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# Article 7.7 of the WTO TFA and Authorized Economic Operators

Knowledge Academy  
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# Article 7.7 of the WTO TFA

## -Broad features

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- Additional trade facilitation measures to 'Authorized Operators'
- **Specified criteria** may include-
  - appropriate record of compliance with Customs and other related regulations,
  - a system of managing records for necessary internal controls,
  - financial solvency, and
  - supply chain security.
- No criteria mandatory,
- No arbitrary or unjustifiable discrimination,
- No restriction to SMEs.

# Trade Facilitation Measures

## -Authorized Operators

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- **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.

# WCO Instruments and Tools

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- 'Authorized Person' - the RKC (GA- Transitional Standard 3.32)
- Authorized Economic Operator (AEO) – the SAFE FoS
- SAFE Package :
  - Customs Guidelines on Integrated Supply Chain Management
  - AEO Implementation Guidance
  - AEO Compendium - 2014 edition
  - Model AEO Appeal Procedures
  - AEO Benefits: Contribution from the WCO Private Sector Consultative Group
  - Guidelines for the Purchase and Deployment of Scanning/Imaging Equipment - 2011 edition
  - SAFE Data Element Maintenance Mechanism
  - Trade Recovery Guidelines
  - The Authorized Economic Operator and the Small and Medium Enterprise (FAQ)
  - Mutual Recognition Arrangement/Agreement Guidelines
  - AEO Template
- Customs-Business Partnership Guidance

# Authorized Person - the RKC

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- **Eligibility Criteria** includes:
  - An appropriate record of compliance with Customs requirements, and
  - A satisfactory system of managing commercial records.
- **Benefits** :
  - Release of goods on minimum necessary information,
  - Clearance at the declarant's premises or another place authorized by the Customs,
  - Single declaration for all imports/exports over a period,
  - Self assessment of duty and tax on the basis of commercial records,
  - Goods declaration by means of an entry in the records of the AP followed by a supplementary Goods declaration.

# Authorized Economic Operator (AEO) – the SAFE FoS

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## ➤ Eligibility criteria :

- demonstrated compliance record,
- satisfactory system for the management of commercial records,
- financial viability, and
- security concerning cargo, transport conveyances, premises, personnel and trade partners.

## ➤ Benefits :

- reduced data sets for cargo release,
- expedited processing and release of shipments,
- minimum number of cargo security inspections, reduction of/exemption from bank guarantees,
- priority inspection,
- reduction of theft and damage,
- improved internal efficiency,
- benefits from other countries - MRAs,
- Enhanced security leads to several intangible benefits, including enhanced competitiveness and reputation.

# AEOs

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- AEO – standardized more comprehensive,
- 168 WCO Members signed a letter of intent,
- 56 AEO programmes fully implemented, with another 12 at finalization stages,
- 28 Mutual Recognition Agreements (MRAs).

# Analysis

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- Benefits for AOs in the WTO TFA - similar to RKC and SAFE AEO,
- 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.
- Challenge to have a common approach for MRA.
- Para 7.4 of the Article – use of international standards.
- WCO Standards fully supports-
  - The RKC and its guidelines and
  - The SAFE FoS and SAFE Package.
- AO could be a stepping stone for implementation of full fledged AEO.



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**Thank You For Your Attention!**

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