



## INFORMAL WORKING GROUP ON MSMEs

### A COMPENDIUM OF SPECIAL PROVISIONS FOR MSMEs IN AUTHORIZED ECONOMIC OPERATOR (AEO) PROGRAMS

#### *Revision*

The following updated compilation of Authorized Economic Operator (AEO) programs that include a MSME dimension, dated 9 February 2024, has been prepared by the WTO Secretariat at the request of the Informal Working Group on MSMEs to promote experience sharing. It was presented at the 29th WCO SAFE Working Group Meeting in November 2023 and incorporates feedback received from the WCO members. It does not represent the official position of the WTO, nor of the WTO Secretariat. The document is being circulated at the request of the Coordinator of the Informal Working Group on MSMEs, Ambassador Matthew Wilson (Barbados).

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## **1 INTRODUCTION**

### **1.1 What are Authorized Economic Operator (AEO) programs?**

1.1. As part of the 2005 SAFE Framework, the World Customs Organization (WCO) established the Authorized Economic Operator (AEO) programme<sup>1</sup> that allows certain economic operators to benefit from preferential measures, such as fewer physical inspections at Customs, more rapid release times and reduced documentation and data requirements, provided that these operators comply with specific requirements, such as a demonstrated compliance record, a satisfactory system for the management of commercial records, financial viability, and security concerning cargo, transport conveyances, premises, personnel and trade partners.<sup>2</sup> AEOs are businesses with a proven track record of compliance with Customs rules which are perceived to present a lower risk of future violations. AEO programs are designed to facilitate smoother trade by reducing the bureaucratic hurdles and costs associated with cross-border trade, making it easier for businesses to operate internationally.

1.2. Building on this international practice, the WTO Trade Facilitation Agreement (TFA) includes a specific provision on 'Authorized Operators'. Under Article 7.7 of the TFA, Members shall "provide additional trade facilitation measures related to import, export, or transit formalities and procedures [...] to operators who meet specified criteria" which 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. These criteria are not mandatory, and an Authorized Operator scheme may include any combination of the specified criteria.

1.3. The eligibility criteria for the AEO status are defined in the Customs regulations of an economy. According to the WCO, the benefits provided under AEO programs must be "meaningful, measurable, and reportable." This ensures that AEOs enjoy genuine benefits compared to non-authorized traders. AEO programs are open to any member of the trade community, including importers, exporters, manufacturers, Customs agents, freight forwarders, and carriers.

1.4. Governments are encouraged to design their authorized economic operator programs based on relevant international standards. There is an emphasis on mutual recognition, such that a business that obtains authorized operator status in one economy could potentially receive the same benefits in another if both economies recognize each other's authorized operator statuses.

### **1.2 Why does AEO status matter for MSMEs?**

1.5. One of the main benefits of participation in an AEO program for a micro, small or medium-sized enterprise (MSME) is the status of being an AEO itself. The status comes with a reputation effect that changes the perception of potential customers about the AEO holder.

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<sup>1</sup> The WCO defines an authorized economic operator (AEO) as "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".

<sup>2</sup> World Customs Organization Authorized Operators Scheme, Article 7.7 of the WTO Agreement on Trade Facilitation. [authorised-operator-scheme-flyer.pdf \(wcoomd.org\)](#).

1.6. Compared to larger firms, some of the benefits that seem to be more concrete for MSME traders with AEO status are as follows<sup>3,4</sup>:

