



# WTO Trade Facilitation Agreement

## What is an Authorized Operator?

**3<sup>rd</sup> Global AEO  
Conference**




**WCO | MEXICO**

**2016**

**11 to 13 MAY**



# WTO Trade Facilitation Agreement

- 
- Concluded in Bali in December 2013
  - Will come into force once 2/3 of the Members have accepted it
  - Binding for all WTO Members

## Key benefits

- Simplification, harmonization and modernization of international border procedures
- World Trade Report 2015:
  - Increase global merchandise exports by up to \$1 trillion per annum
  - Developing countries more than half of the available gains
  - Reduction of trade costs in average of 14,5%
  - Developing countries will diversify their exports and improve connectedness to the Global Value Chains; increase opportunities for SMEs
  - And ultimately.. economic growth and recovery, improved revenue collection and alleviation of poverty

# WTO Trade Facilitation Agreement

The WTO Trade Facilitation Agreement (TFA) contains 12 Articles regarding Trade Facilitation and Customs cooperation in Section I and provisions on special and differential (S&D) treatment for developing countries and Least-Developed Countries in Section II. It deals almost entirely with Customs-related topics but foresees cooperation amongst border agencies (CBM).

## 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

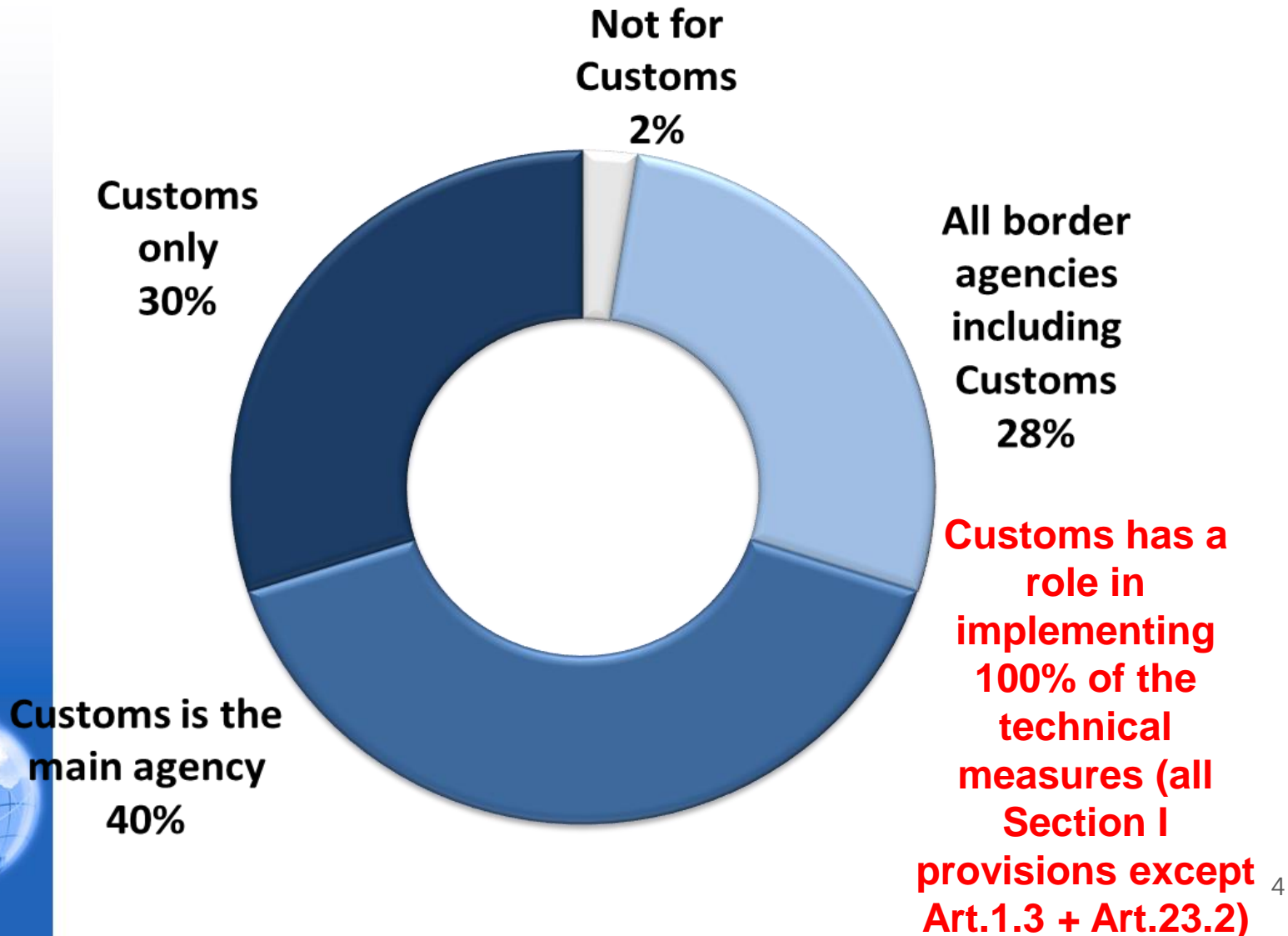
## Section II Special and Differential Treatment for Developing Countries and Least Developed Countries

- Rules about Categories A, B and C
- Assistance for Capacity Building
- Information to be submitted to the TF Committee

## Section III Institutional Arrangements and Final Provisions

- Committee on Trade Facilitation
- National Committee on Trade Facilitation
- Final provisions

# The role of Customs and other stakeholders in TFA implementation



# WTO TFA and WCO

WTO DG Roberto Azevêdo attended the WCO Council in June 2014.

