

Implementing Article 7.7 Authorized Operators AEOs



CAREC Subregional Workshop
on Customs-Related Provisions
of WTO TFA





**What is the difference between
WTO TFA Article 7.7: Authorized
Operator, Authorized Person
and
AEO?**





WTO TFA

AUTHORIZED OPERATORS

Section I

- Art.1 Publication and availability of information
- Art.2 Consultations
- Art.3 Advance ruling
- Art.4 Appeal/Review procedures
- Art.5 Other measures for transparency etc.
- Art.6 Fee, Charges and penalty
- Art.7 Release and Clearance of goods
- Art.8 Border Agency Cooperation
- Art.9 Movement of goods intended for import
- Art.10 Formalities
- Art.11 Transit
- Art.12 Customs cooperation

TRADE
FACILITATION

WCO IMPLEMENTING
WTO TFA





Authorized Operators

Article 7.7 of the WTO TFA

Broad features

- 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 mandatory criteria**
- No arbitrary or unjustifiable discrimination





Who is Targeted?

AO

Operators without any definition and specific conditions





Who is Targeted?

AEO

ALL STAKEHOLDERS INVOLVED IN THE SUPPLY CHAIN



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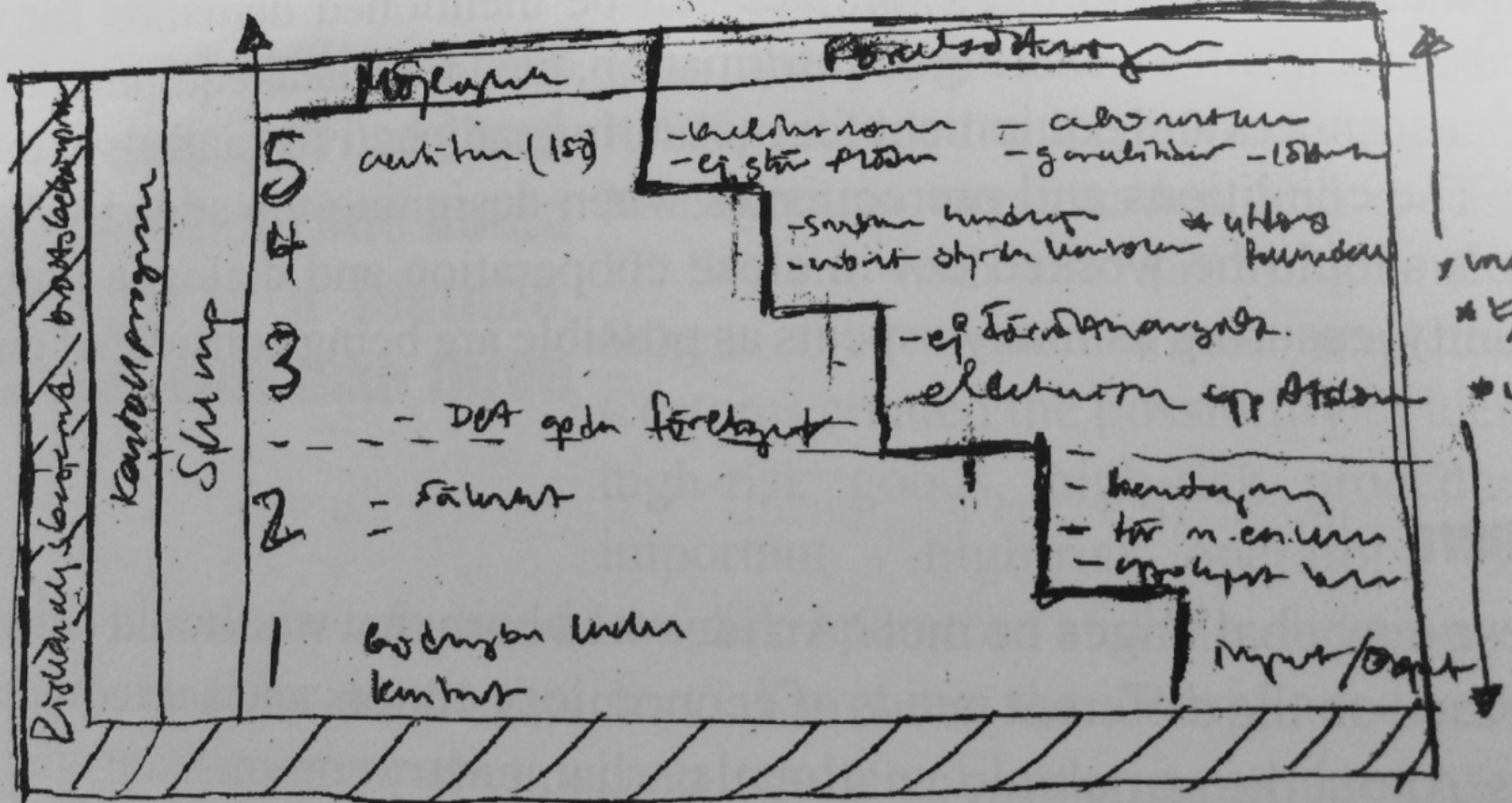
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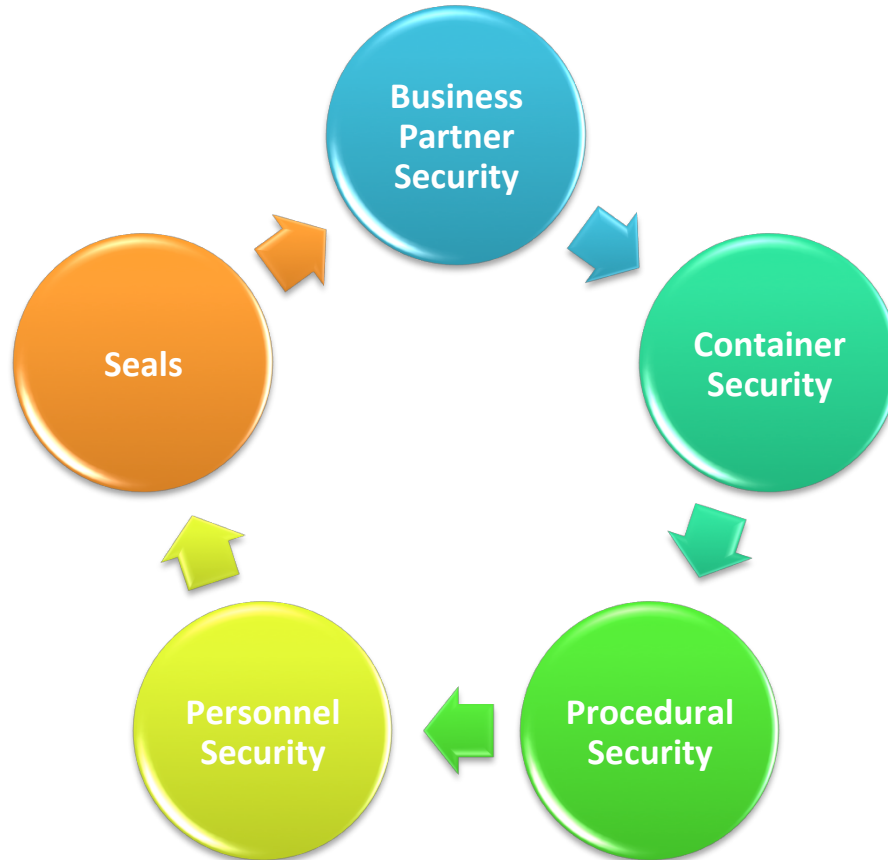


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Import →



Key Areas of Focus





AEO Requirements

Eligibility criteria (SAFE FoS, Annex IV):