- **Reduced Compliance Burden:** MSMEs often face challenges in navigating complex Customs procedures due to limited resources. The AEO status will alleviate some of these challenges by offering streamlined processes.
- **Competitive Advantage:** Efficient and expedited Customs clearance gives MSMEs a distinct competitive edge. This is particularly beneficial in sectors where prompt delivery is important.
- **Increased Security and Trust:** Earning recognition as an authorized operator boosts a MSME's credibility. This status signals to international partners and customers that the enterprise is reliable and adheres to Customs regulations, thereby fostering trust.
- **Potential for International Expansion:** The simplification of Customs procedures through AEO status paves the way for MSMEs to broaden their horizons internationally. This facilitates access to new markets and a wider customer base. Further, AEO Mutual Recognition Arrangements (MRAs) demonstrate how international cooperation can support MSMEs. They enable MSMEs to benefit from closer cooperation between Customs administration and encourage collaboration between economies to share best practices.
- **Enhanced Oversight:** MSMEs with AEO status benefit from a more transparent and controlled transportation process, ensuring goods are moved efficiently and securely.
- **Clarity in Organizational Roles:** AEO status helps reduce ambiguity in organizational roles and responsibilities, ensuring that every team member understands their specific duties.
- **Improved Human Resources Practices:** With AEO, MSMEs can adopt better practices in human resources, including more strategic hiring and structured layoff procedures.
- **Robust Security Measures:** AEO-certified MSMEs have superior intra-firm security practices, ensuring the safety of assets and sensitive information.
- **Enhanced Accuracy:** With AEO status, MSMEs exhibit improved accuracy in transportation information management and accounting practices, leading to better decision-making and financial reporting.

## 2 OVERVIEW

2.1. This compendium compiles the AEO programs of 27 WTO Members which have MSME-specific measures. These Members include Argentina; Australia; Brazil; Canada; China; Dominican Republic; European Union; Fiji; France; Hong Kong, China; India; Indonesia; Jamaica; Japan; Jordan; Korea, Republic of; New Zealand; Philippines; Switzerland; Thailand; Türkiye; Uganda; Ukraine; United Kingdom; United States of America; Uruguay and Zambia.

2.2. This compendium compiles the AEO programs of WTO Members which enable the participation of MSMEs, as defined by the various economies presented in this document. The focus is on ensuring that businesses, especially MSMEs, can benefit from the AEO programs.

<sup>3</sup> Sources: "Integrating SMEs in Authorized Economic Operator Certification: Improving SME Participation in APEC Secure Trade" (2021), [https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221\\_sccp\\_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c\\_1](https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221_sccp_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c_1); "The Authorized Economic Operator and the Small and Medium Enterprise" (2010), [https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/\\_media/93162547322F462A97F8767D0987A901.ashx](https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/_media/93162547322F462A97F8767D0987A901.ashx); "Who benefits most from AEO certification? An Austrian perspective", World Customs Journal, [https://worldcustomsjournal.org/Archives/Volume%209%2C%20Number%201%20\(Mar-Apr%202015\)/WCJ\\_V9N1%20Schramm.pdf](https://worldcustomsjournal.org/Archives/Volume%209%2C%20Number%201%20(Mar-Apr%202015)/WCJ_V9N1%20Schramm.pdf).

<sup>4</sup> Authorized Economic Operator Programs in Islamic Countries, COMCEC (2018), <https://sbb.gov.tr/wp-content/uploads/2019/06/Improving-Authorized-Economic-Operators-Programs-in-the-OIC-Member-States.pdf>.

### 2.3. Main Features/Commonalities:

- **Flexibility:** Many economies offer tailored criteria for MSMEs, recognizing their unique challenges.
- **Outreach:** Active outreach and capacity-building initiatives to promote AEO programs among MSMEs.
- **Tiered Systems:** Some economies offer different levels of certification based on compliance and operational capabilities.
- **Financial Support:** Economies like the Republic of Korea provide financial support to MSMEs to help them meet AEO requirements.

### 2.4. Key Focus Areas:

- **Security:** Ensuring that MSMEs meet the security criteria while allowing for flexibility in implementation.
- **Compliance:** Emphasis on maintaining a high level of compliance with Customs and trade regulations.
- **Trade Facilitation:** Offering benefits such as reduced Customs checks, priority in clearance procedures, and recognition as trusted traders.

### 2.5. Key Lessons Learned:

- **Inclusivity:** It is essential to ensure that AEO programs are inclusive and accessible to all traders, including MSMEs.
- **Continuous Feedback:** Regular feedback mechanisms can help fine-tune the program to better suit the needs of MSMEs.
- **Collaboration:** Collaborative efforts between Customs administrations, businesses, and other government agencies can enhance the effectiveness of AEO programs.

2.6. Some programs worth highlighting for their special provisions and outreach programs for MSMEs are the European Union; Hong Kong, China; India and the Republic of Korea.

