



WCO Global AEO Conference: a focal point for security and facilitation discussions

Recognized as the largest WCO capacity building event, the WCO AEO Global Conference boasts the largest number of workshops held during an event, covering a variety of topics related to the security and facilitation of the global trade supply chain. The conference is organized by the WCO once every two years in partnership with a host Customs administration and provides a key platform for all players who have an interest in international trade.

THIS ARTICLE PRESENTS highlights from the three Global AEO Conferences that the WCO has organized to date, and takes a peek at the forthcoming conference that will take place in 2018. However, before looking at some of the outcomes of these conferences, the article provides a brief background on how the Authorized Economic Operator (AEO) concept came about, how an AEO programme operates, and what a business needs to do to achieve AEO status.

Setting the scene

Following the terrorist attacks in the United States on 11 September 2001, there was a seismic shift in the way countries viewed security, including border security. To respond to this new challenge facing Customs administrations, the WCO developed the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), which was adopted in June 2005 by the WCO Council.

The SAFE Framework was designed to balance security and facilitation, and had one main aim: to act as a deterrent to international terrorism, secure revenue collections and promote trade facilitation worldwide. Included within the Framework was the AEO concept, as well as AEO Mutual Recognition Agreements/Arrangements (MRAs) between countries.

At the outset, the Framework was seen as 'living' document. It is updated and reviewed every three years in order to take new developments into account. Thus, in 2015, on the 10th anniversary of its adoption, a new version of the document was released that included key developments. The Framework and its associated tools and guidance were later brought together under one roof, known as the WCO SAFE Package.

AEO in a nutshell

Although the AEO programme is primarily a security initiative, businesses that conduct foreign trade and wish to join a programme must meet minimum standards that secure the supply chain before being provided with a number of trade facilitation benefits. Examples

of these benefits include minimum intervention by Customs and faster cargo clearance times that enable AEOs to offer a more expeditious service, which is an asset to businesses operating in a 'just in time' environment.

To achieve AEO status, Customs undertakes certain checks that are aimed at verifying and validating the security policies and practices that businesses have in place. Although such programmes may vary according to the different business models in a country, they have fundamental similarities, with one basic aim: to allay border security concerns to the greatest extent without hindering the flow of legitimate goods, and to enable a State to continue reaping the economic benefits generated by global trade.

WCO takes the lead

Spurred on by evidence that trade is an essential driver of economic prosperity, and that securing the global trading system requires collaboration between different parties in a spirit of partnership, the WCO decided to organize a Global AEO Conference. This decision was influenced by the fact that one of the best partnership examples existed between Customs and the private sector under the AEO programme, many of which were being implemented worldwide.

The Global AEO Conference, aimed at Customs administrations, the business community, government and multilateral policymakers, and legal and academic representatives, focuses on the successes and challenges of Customs and the private sector in implementing AEO programmes. The event is expected to enhance cooperation, while building capacity, in order to foster a global public-private dialogue.

First Global AEO Conference

Hosted by the Korea Customs Service (KCS) in Seoul, Korea in 2012, under the theme "AEO, the Way Towards Secure and Competitive Growth," more than 800 participants from over 90 countries attended the conference. The event was packed with high-level panels, 49 workshops and a number of round table sessions. The delegates were briefed on security and facilitation in general, and

were given the opportunity to share their experiences on practical and operational issues. There were several outcomes, which included:

- the recognition that AEO programmes were a driver for modernization;
- the need to have the event every two years;
- the acknowledgment that AEOs are an important part of the supply chain, guaranteeing economic growth and competitiveness;
- the need to involve small and medium-sized enterprises (SMEs) in an AEO programme;
- the belief that there would be more benefit in regional rather than bilateral MRAs.

Second Global AEO Conference

This conference was hosted by Spanish Customs, with support from the KCS, in Madrid, Spain in 2014, under the theme "AEO - Aligning Programmes and Inspiring Innovation Towards a Competitive Future." The event saw more than 900 participants attending. The conference included 45 workshops, a live non-intrusive inspection (NII) image workshop, a physical 7-point inspection of a container, and a demonstration of an inspection using a canine. Key outcomes included:

- recognition that building collaborative relationships with trusted traders is advantageous for governments facing the challenge of growing trade volumes and increased security requirements on the one hand, and the need to develop efficient cross-border processes that allow businesses to be more competitive on the other hand;
- the need to enhance inter-agency collaboration, including multi-agency recognition of the 'trusted trader status,' as Customs rules are not the only consideration at borders, and that controls by other border agencies could seriously compromise the benefits otherwise afforded to validated enterprises;
- it may be appropriate to use the WCO AEO model as a standard to develop the "Authorized Operator" scheme contained in Article 7.7 of the

WTO Trade Facilitation Agreement (TFA), as the use of AEO criteria to implement the Article will assist in ensuring a harmonized approach, and enable countries to achieve seamless mutual recognition.

The outcomes of this conference were incorporated into the 2015 SAFE Framework. In addition, the WCO AEO Compendium – which is updated annually and consists of a synopsis of all AEO and compliance programmes, AEO and compliance programmes under development, and MRAs signed and under negotiation divided by region – now includes the differences and similarities of the TFA's "Authorized Operator" and the SAFE Framework's "AEO Programme."

