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## AEO Programmes Worldwide: From MRAs to a General AEO Agreement?!

Carsten Weerth\*

*The Authorized Economic Operator (AEO) status is being introduced around the globe in more and more countries in order to combat terrorism by better security measures in World Trade. This paper gives an overview about existing AEO programmes and new AEO programmes which are about to start in 2015. It describes in detail the Mutual Recognition Agreements (MRAs) which have been concluded to date. And it calls for a General AEO Agreement in order to facilitate the AEO acknowledgement by traders and governments alike in many less developed countries of the world.*

### I INTRODUCTION: AEO-STATUS

The AEO-status has been introduced in World Trade by the World Customs Organization (WCO) and its SAFE Framework (Secure and Facilitate Global Trade<sup>1</sup>) as an initiative to combat terrorism.

168 WCO Member States and Taiwan have agreed to introduce the AEO-status,<sup>2</sup> though Australia has opted to comply with the SAFE recommendation but not to introduce the AEO.<sup>3</sup>

The AEO-Status had been introduced in the European Union (EU) in January 2008 with the so-called small Customs Code revision (also Security Amendment),<sup>4</sup> see Article 5a Community Customs Code<sup>5</sup> and Articles 14a–14x CCIP.<sup>6</sup>

Other AEO programmes are in force in the US (C-TPAT), Canada (PIP), Jordan (Golden List), Argentina,

Brazil, Costa Rica, Guatemala, Mexico, Israel, Norway, Switzerland, Turkey, China, Japan, Korea, Malaysia, Singapore, Taiwan and in New Zealand (SES).

The WCO initiative gets new momentum by the proposed WTO Agreement on Trade Facilitation and its paragraph 7 – Australia has started to rethink its position to the AEO-status since this new development.<sup>7</sup>

### 2 NEW AEO PROGRAMMES IN 2015

In 2015, thirteen new countries and Customs Unions are about to start their AEO programmes: Botswana, Chile, Ecuador, El Salvador, Indonesia, Macedonia (FYROM),

#### Notes

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<sup>1</sup> See WCO, 2011a.

<sup>2</sup> See Weerth, *AW-Prax* 2015a.

<sup>3</sup> See Australian Customs Service (2012), Authorized Economic Operator (AEO) – Australian Position.

<sup>4</sup> See Weerth, 2007b (2 GTCJ 10, pp. 359–362).

<sup>5</sup> See Reg. (EC) No. 648/2005, OJ 2005 L 117/13.

<sup>6</sup> See Reg. (EC) No. 1875/2006, OJ 2006 L 360/64; for a detailed analysis see Weerth, 2007a and Weerth, 2007b.

<sup>7</sup> See Widdowson et al., *WCJ* 2014, pp. 17–34.

Serbia, Morocco, Tunisia, Seychelles, East African Union, South African Customs Union (SACU), Uruguay.<sup>8</sup>

### 3 MUTUAL ACKNOWLEDGEMENTS OF AEO PROGRAMMES

Since 2007, thirty-three Mutual Recognition Agreements (MRAs) of AEO Programmes have been signed:

*Table 1 Bilateral MRAs*

<i>Concluded MRAs / Date</i>	<i>Countries</i>
June 2007	New Zealand – USA
May 2008	Japan – New Zealand
June 2008	Canada – USA
June 2008	Jordan – USA
June 2009	Japan – USA
July 2009	EU – Norway
July 2009	EU – Switzerland
June 2010	Canada – Japan
June 2010	Canada – Korea
June 2010	Canada – Singapore
June 2010	EU – Japan
June 2010	Korea – Singapore
June 2010	Korea – USA
January 2011	Andorra – EU
May 2011	Japan – Korea
June 2011	Korea – New Zealand
June 2011	Japan – Singapore
May 2012	EU – USA
June 2012	China – Singapore
November 2012	Taiwan – USA
October 2013	China – Hong Kong
November 2013	India – Hong Kong
December 2013	Israel – Taiwan
February 2014	Hong Kong – Korea
March 2014	EU – Canada (basic agreement)
March 2014	Korea – Mexico
June 2014	Israel – USA
June 2014	Hong Kong – Singapore
July 2014	Taiwan – Singapore
October 2014	USA – Mexico

<i>Concluded MRAs / Date</i>	<i>Countries</i>
December 2014	USA – Singapore
March 2015	Japan – Malaysia

US, 2015, Singapore Customs, 2015, Taiwan Customs, 2014, WCO, 2014, Weerth, 2015a, 2015b & 2015c.

*Table 2 MRAs Currently Being Negotiated*

China – Japan
China – Korea
India – Korea
Israel – Korea
New Zealand – Singapore
Norway – Switzerland
Brazil – USA

Weerth, 2015c.

*Table 3 MRAs and Countries*

MRAs per state, number (#) and under negotiation (n)

<i>State</i>	<i>#</i>	<i>n</i>
US	10	1
Korea	7	3
Singapore	7	1
Japan	7	1
EU	7	0
Canada	5	2
Hong Kong	4	0
China	3	2
New Zealand	3	1
Taiwan*	3	0
Israel	2	1
Mexico	2	0
Switzerland	1	1
Norway	1	1
India	1	1
Jordan	1	0
Malaysia	1	0
Brazil	0	1

\*Taiwan is not a WCO Member State; therefore the WCO is not listing the AEO programme of Taiwan and does not count MRAs of Taiwan (Weerth, 2015a & 2015c)

#### Notes

<sup>8</sup> See WCO, 2014.

Table 4 MRAs That Will Soon Be under Negotiation

Korea – Indonesia
EU – Canada
EU – Korea
EU – New Zealand
EU – Singapore
Japan – Vietnam
Japan – Hong Kong
Hong Kong – Malaysia
Hong Kong – New Zealand
Hong Kong – Taiwan
Hong Kong – Thailand
Rwanda – Other East African Countries (EAC)

Source: Widdowson, 2014.

## 4 CONCLUSION

The WCO has reported more than fifty AEO programmes that are running in 2014.<sup>9</sup> The data is not consistent with the press releases of the WCO and an internet research which has been conducted with the national customs services in question.

It has been shown, that there are actually forty-three AEO programmes running in 2015 of which some are only so called compliance programmes which is compliance and benefits at a lower level from AEO programmes.<sup>10</sup>

168 AEO Member States and Taiwan have agreed to introduce the AEO (while Taiwan is not a WCO member and the WCO does not name any of its MRAs).<sup>11</sup>

33 Mutual Recognition Agreements (MRAs) have been concluded to date (of which the EU-Canada MRA is a basic security agreement and the AEO benefits are still under negotiation) (Table 1).

MRAs have been mostly been concluded by major trade nations of the World (Table 3): USA (10), EU/Japan/Korea (7) and Canada (5).

Smaller trading nations have concluded MRAs when they are major trading partners of the mayor economic powers or typical transit countries: Singapore (7), Hong Kong (4), Taiwan (3), Israel (2) and Mexico (2).

It has been repeatedly argued that common AEO Recognition Agreement within the WCO is more likely to be successful in implementing the mutual recognition of AEO standards in the world.<sup>12</sup>

This is of very much importance for the developing countries and least developed countries in order to include them in the global safe network or web of supply chain security.

But the WCO has not taken this view into consideration, yet.

Possibly a global discussion must be sparked in one way or the other.

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## Notes

<sup>9</sup> See WCO, 2014.

<sup>10</sup> See Weerth, 2015b.

<sup>11</sup> See Weerth, 2015a.

<sup>12</sup> See Weerth, 2014 and Widdowson, JCEBI 2014, pp. 67–77.

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