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WCO Framework of Standards: Authorized Economic Operator (AEO) in the World

Carsten Weerth*

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The Authorized Economic Operator (AEO) status has been introduced by the World Customs Organization (WCO) and its Framework of Standards to Secure and Facilitate Global Trade (SAFE) in order to combat terrorism in trade. This article shows the distribution of the AEO programmes in the world.

1. INTRODUCTION: AUTHORIZED ECONOMIC OPERATOR (AEO) STATUS

The World Customs Organization (WCO) adopted its Resolution on the Framework of Standards to Secure and Facilitate Global Trade (SAFE).¹ The overall aim of the SAFE programme is to create a secure supply chain and to prevent terrorists to utilize the trade in goods to attack harbours and airports. The Authorized Economic Operator (AEO) status has been introduced by the WCO with the SAFE initiative to combat terrorism in trade. One hundred sixty-three out of 177 WCO Member States have expressed their intention to implement the WCO Framework of Standards (August 2010).² The WCO is now also publishing research papers,³ one of which is focusing on the implementation of the SAFE programme.⁴ That is very helpful for independent research, because many details about AEO/compliance programmes are only available to the WCO itself.

2. PROGRAMMES IN ACTION

The United States had introduced its Customs-Trade Partnership in Fight against Terrorism (C-TPAT) rather soon after 9/11 in November 2001. Other programmes are in action, for example, in Canada (Partnership in Peace (PIP) and Fast and Secure Trade (FAST)), Japan (AEO),⁵ New Zealand (Secure Exports Scheme (SES)), and Singapore (Secure Trade Partnership (STP))⁶. The EU has introduced the AEO in 2008.⁷ For a detailed overview, see the WCO AEO Compendium.⁸

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3. PROGRAMMES UNDER CONSTRUCTION

Some countries are planning to introduce AEO programmes soon (see Table 2).

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Notes

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1 See WCO, Resolution of the Customs Co-operation Council on Resolution on the Framework of Standards to Secure and Facilitate Global Trade (SAFE) (2006), <www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/FS_Secure_FGT_062006.pdf>, 13 Mar. 2011.

2 See WCO, Authorized Economic Operator (AEO) Compendium (2010a), <www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Procedures%20and%20Facilitation/safe_package/safe_package_IV.pdf>, 13 Mar. 2011; WCO, List of Members Who Have Expressed Their Intention to Implement the WCO Framework of Standards (August 2010b), <www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/FOS_bil_04.pdf>, 13 Mar. 2011.

3 See WCO, WCO Research Paper Series (2011), <www.wcoomd.org/home_research_researchseries.htm>, 13 Mar. 2011.

4 See M. Polner, 'Compendium of the Authorized Economic Operator (AEO) Programmes', WCO Research Paper Series No. 8 (July 2010).

5 See Y. Aoyama, 'Perspective of Customs in the 21st Century: From the Experiences of Japan Customs', *World Customs Journal* 2, no. 1 (2008): 95–100.

6 See Supply Chain Security Branch of Singapore Customs, 'Singapore's Supply Chain Security Program', *World Customs Journal* 1, no. 2 (2007): 71–73.

7 See Polner.

8 See WCO, 2010a and Polner.

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Table 1: List of AEO Programmes in Action, Compiled with the WCO AEO Compendium⁹

WCO Region/Countries	Number of Countries per Region/Details of AEO Programme
North Africa, Near and Middle East	1
Jordan (08/2005)	Golden List, no known number
West and Central Africa	0
East and Southern Africa	0
South America, North America, Central America and the Caribbean	3
Argentina (2006)	Customs system on reliable operators, SAOC, five approved
Canada (1995, 2002, 2008)	Partners in Protection (PIP), 1,447 PIP; Free and Secure Trade (FAST), fifty-eight FAST importers, 674 FAST carriers
United States (11/2001)	Customs-Trade Partnership against Terrorism (C-TPAT), 9,806 C-TPAT
Europe	3
EU-27 (01/01/2008)	AEO, 4,156 AEO ¹⁰
Norway (03/03/2009)	AEO, twelve AEO ¹¹
Switzerland (01/01/2010)	AEO, four AEO pilots
Asia and Pacific	6
China (01/04/2008)	Classified Management of Enterprises, 1,577 AEO
Japan (01/03/2001)	AEO, 396 AEO
Republic of Korea (15/04/2009)	AEO, forty-one AEO
Malaysia (01/01/2010)	AEO, thirty-nine applications
New Zealand (2004)	Secure Export Schemes (SES), 122 SES
Singapore (25/05/2007)	Secure Trade Partnership (STP/STP+), thirty STP, ¹² twenty-nine STP+ ¹³

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Table 2: List of AEO Programmes under Construction, to Be Launched Soon¹⁴

