

***AUTHORIZED ECONOMIC
OPERATORS (AEOs)
WCO SAFE Framework of Standards***

**AIIS SPRING LOGISTICS AND CUSTOMS
CONFERENCE**

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BACKGROUND

- Part of the WCO SAFE Framework of Standards
- Adopted by WCO Council in 2005
- Vast majority of WCO Members have signaled intention to implement
- AEO Program is part of Global Customs to Business Partnership (WCO version of CTPAT)
- Core International Standards form a Baseline for Participation

AEO PROGRAM COMPONENTS

- Conditions, Requirements, Benefits
- Validation and Authorization
- Mutual Recognition

AEO Basics

- **AEO Defined:**
a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards.
- **AEOs Include:**
manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors.

Conditions and Requirements

- Thirteen requirements sections (A-M)
- International standards, practices and procedures (best practices) developed by the WCO
- Outline requirements to become an authorized AEO
- Contain requirements for both AEOs and Customs Administrations

Demonstrated Compliance (A)

- AEOs must show demonstrated record of compliance with Customs requirements
- No violations within specified period

Management of Commercial Records (B)

- AEOs must have adequate systems to maintain timely, accurate, complete and verifiable records.
- permit Customs to conduct audits
- give Customs full access to necessary records
- have internal records access and control systems
- appropriately maintain and make available any authorizations, powers of attorney and licenses
- properly archive records
- employ adequate information technology security measures

Financial Viability (C)

- Financial viability is an important indicator
- Good financial standing is required

Consultation, Co-operation and Communication (D)

- Establishes measures for both Customs and the AEO
- Intended to foster mutually beneficial working relationships
- AEO should:
 - provide points of contact;
 - engage in mutual exchange of information; and
 - notify Customs of anything unusual, illegal, or suspicious
- Customs should:
 - establish procedures;
 - engage in regular consultation;
 - provide specific feedback; and
 - provide contact information.

Education, Training and Awareness (E)

- **Recognizes the importance of education and training**
- **The AEO should:**
 - educate its personnel and trading partners;
 - provide educational material, expert guidance and appropriate training;
 - keep records; and
 - familiarize and assist Customs
- **Customs should:**
 - educate affected Customs personnel;
 - make educational material and expert guidance available to Customs personnel;
 - conduct training;
 - familiarize AEO with relevant Customs information and processes;
 - assist the AEO in developing and implementing company guidelines, security standards, best practices, training; and
 - assist AEO in recognizing potential threats to security.

Information Exchange, Access and Confidentiality (F)

- Intent of these provisions is to secure information and prevent its misuse or unauthorized alteration
- **Examples of undertakings:**
 - Both AEOs and Customs should ensure the confidentiality of information and work to implement electronic data exchange.
 - AEOs must ensure that information is legible, complete and accurate and protected against the exchange, loss or introduction of erroneous information.
 - AEOs must have documented information security policy and procedures.
 - Customs should promote single window systems and procedures.

Cargo Security (G)

- Seek to Ensure that Cargo Integrity and Access Controls are Maintained at the Highest Levels
- **Examples of undertakings for AEOs:**
 - develop and maintain a security policy manual
 - ensure that they and/or their business partners employ seals that meet or exceed existing ISO Standards
 - ensure that written procedures are developed and utilized for how seals are to be controlled and affixed to loaded containers
 - have procedures for inspecting the structure of the transport conveyances

Conveyance Security (H)

- Intent is that AEOs and Customs will work together to secure and maintain transport conveyances.
- **Examples of undertakings for AEOs:**
 - ensure that all transport conveyances used within its supply chain are capable of being effectively secured
 - require operators to report any actual or suspicious incidents to the AEO and Customs for further investigation
 - notify Customs of any unusual, suspicious or actual breach of transport conveyance security

Premises Security (I)

- Includes enhanced protocols to secure buildings and control and monitor perimeters
- **Examples of undertakings for AEOs:**
 - implement security measures and procedures to secure buildings, as well as, monitor and control exterior and interior perimeters and prohibit unauthorized access to facilities, transport conveyances, loading docks and cargo areas
 - all external and internal windows, gates and fences must be secured with locking devices or alternative access monitoring or control measures
 - gates through which vehicles and/or personnel enter or exit must be manned, monitored or otherwise controlled

Personnel Security (J)

- Deals with Recruitment Matters, Security Checks, and Personnel Procedures.
- **Examples of undertakings for AEOs:**
 - take reasonable precautions when recruiting new staff to verify that they are not previously convicted of security related, Customs or other criminal offences
 - conduct periodic or for cause background checks on employees working in security sensitive positions
 - have procedures in place to identify, record and deal with unauthorized or unidentified persons

Trading Partner Security (K)

- Encourages AEOs to adopt contractual provisions with supply chain partners to raise their security commitment
- **AEO undertakings:**
 - encourage the contracting parties in supply chain to assess and enhance their supply chain security
 - retain documentation to demonstrate efforts to ensure that trading partners are meeting these requirements and make available to Customs upon request
 - review relevant commercial information relating to the other contracting party before entering into contractual relations

Crisis Management and Incident Recovery (L)

- Encourages advance contingency planning for recovery from adverse incidents
- **AEOs and Customs should :**
 - develop and document contingency plans for emergency security situations and for disaster or terrorist incident recovery; and
 - conduct periodic training of employees and testing of emergency contingency plans.

Measurement, Analyses and Improvement (M)

- Seeks to foster consistency, security integrity, and identification of security system improvements
- **AEOs should:**
 - regularly undertake assessments of the security risks in its operations and take appropriate measures to mitigate those risks;
 - establish and conduct regular self-assessments of its security management system;
 - fully document the self-assessment procedure and the responsible parties; and
 - include in the review assessment results, feedback from the designated parties and recommendations for possible enhancements to be incorporated in a plan for the forthcoming period to ensure continued adequacy of the security management system.

Benefits to the Authorized Economic Operators

- Measures to expedite cargo release, reduce transit time and lower storage costs
- Provide access to information of value to AEO participants
- Special measures relating to periods of trade disruption or elevated threat level
- First consideration for participation in any new cargo processing programmes

VALIDATION AND AUTHORIZATION

■ **Application and Authorization:**

- AEOs must commit themselves to an application and authorization process with its national Customs administration
- The conditions and requirements must be fulfilled within prescribed time limits determined by the authorizing Customs administration.

■ **Validation:**

- The security procedures require a validation process to be undertaken by Customs or a third party validator.
- The AEO should still have the option to request validation by the Customs administration directly.

■ **Review and Maintenance:**

- Joint reviews to maintain and enhance compliance levels
- Customs may require periodic reports

Mutual Recognition

- Goal under SAFE Framework
- Customs recognizing AEO authorizations granted by other WCO members
- Will evolve over time