Third Global AEO Conference

With the support of the KCS, Mexico's Tax Administration Service (SAT) hosted this conference in Cancun, Mexico in 2016, with the theme "The Evolution of Security in Global Trade: Great Partners, Innovative Technology and Smart Practices." Over 1,000 delegates from more than 80 countries gathered to discuss the dynamic developments in AEO programmes, which are widely acknowledged as a key driver for solid Customs-business partnerships.

The conference, which included 113 speakers, consisted of four panel sessions, three round tables and 42 workshops, together with three live demos of 17-point trailer inspections. The event helped to set the stage for the multilateral Pacific Alliance MRA, where an action plan was signed by its members – Chile, Colombia, Mexico and Peru – to mark the move towards a multilateral MRA. This in turn encouraged WCO Members in Central America to undertake something similar. Some of the main outcomes included:

- continuing acknowledgement that AEO programmes are a major facilitation tool, leading to the modernization of Customs and the enhancement of economic growth and competitiveness, whilst securing the supply chain;

- recognizing that AEO programmes are one of the successes of the Customs-to-business partnership programme;
- more discussions on Trader Identification Numbers (TINs) were needed, especially in the context of AEO MRAs;
- providing more benefits to AEOs, such as account-based instead of transaction-based processing, recognition of AEOs by other agencies, and plurilateral/multilateral MRAs;
- finalizing the AEO Validator Guide and training module, which will enhance the harmonization of AEO programmes and the signing of MRAs;
- reviewing and updating the SAFE Framework and other tools in the SAFE Package;
- continuing the promotion of WCO standards, in the light of the need for consistency, predictability, transparency and sustainability, while ensuring a certain level of country-specific customization;
- further institutionalization of the AEO concept as a new Customs management system, while improving risk management and increasing the capacity of Customs' human resources to tackle this change;
- identifying mechanisms for SMEs to participate directly or indirectly in AEO programmes that would allow them to obtain indirect benefits without having to be a contractual part of a programme;
- conducting empirical studies on the impact of AEOs on trade (measures and metrics);
- collating best practices on cyber security measures that can be used by Customs as they transition into greater utilization of digital technology;
- exploring the creation of an International Registry of AEO Members, and developing a list of 'efficiency' metrics needs for

utilization by AEO programmes as they transition into a digital platform.

Work is underway to incorporate key outcomes of the conference into the current review of the instruments, tools and guidance contained in the SAFE Package. The MRA Strategy Guide and the AEO Validator Guide have been completed, and discussions on the Trader Identification Number (TIN) continue. A document is also being developed that will list all possible benefits to AEOs. Other work being undertaken in the appropriate WCO working groups includes the finalization of the AEO Validator Guide training module, Advance Cargo Information (ACI) Guidance, and the review of matters relating to 'Digital Customs.'

Key post-conference observations

It is interesting to note that when the first conference was held in 2012, there were 45 AEO programmes in the world, and this number had increased to 73 in 2017, with many more under development. The number of MRAs concluded in 2012 was 17, and this number had risen to 47 in 2017. In 2012, 30 MRAs were under negotiation, and this number had increased to 46 in 2017, of which four are multilateral negotiations. Between 2012 and 2017, the percentage increase in the number of concluded MRAs is 176%, while the number of AEO programmes has increased by 62% and the number of signed MRAs by 135%.

After having organized three global events, the WCO acknowledges that there will always be challenges which cannot be totally avoided, but which could be mitigated in different ways. One of the main challenges is a mindset change: Customs and the private sector working together on other issues beyond the use of risk management and information technology (IT) systems; hence, the need for continuous sharing and exchange of experiences. This global event provides the ideal platform to do so.

Looking towards the fourth Global AEO Conference

The next conference will be hosted by the Uganda Revenue Authority in Kampala, Uganda from 14 to 16 March 2018, with the

theme "Promoting Mutual Recognition of AEOs to Strengthen and Secure Global Trade." This will be the 4th WCO region to host the event since its inception. Once again, the KCS will provide vital financial support for this event.

This conference will showcase AEO programmes and MRAs that have been successfully implemented. It will also focus on how MRAs can further secure global trade, while continuing to address the opportunities and challenges surrounding AEO/MRA issues. Delegates who attend the conference will have an opportunity to:

- participate in a large number of workshops, addressing a variety of international trade issues from different perspectives;
- discuss global supply chain security and facilitation, including how AEOs can enhance compliance and improve revenue collection;
- watch interesting live demonstrations, focusing on operational practices directly related to international trade;
- contribute to the future development of the SAFE Framework, ensuring that it remains an up-to-date and relevant document;
- witness the possible signing of a few more MRAs between African partners, encouraging other countries around the world to follow the same route.

The WCO would like to invite you to join us in Uganda at the 4th Global AEO Conference, where participants will have the opportunity to experience African hospitality, and take in the splendour of the country, known as the 'Pearl of Africa,' as well as the allure of the African continent and its world-renowned wildlife. Everyone is welcome at this upcoming global event. Please direct any enquiries to the email at the end of this article.

More information

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