He congratulated the WCO on the creation of the new WCO Trade Facilitation Working Group and the launch the WCO Mercator Programme to support implementation of the TFA.



# WTO TFA and WCO – key developments



December  
2013



The WTO concluded the **Trade Facilitation Agreement** at the Ministerial Conference.



December  
2013



The WCO adopted the **Dublin Resolution** to emphasize the WCO's commitment to the efficient implementation of TFA at the Policy Commission.



March  
2014



1<sup>st</sup> Meeting of the **TFA Working Group**



June  
2014



The WCO adopted the **Mercator Programme** to ensure its strategic initiative to support Trade Facilitation.



November  
2014



The WTO adopted a **Protocol** of Amendment to insert the new Agreement into the WTO Agreement.  
(The TFA will enter into force once two-thirds of members have completed their domestic ratification process.)



# 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
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# TRADE FACILITATION

## WCO IMPLEMENTING WTO TFA





# Authorized Operators

## Article 7.7 of the WTO TFA

### Broad features

- Additional trade facilitation measures to 'Authorized Operators'
- 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 criteria mandatory,**
- No arbitrary or unjustifiable discrimination
- No restriction to SMEs.





# who is entitled?

AO: Operators without any definition and specific conditions

AEO:

- Any Economic Actor in the international supply chain
- Having dealing with Customs
- For example : manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders



# 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

# Conditions & Requirements of AEO in the SAFE FoS



- Voluntary programme
- Flexibility and customization of security plans based on business model
- Phased Approach - step-by-step implementation

**Customs administrations should not burden the international trade community with different sets of requirements to secure and facilitate international commerce. **There should be one set of international Customs standards** developed by the WCO that do not duplicate or contradict other recognized intergovernmental security requirements.**



# Analysis

- Focus in AO is on trade compliance and supply chain security may be one of the component, while AEO must always comply with a range of security standards
- Specified criteria not mandatory- varied models of the scheme.
- The Authorized Operator (AO) could be an:
  - Authorized Person (AP) of the Revised Kyoto Convention and/or
  - Authorized Economic Operator (AEO)



# Analysis

- SAFE AEO is more comprehensive
  - A more standardized and structured approach
  - A much wider dimension
  - Seamless Mutual Recognition Agreements
- If a Member successfully implements SAFE AEO, it complies with WTO TFA AO
- AO could be a stepping stone for implementation of full fledged AEO



# BENEFITS FOR WTO TFA AUTHORIZED OPERATORS

TRADE  
FACILITATION

WCO IMPLEMENTING  
WTO TFA





# Authorized Operators -

- **At least three** benefits of 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 Benefits







# AEO Benefits

- Competitive advantages provided to AEO companies
- Increase and improvement of efficiency of company's internal processes
- To be reliable partners for Customs





# AEO benefits: Competitive advantages

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- 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
- Insurance in case of incident or terrorist act



# Global Visibility and Branding





# AEO benefits : increase and improvement of company's internal processes

- Identification of inefficiencies and gaps in management of the company and the supply chain
- Implementation of best practices (e.g. better communications and cooperation between divisions)
- Reduction of theft and damage





# AEO benefits : Recognition as reliable operator by Customs

- Consultation in the development process of Customs rules
- Access to information





# Analysis

- Benefits for AOs in the WTO TFA - similar to Revised Kyoto Convention (Article 3.32) and SAFE AEO
- Para 7.5 of the Article 7.7 of the TFA foresees the possibility of negotiating mutual recognition of authorized operator schemes
- Challenge to have a common approach for MRA due to varied models of AO.
- Para 7.4 of the Article 7.7 of the TFA– use of international standards.



## Comparison of AO and AEO Programmes

	Authorized Operator	AEO (SAFE FoS)
Program character	Business Partnership Program (should be developed together with business !)	
	The WTO TFA - Article 7.7	The SAFE FoS (Customs to Business Pillar 2-Annex III)
Primary objective of the program	Trade Facilitation	Supply Chain Security
Major requirements	<ul style="list-style-type: none"> <li>• Good compliance record;</li> <li>• Commercial record management;</li> <li>• Financial solvency, including; and</li> <li>• supply chain security.</li> </ul> (none of them mandatory)	Compliance requirements+ Security requirements <ul style="list-style-type: none"> <li>•Premises security</li> <li>•Employee security</li> <li>•Cargo security etc</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>•Clearance with info and reduced examination</li> <li>•Deferred payment of duties/taxes</li> <li>•Clearance at traders' premises , etc</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced examination</li> <li>• Customs consultation point</li> <li>• Priority examination</li> <li>• Mutual Recognition, etc</li> </ul>
coverage	Importer/Exporter	Importer/exporter, transporter, customs broker, consolidator etc.





# AO/AEO is about Customs 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 for your**

**Attention!**

**Questions?**

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