



# The Difference Between Authorized Operator (AO), Authorized Person (AP), and Authorized Economic Operator (AEO)

# The difference lies in the the conceptual developments and the scope of the relevant standards found in **RKC, SAFE Framework & TFA**

The **Revised Kyoto Convention** (adopted in 1999, entered into force in 2006)

=> Authorized Person

The **SAFE Framework** of Standards to Secure and Facilitate Global Trade (2005, **2007\***, 2015\*\*)

=> Authorized Economic Operator

The WTO **Agreement on Trade Facilitation** (2013) => “*the TFA*”

=> Authorized Operator

# RKC and the “Authorized Person” concept

Remember that the **RKC** comes at the turn of the century, and wants to modernized Customs through **harmonization** and **simplification** of **customs procedures**.

So, “AP” is seen as a compliance management concept intended to **increase voluntary compliance** with customs rules; but also **facilitate trade**. (see RKC Transitional Standard 3.32)

## Possible benefits for APs

- clearance of the goods at the declarant's premises;
- use of the authorized persons’ commercial records to self-assess their duty and tax liability;
- allowing a single Goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person; etc.

\* Note that this standard is like the “DNA” of all past, current and future AEO/AO programs.

# The SAFE Framework and the AEO concept

## September 11<sup>th</sup> and subsequent developments

- **Supply chain security** get high on the agenda of Customs
- The idea of '*pushing the borders outwards*' emerges
- Increased cooperation between Customs & Customs, Customs & Business is emphasized



## **The SAFE Framework and its Pillars**

1. Customs-to-Customs
2. **Customs-to-Business**
3. Customs-to-other Govt and Inter-Govt Agencies (from 2015)

# The SAFE Framework and the AEO concept

The **Customs-to-Business** Pillar **breeds AEO**  
(*first incorporated in the SAFE Framework in 2007*)

This pillar gives a wide range of standards to be followed by Customs and businesses to make AEO programs **effective** and **advantageous** to all stakeholders.

For example,

**Standard 3- Authorization** reads:

“The Customs administration, together with representatives from the trade community, will design validation processes or quality accreditation procedures that offer incentives to businesses through their status as Authorized Economic Operators. These processes will ensure that they see a benefit to their investment in good security systems and practices, including reduced risk-targeting assessments and inspections, and expedited processing of their goods”.

\***Bottom line:** The *SAFE FoS* expanded so to say the concept of “authorized person”; and emphasized the **safety & security**, and then the **customs simplification** (or TF) aspects. Hence, in EU for instance, we have and “**AEOs**” and “**AEOC**” for security and customs simplifications, respectively.

# The WTO TFA and the “Authorized Operator”

## Art. 7:7

Here, the wider context is “**how to facilitate trade in the course of release and clearance of goods**”. And, the authorized operator concept is just one of positive “contributors” to faster release and clearance.

For instance, TFA 7:7, 7.1 reads:

“Each Member shall provide **additional** trade facilitation measures related to import, export, or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called **authorized operators**.....”

TFA 7:7, 7.4 reads:

“Members are encouraged to develop authorized operator schemes on the basis of **international standards**, where such standards exist, except when such standards would be an inappropriate or ineffective means for the fulfilment of the legitimate objectives pursued.

\* **And WCO’s SAFE Framework & and its AEO Standards are the best standards in this regard – as demonstrated by the various AEOs programs across the globe.**

# Conclusion

**Authorized Person** => This is a concept to foster (voluntary) **compliance** as per RKC Standard 3.32.

\* Note that the compliance aspect (indirectly) involved in AEO & AO programs

**Authorized Economic Operator** =>

- It's the widest in scope among these 3 terms under comparison.
  - It comprehensively tends to foster **supply chain security, trade facilitation** and **voluntary compliance** with customs law because of the **BENEFITS** (for businesses) attached to having the AEO status – *in accordance with the SAFE Framework*.
- \* New AEO programs (e.g. in the UAE) going beyond the security imperative to include trade facilitation and smarter customs management aspects.

**Authorized Operator**  
=> It's rather limited in scope and tied to the trade facilitation goal as provided for in **TFA**

**7:7**

Thank you very much!