- Demonstrated Compliance with Customs Requirements,
- Satisfactory System for Management of Commercial Records,
- Financial Viability, and
- Consultation, Co-operation and Communication
- Education, Training and Awareness
- Information Exchange, Access and Confidentiality
- Security (cargo, conveyances, premises, personnel and trade partners),
- Crisis Management and Incident Recovery
- Measurement, Analysis and Improvement





Analysis

- Focus on **AO** is on trade compliance
 - supply chain security may be one component

- Focus on **AEO** is compliance with a range of security standards

- The “Authorized Operator (AO)” could be an:
 - ***Authorized Person*** pursuant to the Revised Kyoto Convention
and/or
 - ***Authorized Economic Operator (AEO)***





Analysis

- SAFE AEO is more prescriptive
 - standardized and structured approach
 - broad target group
 - Mutual Recognition Agreements ambition
- If a Member successfully implements SAFE AEO, do they comply with WTO TFA AO?
- AO is certainly a step towards AEO





Authorized Operators

- At least three **BENEFITS** from 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.





AEO

Typical **BENEFITS**

- Reduction of number of controls and time needed for clearance
- Direct benefits from other countries in case of MRA
- Certification/logo as reliable, predictable and consistent partner





Implementing an AEO programme

- Import or Export programme?
- → cost-benefit analysis: benefits and resource implications for
 - government
 - customs
 - business





Implementing an AEO programme

- ensure high-level commitment - role of the Director General
- establish a Working Group
- develop a vision and strategy
- develop infrastructure
- develop pilot project





GOVERNMENT STEPS

1. Preface and Analysis
2. Strategic Planning
3. Pilot Execution
4. Monitoring and Evaluation
5. Enlargement
6. Implement Pilot
7. Further Pilots
8. Implement all pilots
9. Completions Programme