Countries/Region	Details of AEO/Compliance Programme
Andorra (2011?), Europe	AEO, Import/Export, mutual recognition with EU ¹⁵
Botswana (2010?), Africa	AEO, Import/Export, Trans Kalahari Accreditation Scheme
Brazil (2009), Americas	Import/Export/Transit, Blue Line, fifteen members in 2009
Chile (01/08/2009), Americas	AEO, Export only
Colombia, Americas	AEO, Export only, no further information available
Costa Rica, Americas	AEO, Export only, no further information available
El Salvador (2008), Americas	PACE, Customs Programme on Business Compliance, thirty-seven PACE holders
Guatemala, Americas	AEO, Import/Export, no further information available
Macedonia (01/07/2009), Europe	AEO, Import/Export
Indonesia (2003), Asia	Import, MITA (Mitra utama, facilitation service for priority importers)

Notes

9 See WCO, 2010a, as updated by Polner.

10 See C. Weerth, 'Drei Jahre Zugelassener Wirtschaftsbeteiligter (AEO)', AW-Prax 16, no. 2 (2011a): 51–54.

11 See C. Weerth, 'Authorized Economic Operator (AEO) in Norway and Switzerland', GTCJ 6 (2011b), in print.

12 See Singapore Customs, <www.customs.gov.sg/NR/rdonlyres/FD6DC2C2-C0A4-4B1B-8355-D376A2D0A36E/27671/ListofSTPCompaniesof7Mar2011.pdf>, 13 Mar. 2011.

13 See Singapore Customs, <www.customs.gov.sg/NR/rdonlyres/FD6DC2C2-C0A4-4B1B-8355-D376A2D0A36E/27673/ListofSTPPlusCompaniesat8Mar2011.pdf>, 13 Mar. 2011.

14 See WCO, 2010a, as updated by Polner.

15 OJ EU 2011, No. L 36/1, see C. Weerth, 'AEO-Abkommen Andorra', AW-Prax 16 (2011c), in print.

Countries/Region	Details of AEO/Compliance Programme
Israel (2010?), Middle East	AEO, Import/Export, AEO pilot
Kenya (09/2008)	Compliance programme called AEO, Import/Export
Morocco (2010?), Africa	AEO, Import/Export, AEO
Rwanda (2007/2008), Africa	Gold Card/Pre-clearance facilitation, Import
San Marino, Europe	AEO, Import/Export
Tanzania (07/2009), Africa	Import, Compliant Traders Scheme, fifty-four holders
Thailand (25/01/1999), Asia	Import, Gold Card, 248 holders

4. INTENTION TO IMPLEMENT SAFE

One hundred sixty-three countries have expressed their intention to implement SAFE.¹⁶

5. MUTUAL RECOGNITION OF AEO PROGRAMMES

Many bilateral agreements are aiming at mutual recognition of security standards.

In July 2010, there have been twelve agreements concluded and ten under negotiation.¹⁷ Since then, the EU has concluded the agreements with Japan¹⁸ and Andorra,¹⁹ which means that at least fourteen agreements are concluded in March 2011.

However, the bilateral agreements for 163 states will take years to conclude. Several problems have to be solved in bilateral negotiations, for example,

Table 3: One Hundred Sixty-Three Countries Will Introduce SAFE and AEO Programmes

WCO Region	Number of Countries
North Africa, Near and Middle East	16
West and Central Africa	21
East and Southern Africa	21
South America, North America, Central America and the Carribean	27
Europe	20 + EU-27
Far East, East and Southeast Asia, Australasia, and the Pacific Islands	31
Altogether	163

equivalence of measures, exchange of relevant AEO data, and approach to controls, integrity, and data protection – that approach is rather ‘work intensive’.²⁰ It would be a much easier approach to draft and sign a mutual WCO agreement on recognition of SAFE/AEO standards for all signatory countries.

6. CONCLUSION

One hundred sixty-three WCO members out of 177 have indicated their intention to legally implement SAFE in order to combat terrorism by help of a secure supply chain. However, in the end of 2010, only thirty-nine countries had acting AEO programmes.²¹ However, out of these thirty-nine, there were twenty-seven EU Member States, so that all in all only twelve AEO programmes were working. That means that there is a very long way to go for the completion of a secure supply chain in the future years.

Further ten AEO programmes are under construction, and further seven compliance programmes are either working or being constructed.

The focus of AEO programmes is the Americas, Asia, and Europe. However, many countries in Africa and the Middle East are silently working on their approach to the AEO.

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Notes

16 See WCO, 2010a, 2010b.

17 See Polner.

18 See Weerth, 2010.

19 See Weerth, 2011c.

20 See S. Aigner, ‘Mutual Recognition of Authorised Economic Operators and Security Measures’, *World Customs Journal* 4, no. 1 (2010): 47–54.

21 See WCO, 2010a and Polner.

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