

AUTHORIZED ECONOMIC OPERATORS

Security and the WCO SAFE
Framework of Standards

World Customs Organization,
Brussels

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THREE AEO COMPONENTS

- I. Conditions, Requirements, Benefits;
- II. Validation and Authorization;
- III. Mutual Recognition

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GUIDING PRINCIPLES

- Core International Standards to Strengthen Global Supply Chain Security form a Baseline for Participation;
- Standards May be Supplemented Nationally;
- Clear & Tangible Benefits a Necessity;
- Implementation of Mutual Recognition Programs Requires a Phased Approach;

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THE MANDATE FROM "SAFE"

"The Customs administration, together with representatives from the trade community, will design validation processes or quality accreditation [authorization] procedures that offer incentives to businesses through their status as Authorized Economic Operators."

(SAFE, Pillar 2, Standard 3)

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DEFINITIONS


- Authorized Economic Operator (AEO);
- Shipment or Transport Conveyance;
- Third Party Validator;
- Authorization;
- Phased Approach;
- Validation.

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Authorized Economic Operators


- The concept of an "Authorized Economic Operator" (AEO) is defined in the Framework
- An AEO is a party that takes extraordinary measures to assist Customs administrations in carrying out their security-related mandates

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Authorized Economic Operators (II)

- An AEO is to be provided with facilitation benefits that are tangible, reportable and measurable
- Customs should facilitate those benefits at the international level through the ultimate "mutual recognition" of other partnership programs




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Objectives of the AEO Approach

- Establish "baseline" security standards to promote certainty and predictability at a global level
- Create optimal setting for "mutual recognition" by ensuring that key security-focused standards are integrated
- Provide a flexible platform for differing AEO business models by avoiding overly prescriptive/detailed standards




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AEO Technical Guidance

- The SAFE "Authorized Economic Operator" (AEO) guidance was adopted by the WCO Council in June
- Designed to standardize the security-related requirements for those seeking AEO status and applicable benefits




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AEO Technical Guidance

- Divided into components that address the security standards for specific elements of the supply chain, the need for tangible benefits to be offered, and a focus on mutual recognition




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I. CONDITIONS & REQUIREMENTS: CUSTOMS AND THE AEO

First of the Three AEO Document Components:

- Thirteen Detailed Requirements Sections (Lettered A-M);
- Section Listing Benefits to the AEO.




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DETAILED REQUIREMENTS

Demonstrated Compliance with Customs Requirements

Satisfactory System for Management of Commercial Records



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DETAILED REQUIREMENTS


Financial Viability

Consultation, Cooperation and Communication

Education, Training and Awareness



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DETAILED REQUIREMENTS


Confidentiality

Cargo Security

Conveyance Security



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DETAILED REQUIREMENTS


Premises Security

Personnel Security

Trading Partner Security




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DETAILED REQUIREMENTS

Crisis Management and Incident Recovery

Measurement, Analysis and Improvement




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DETAILED REQUIREMENTS

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BENEFITS TO THE AEO

- Benefits to an AEO are Additional to those Given to Others in the Trade Community. Normal Services and Benefits are not Withdrawn from Non-AEO Traders;
- AEO Benefits are Specific and Tangible and are Grouped in Four Categories Listed (A-D);
- The Benefits List is Indicative and May Be Supplemented at a National Level.




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AEO BENEFITS, GROUP "A"

**Measures to Expedite Cargo Release,
Reduce Transit Time and Lower
Storage Costs**




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AEO BENEFITS, GROUP "B"

**Providing Access to Information of Value
to AEO Participants**




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AEO BENEFITS, GROUP "C"

**Special Measures Relating to Periods of
Trade Disruption or Elevated Threat**




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AEO BENEFITS, GROUP "D"

**First Consideration for Participation in
Any New Cargo Processing Programs**




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**II. VALIDATION AND
AUTHORIZATION**

**The Second of the Three AEO Document
Components:**

- Provides Discussion Regarding Application for and Authorization of AEO Status;
- Contains General Information on the Process of Validating AEO Qualifications;
- Discusses the Need for Communication and Review Concerning Levels of AEO Compliance;
- Provides a Process Outline for AEO and Customs Use in Validation and Authorization Activities;




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**DESIGN AND IMPLEMENTATION
OF VALIDATION PROCEDURES**

- WCO Document Offers Guidance Only;
- Design Obligation Lies with Members;
- Procedures Should Conform to SAFE;
- Incentive Based Benefits to be Included;
- Risk Rating Tied to Supply Chain Role;



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APPLICATION AND AUTHORIZATION

- SAFE Standards to be Incorporated into AEO Practices and Procedures;
- AEO Must Have Self-Assessment Process and Manager;
- Authorization Granted by National Customs, not by WCO;

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VALIDATION PROCEDURE

- A 3rd Party Validator may be used for Assessment;
- Customs, not the 3rd Party, Authorizes an AEO;
- AEO May Request Processing by Customs;
- All Information is Confidential.

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REVIEW AND MAINTENANCE

- Joint Customs and AEO Reviews to Maintain and/or Enhance Compliance Levels;
- Customs May Require Periodic Reports of Required Information from an AEO;
- Customs Members May Hold Regular Seminars to Discuss Common Problems and Share Best AEO Practices

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FUTURE DEVELOPMENTS

Standardized AEO Accreditation Provides a Platform for Mutual Recognition of AEO Status at Bilateral, Sub-Regional, Regional and Global Levels.

AEO's Realize Same Benefits, Improved Predictability and Enhanced Efficiency in all Countries Applying those same Standards.

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VALIDATION AND AUTHORIZATION ANNEX

- Provides an Authorization Process Outline for the Prospective AEO;
- Lists Indicative Authorization Criteria to Become an AEO for Use by Customs;
- AEO Must First Meet all SAFE Criteria;
- Authorization Valid Unless Revoked, Withdrawn or Suspended;
- Customs Members May Adjust Process nationally


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III. MUTUAL RECOGNITION

Third AEO Document Component:

- Recognition that Mutual Recognition will Evolve Over Time (Phase-In Approach);
- Mutual Recognition Relates to SAFE Under:
 1. Pillar 2, Std. 3, Authorization;
 2. Pillar 1, Std. 6, Advance Electronic Information;
 3. Pillar 1, Std. 7, Targeting & Communication

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THE TWO SIDES OF THE MUTUAL RECOGNITION COIN

- Customs Recognizing AEO Authorizations Granted by Other Customs Members;
- Customs Recognizing and Relying Upon Security and Control Regimes Employed by Other Customs Members

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AND FINALLY !

A Summary of the Essential AEO Concepts

- Implementation Key: Capacity Building;
- AEO & SAFE Key: Mutual Recognition;
- SAFE Cornerstone: Global Standards;
- Sustaining Factor: Partnership

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THANK-YOU

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