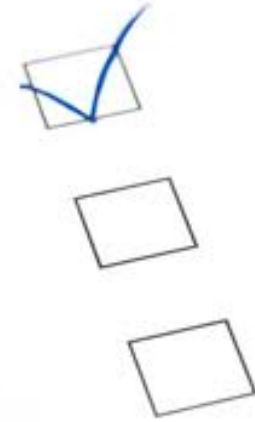
BUSINESS STEPS

APPLICATION

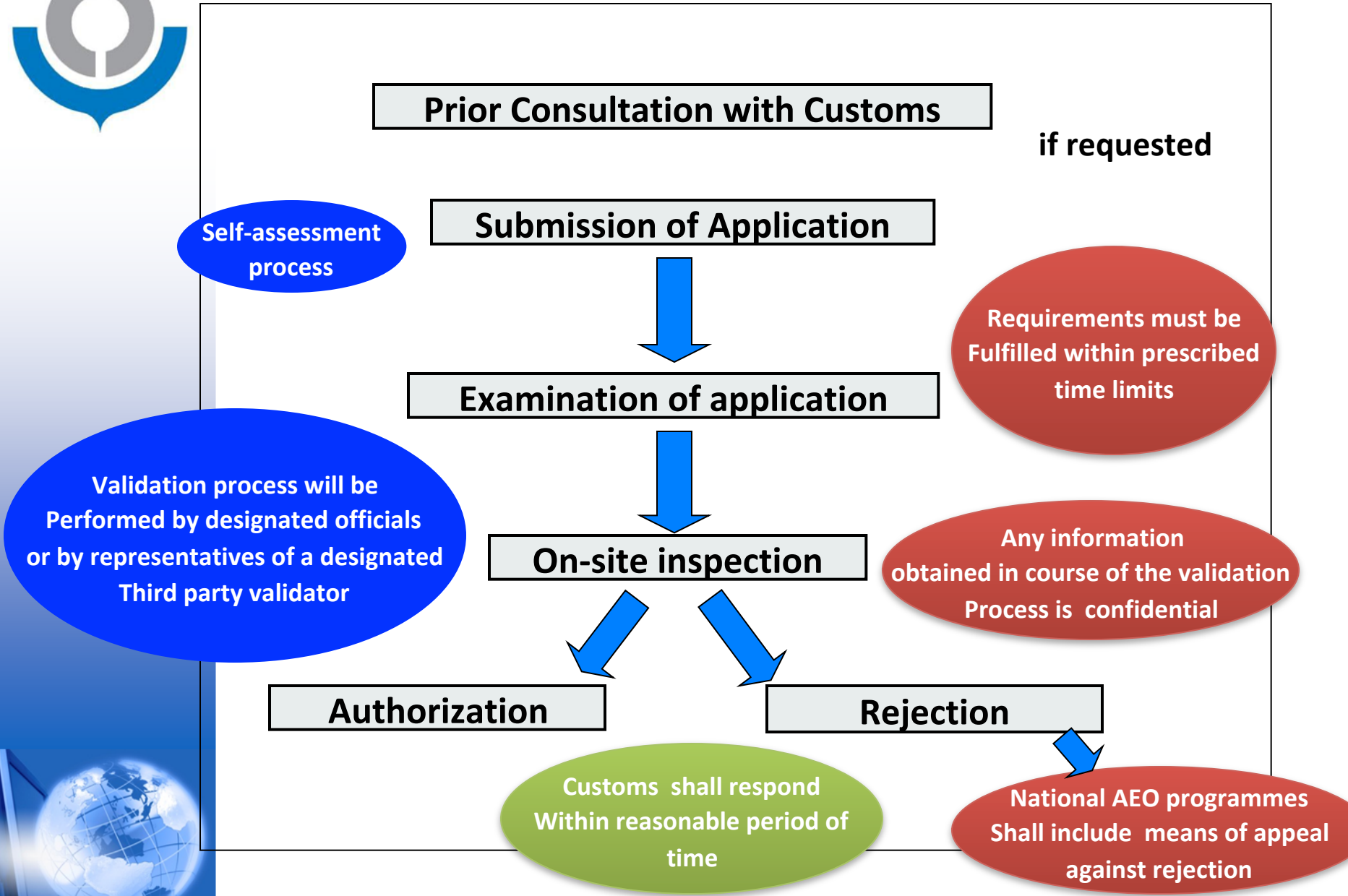
MEET AEO REQUIREMENTS?

AEO VALIDATION PROCEDURE

FOLLOW UP VISITS (Monitoring and Re-validation)



