- Effective enforcement
- Effective use of limited resources

Business

- Prompt customs clearance
- Lower transaction cost
- Transparency and predictability of procedures
- More business opportunity

Partnership

Government

- Economic and Social development

General Annex (GA)-RKC



1: General Principles

(e.g., **partnership with the trade**)

2: Definitions

3: Clearance and other Customs formalities

(e.g. Juxtaposed posts, standardized and simplified documents, pre-arrival processing, **authorized persons**, border agencies coordination)

4: Duties and Taxes

(e.g., de-minimis, deferred payment)

5: Security

6: Customs control

(e.g., risk management, audit-based controls, **co-operation with the trade**)

7: Application of IT

8: Relationship between the Customs and third parties

(e.g., Customs brokers)

9: Information, decisions and rulings supplied by the Customs

(e.g., Publication of information, advance rulings)

10: Appeals in Customs matters



Authorized Person - the RKC (GA 3.32) -

➤ Eligibility Criteria includes:

- An appropriate record of compliance with Customs requirements, and
- A satisfactory system of managing commercial records.

➤ Benefits:

- Release of goods on minimum necessary information,
- Clearance at the declarant's premises or another place authorized by the Customs,
- Single declaration for all imports/exports over a period,
- Self assessment of duty and tax on the basis of commercial records,
- Goods declaration by means of an entry in the records of the AP followed by a supplementary Goods declaration.

Authorized Economic Operator (AEO) – the SAFE FoS

➤ Eligibility criteria:

- demonstrated compliance record,
- satisfactory system for the management of commercial records,
- financial viability, and
- security concerning cargo, transport conveyances, premises, personnel and trade partners.

➤ Benefits:

- benefit of entire government/country,
Customs and Business

Government

- Improved revenue collection
 - More FDI
 - Coordinated Border Management
- > Economic development

Customs

- Efficient allocation of resources
- Streamlining requirements
- Driving Customs reform and modernization



Business

- reduced data sets for cargo release
- expedited processing and release
- minimum cargo security inspections
- reduction of/exemption from bank guarantees
- priority inspection
- reduction of theft and damage
- improved internal efficiency
- benefits from other countries – MRAs
- enhanced competitiveness and reputation

AEO Map 2014

(AEO Compendium 2014)



-  Countries with existing AEO programmes
-  Countries with AEO programmes to be launched

Programmes	Numbers
Operational AEO programmes	58
AEO programmes to be launched	12
Customs compliance programmes	13
Total	83

Authorized Operators

Article 7.7 of the WTO TFA - Broad features -

- Additional trade facilitation measures to 'Authorized Operators'
- **Specified criteria** may include:
 - an appropriate record of compliance with customs and other related laws and regulations;
 - a system of managing records to allow for necessary internal controls;
 - financial solvency, including, where appropriate, provision of a sufficient security or guarantee; and
 - supply chain security.
- No criteria mandatory,
- No arbitrary or unjustifiable discrimination,
- No restriction to SMEs.



Trade Facilitation Measures

- Authorized Operators -

- **At least three benefits** of the following:
 - low documentary and data requirements,
 - low rate of physical inspections and examinations,
 - rapid release time,
 - deferred payment of duties, taxes, fees and charges,
 - use of comprehensive guarantees or reduced guarantees,
 - a single customs declaration for all imports or exports in a given period, and
 - clearance of goods at the premises of the authorized operator or another place authorized by Customs.

Comparison of AO, AP and AEO



	Authorized Operator	Authorized Person	AEO (SAFE FoS)
Program character	Business Partnership Program (should be developed together with business !)		
Base document	The WTO TFA - Article 7.7	The RKC - GA 3.32	The SAFE FoS (Customs to Business Pillar 2-Annex III)
Primary objective of the program	Trade Facilitation	Trade Facilitation (Simplification)	Supply Chain Security
Major requirements	<ul style="list-style-type: none"> • Good compliance record; • Commercial record management; • Financial solvency, including; and • supply chain security. <p>(none of them mandatory)</p>	Compliance requirements <ul style="list-style-type: none"> • Good compliance record • Commercial record management 	Compliance requirements+ Security requirements <ul style="list-style-type: none"> • Premises security • Employee security • Cargo security etc
Benefits	<ul style="list-style-type: none"> • Clearance with info and reduced examination • Deferred payment of duties/taxes • Clearance at traders' premises , etc 	<ul style="list-style-type: none"> • Clearance with minimum info • Clearance at traders' premises etc 	<ul style="list-style-type: none"> • Reduced examination • Customs consultation point • Priority examination • Mutual Recognition, etc
coverage	Importer/Exporter	Importer/Exporter	Importer/exporter, transporter, customs broker, consolidator etc.



