

# ICC RECOMMENDATIONS ON AUTHORIZED ECONOMIC OPERATORS

## POLICY STATEMENT

Prepared by the ICC Commission on Customs and Trade Facilitation

### Summary

More than 60 Authorized Economic Operator (AEO) programmes are in force globally. However, while there is a significant increase in the number of AEO programmes, their benefits for companies are often not self-evident and the application processes are burdensome. AEO programmes should always lead to tangible benefits and process improvements for companies of all sizes and sectors, without limiting opportunities for non-AEO traders. To this end, ICC puts several recommendations for successful AEO programmes forward in this statement.

## ICC RECOMMENDATIONS ON AUTHORIZED ECONOMIC OPERATORS

The International Chamber of Commerce (ICC), the world business organization speaking with authority on behalf of enterprises from all sectors in every part of the world, supports the full and consistent implementation of Authorized Economic Operators (AEO) and similar programmes provided that they entail clear benefits for businesses.

ICC encourages the World Customs Organization (WCO) and the World Trade Organization (WTO) to consolidate and reconcile in a global standard the various notions of related programmes. In particular, a global standard should combine the “AEO” as defined in the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE), with the “authorized person” as defined in Transitional Standard 3.32 of the WCO Revised Kyoto Convention, and the “Authorized Operator” as defined in Article 7.7 the WTO Trade Facilitation Agreement (TFA).

AEO programmes should be based on the WCO’s SAFE Framework. To maximize trade facilitation and supply chain security, ICC calls upon governments to avoid divergence from this global standard to enhance uniformity and predictability and to increase opportunities for effective bilateral mutual recognition agreements. Mutual recognition agreements can significantly contribute to the success of AEO programmes. However, inconsistent interpretation and a lack of standardized implementation among national AEO programmes can often pose an obstacle in this regard.

ICC strongly believes that AEO programmes must lead to tangible benefits and process improvements to attract participation by companies of all sizes and sectors.

1. ICC recommends that the benefits of accredited AEO status should, at a minimum, include:
  - *Immediate release procedures:* Shipments involving consignor and consignee with AEO status as well as shipments carried and controlled by a transport and logistics service provider with AEO status – for which declaration data has been submitted prior to the arrival and determined to be low-risk – should be released immediately upon arrival by customs and other government agencies.
  - *Self-assessment:* AEOs should be controlled on an account basis rather than on a transactional basis and should be provided the option to self-assess duties and taxes for shipments over a given period, including the possibility of deferred payment of duties and taxes.
  - *Relief from guarantee/bond requirements:* AEOs that have demonstrated financial viability and a high compliance level should be relieved from costly guarantees and/or bond requirements for conducting suspension regimes.
  - *Enforcement priorities:* Governments should adopt a policy of assisted compliance in AEO programmes. The identified gaps in compliance processes should be remedied by increased business-customs collaboration to strengthen security and create greater awareness and participation rather than by immediately leading to penalties.
2. ICC recommends, with reference to Pillar 2 of the WCO SAFE Framework, that business should be closely engaged at all stages of the development and implementation of AEO programmes. Cooperation and coordination with all relevant stakeholders is a prerequisite for the success of AEO programmes that are beneficial to governments and business alike. In this light, ICC would like to share the following perspectives:

- Regardless of AEO programmes, border agencies should strive for the highest level of efficiency possible to reduce trade costs. AEO programmes should accordingly offer benefits beyond what can be offered to all cross-border traders.
  - ICC emphasizes that the benefits awarded to AEOs should not in any way diminish the trade facilitation measures already offered to non-AEO traders: AEO programmes should provide additional benefits. Obtaining AEO status is a burdensome process for companies. Consequently, only a small number of Small and Medium-sized Enterprises (SMEs) worldwide have to date been accredited with AEO-status and, in this context, ICC wishes to highlight the risk of SMEs effectively being excluded from access to global value chains.
  - Joint government-business assessment and evaluation of AEO programmes is desirable to ensure that such programmes continue to remain relevant in an evolving business environment.
3. ICC underlines that chambers of commerce can play an important facilitating role to assist governments in setting up, accrediting and validating AEOs due to their knowledge, expertise and networks with businesses of all sectors, including SMEs.
  4. ICC recommends that AEO status should be acknowledged by all relevant border agencies and thereby provide benefits by facilitating trade and transport with simplifications beyond those within the span of control of customs agencies. Furthermore, to make AEO status more beneficial and attractive for companies, most notably SMEs, AEO status should complement existing schemes and programmes related to customs, aviation, land and maritime security. As such, there should be one AEO certificate covering existing systems.
  5. ICC recommends that countries ensure the capacity necessary to implement an AEO programme effectively and in a comprehensive manner. This should include specialized training of customs authorities and officers or their delegated agents.
  6. ICC recommends that more regional AEO programmes benefit fully from mutual recognition agreements. In the interests of harmonization, countries are encouraged to conduct mutual recognition arrangements with a view to regional and multilateral coherence. A coordinated regional approach towards developing and implementing AEO programmes would create a common understanding among all countries in a given region and facilitate seamless plurilateral mutual recognition. Furthermore, AEO programmes in a customs union should be governed by a single application and validation procedure to attain true mutual recognition. Moreover, within a customs union, a mutual recognition strategy should enable a company with multiple legal entities in various member states of the customs union to file multiple legal entities in one application in any one of the member states. It should be the responsibility of the customs authority where the application is filed to coordinate and obtain the concurrence of its mutual recognition partner countries.<sup>1</sup> In order to encourage greater participation by companies of all sizes, mutual recognition should result in a system similar to the use of a passport for individuals. One application should be recognized in multiple countries – at the least on a regional level.
  7. ICC recommends that AEO programmes be open to all operators<sup>2</sup> in the international supply chain and not only to importers.

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<sup>1</sup> See also “ICC Recommendations on the Administration of the AEO Program in the European Community: Parent-Subsidiary Companies with Common Systems and Procedures” (2010), available at [www.iccwbo.org](http://www.iccwbo.org).

<sup>2</sup> This includes importers, exporters, freight forwarders, shippers and alike.

## The International Chamber of Commerce (ICC)

ICC is the world business organization, whose mission is to promote open trade and investment and help business meet the challenges and opportunities of an increasingly integrated world economy.

With interests spanning every sector of private enterprise, ICC's global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. ICC members work through national committees in their countries to address business concerns and convey ICC views to their respective governments.

ICC conveys international business views and priorities through active engagement with the United Nations, the World Trade Organization, the G20 and other intergovernmental forums.

Close to 3,000 experts drawn from ICC member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

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