AEO Validation Process





Mutual Recognition

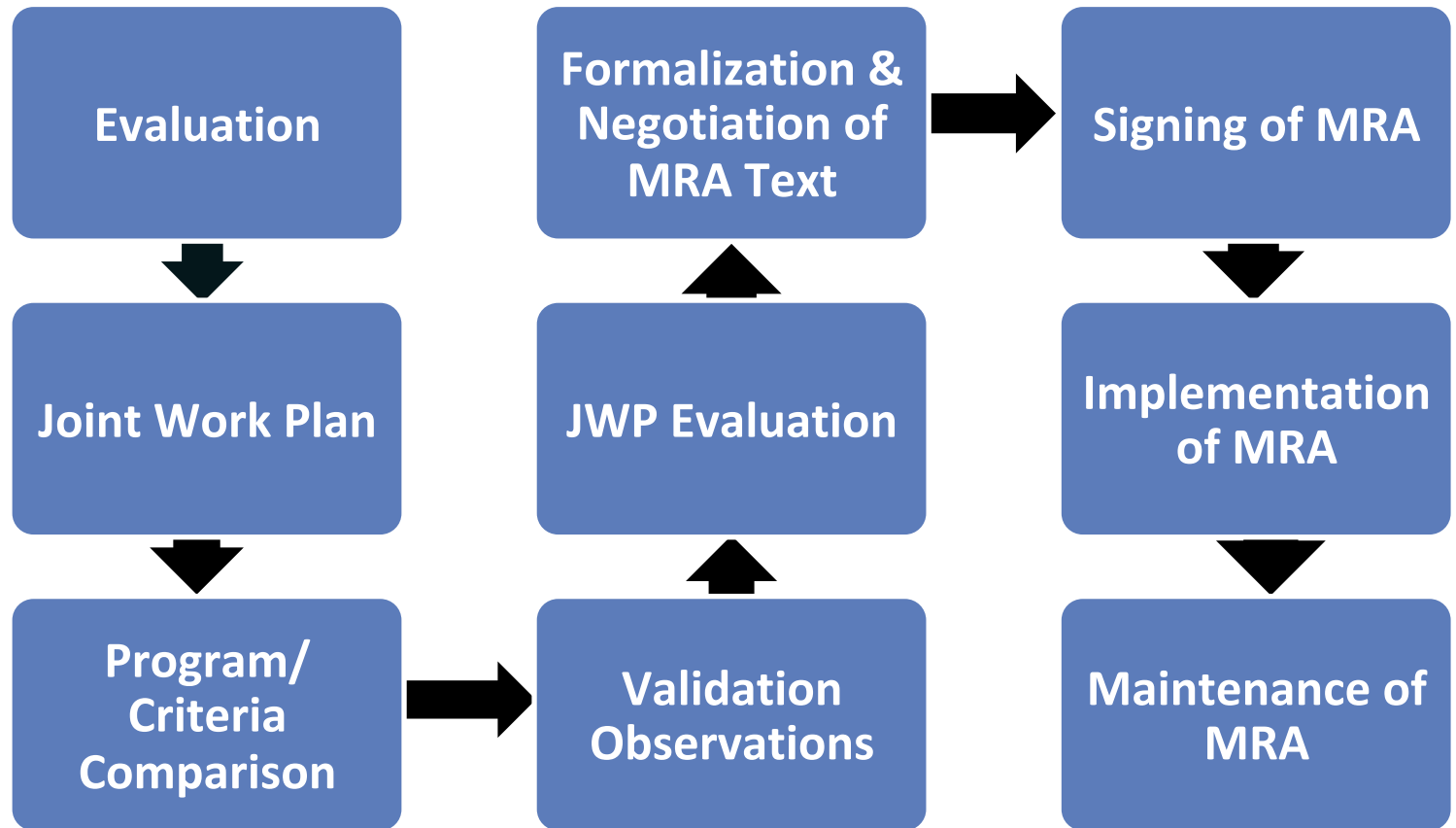
- MR means that the security requirements/standards of the industry partnership program, as well as its verification procedures, are the same or compatible with those of the potential MR partner.
- **MR is a long term goal**
- Customs, AEO Programs & Trade Community must realize the time, effort and resources that goes into achieving MR.





Mutual Recognition

MRA Process





PSCG & WTO Trade Facilitation Agreement

- PSCG is encouraged by the review of the WCO instruments to ensure alignment with and support of the TFA implementation
- The proper implementation of RKC is necessary for the effective implementation of TFA
 - ❖ Getting beyond the checklist on RKC
- “Whole of government” approach and commitment
- Input from the private sector as recommended in the WCO Customs Business Partnership Guidance
- It is important for customs to play a key role in the TFA implementation in close cooperation with other border agencies





PSCG: Values Relating To AEO Programs

- Committed to widespread, harmonized implementation of national AEO programs, and mutual recognition
- AEO programs must be voluntary, not mandatory
- Endorsed pilot programs and other capacity building initiatives
- AEO benefit must be:
 - ❖ Tangible,
 - ❖ Clearly defined
 - ❖ Measurable and reportable, and
 - ❖ In addition to normal levels of service provided to non-AEOs





AO/AEO are both about Customs-to-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





Thank you