Analysis

- Benefits for AOs in the WTO TFA - similar to RKC and SAFE AEO
- Focus in AO is on trade compliance and supply chain security may be one of the component, while AEO must always comply with a range of security standards
- Specified criteria not mandatory- varied models of the scheme.
- The Authorized Operator (AO) could be an:
 - Authorized Person (AP) and/or
 - Authorized Economic Operator (AEO)
- SAFE AEO is more comprehensive
 - A more standardized and structured approach
 - A much wider dimension
 - Seamless Mutual Recognition Agreements



Analysis

- Para 7.5 of the Article 7.7 of the TFA foresees the possibility of negotiating mutual recognition of authorized operator schemes
- Challenge to have a common approach for MRA due to varied models of AO.
- Para 7.4 of the Article 7.7 of the TFA– use of international standards.
- If a Member successfully implements SAFE AEO, it complies with WTO TFA AO



Challenges

- Identifying tangible benefits
- Making fast clearance even faster
- Security validation - Customs officers are not trained
- Cultural shift from our traditional Customs control mindset to one of trust
- Adapting current processes and systems to meet the requirements of a Customs Compliance/AEO Programme
- Migration from compliance and facilitation programme to security and facilitation programme
- Engaging business and making them understand value proposition
- Necessary changes in law/regulations
- Involving all economic actors in the supply chain especially SMEs

WCO supports Members

- WCO Standards fully supports WTO TFA AO-
- The RKC and its guidelines and
- The SAFE FoS and SAFE Package.
- WCO Implementation Guidance for WTO TFA

<http://www.wcoomd.org/en/topics/wco-implementing-the-wto-atf/atf.aspx>



Implementation Guidance

The World Customs Organization (WCO), an intergovernmental organization specially mentioned in the Doha Ministerial Declarations, is highlighting its role in the implementation and administration of the WTO Agreement on Trade Facilitation (ATF). The WCO, the centre of excellence on Customs matters world wide, is committed to the efficient implementation of the ATF.

Select an article below to view more information

TRADE FACILITATION
WCO IMPLEMENTING WTO ATF

Search articles: _____

Article 1 Publication and availability of information	Article 2 Opportunity to comment information before entry into force and consultation	Article 3 Advance rulings
Article 4 Appeal or review procedures	Article 5 Other measures to enhance impartiality, non-discrimination and transparency	Article 6 Disciplines on fees and charges imposed on or in connection with importation and exportation
Article 7 Release and clearance of goods	Article 8 Border agency cooperation	Article 9 Movement of goods under customs control intended for import
Article 10 Formalities connected with importation and exportation and transit	Article 11 Freedom of transit	Article 12 Customs cooperation

Browse Articles ▶

Release and clearance of goods

- 1 Pre-arrival Processing
- 2 Electronic Payment
- 3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges
- 4 Risk Management
- 5 Post-clearance Audit
- 6 Establishment and Publication of Average Release Times
- 7 Trade Facilitation Measures for Authorized Operators
- 8 Expedited Shipments
- 9 Perishable Goods

OVERVIEW

WTO ATF

REVISED KYOTO CONVENTION

OTHER WCO TOOLS

SAFE Framework of Standards (download)
The SAFE Framework principally incorporated into its text on the conditions and requirements for Customs and Authorized Operators (AEO), initially developed in a separate document was driven by the perception that both Customs and its business would benefit from having all SAFE and AEO provisions in a single comprehensive instrument.

SAFE Package
The Package includes various tools relating to AEO including Implementation Guidance, the AEO Compendium and Model Procedures.

- AEO Implementation Guidance (download)
- AEO Compendium (download)
- Model AEO Appeal Procedures (download)
- AEO Benefits: Contribution from the WCO Private Sector (download)
- The Authorized Economic Operator and the Small and Medium Enterprise (FAQ) (download)
- Mutual Recognition Arrangement/Agreement Guidelines
- AEO Template (download)

MEMBERS PRACTICES

PERFORMANCE INDICATORS

- Revised Kyoto Convention
- SAFE Framework of Standards
- AEO Implementation Guidance
- AEO Compendium
- Model AEO Appeal Procedures
- AEO Benefits: Contribution from the WCO Private Sector Consultative Group
- The Authorized Economic Operator and the Small and Medium sized Enterprise (FAQ)
- Mutual Recognition Arrangement/Agreement Guidelines
- AEO Template

WCO supports Members

- Further development of tools which support AEO implementation
 - Customs-Business Partnership Guidance
 - AEO Validation Guidance and Training Material
- Mercator Programme





Conclusion

- Examples of Members whose Customs Compliance Programmes are developed to AEO programmes
- Global trend that more and more Members consider AEO and Customs Compliance Programmes for benefit of entire government/country, Customs and Business
- Standardised approach to pave the way for maximising benefit of the entire supply chain
- AO could be a stepping stone for implementation of full fledged AEO
- WCO's full support to its Members



Thank you for your attention.

Harumi Chikada
Regional Development Manager for Asia/Pacific
Capacity Building Directorate
World Customs Organization

Email: harumi.chikada@wcoomd.org