## 3 COMPILATION OF INITIATIVES

### 3.1 WCO SAFE Framework

3.1. The World Customs Organization [SAFE Framework of Standards](#) is a comprehensive set of guidelines aimed at enhancing the security and facilitation of international trade by setting forth principles and standards that WCO members should adopt as a minimum threshold. The framework, which was launched in 2005, emphasizes a holistic approach to secure the international trade supply chain, while also ensuring predictability. It seeks to strengthen cooperation between Customs administrations, businesses, and other government agencies.

#### 3.2. The framework comprises five core elements:

- Harmonizing advance electronic cargo information for all shipments.
- Adopting a consistent risk management approach.
- Conducting outbound inspections of high-risk cargo upon request.
- Offering benefits to businesses meeting security standards and best practices.
- Promoting cooperation with other governmental agencies.

#### 3.3. Based on these core elements, the SAFE Framework rests on three pillars:

- **Customs-to-Customs:** Enhancing network arrangements to promote secure international trade supply chains, focusing on standards and technical specifications for implementation between Customs administrations.

- Customs-to-Business: Establishing partnerships with businesses, emphasizing the role of Authorized Economic Operators (AEOs), and creating an international system for identifying private businesses that offer high security guarantees concerning their role in the supply chain.
- Customs-to-Other Government Agencies: Strengthening cooperation between Customs and other government agencies, considering various regulatory and security perspectives.

### 3.1.1 AEOs in the context of the WCO SAFE Framework

3.4. The WCO's flagship AEO program, introduced in 2007, is a key component of the Customs-to-Business Pillar of the SAFE Framework. It is based on the quality accreditation of Customs routines that use IT to facilitate cross-border trade procedures. AEOs are recognized as secure and trusted trading partners, which means they benefit from simplified and rapid-release procedures. The SAFE AEO program is comprehensive and ensures the fulfilment of obligations in Article 7.7 of the WTO Trade Facilitation Agreement and Transitional Standard 3.32 of the [Revised Kyoto Convention](#). Mutual recognition of the AEO status between economies is also promoted so as to further standardize procedures by coordinating efforts across economies.<sup>5</sup>

3.5. The WCO SAFE Framework establishes a structured approach to secure and facilitate international trade, with the AEO program being a pivotal component. Businesses that adhere to the standards and best practices of the framework can achieve AEO status, benefiting from streamlined operations, reduced inspections, and enhanced global trade operations.

## 3.2 National Initiatives

### 3.2.1 Argentina

#### 3.2.1.1 Background Info

3.6. The Argentinian [AEO program](#) was launched with General Resolution 4150/2017, which implemented the new Authorized Economic Operator programme.

3.7. External Note No. 48/2008 provides a specific programme for MSMEs.<sup>6</sup>

3.8. Accreditation (components, process):

- a. General requirements<sup>7</sup>:
  - To comply with the rules and if appropriate, to provide a warranty.
  - To submit the application to the Customs General Directorate, together with the additional documentation proving the fulfilment of the requirements.
  - To describe the production process, the transportation, the security rules, among other things (secure supply chain).
  - Availability of the computerized management system – inventory and control. The controls are risk-based.

<sup>5</sup> Mutual Recognition Arrangement/Agreement Strategy Guide, WCO (2021), <https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/strategy-guide-for-aeo-mutual-recognition.pdf>.

<sup>6</sup> Compendium of Authorized Economic Operator (AEO) Programmes, WCO (2010), p. 12: [https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo\\_compendium1.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo_compendium1.pdf?la=en).

<sup>7</sup> Compendium of Authorized Economic Operator (AEO) Programmes, WCO (2010), [https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo\\_compendium1.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo_compendium1.pdf?la=en).

- Availability of the image control system that facilitates a fluent and permanent communication with the Customs control areas. **Solvency criteria are lower for MSMEs.** The fulfilments of the tax and Customs obligations are taken into account.

### 3.9. Benefits:

- Cost and time savings. Reduction of operational costs for the operators.
- Anticipation of the consignments sent to other economies.
- Competitive difference with other operators.
- Use of non-intrusive technology for cargo control.
- International accreditation of the supply chain.
- Identification as a Reliable Operator by other Customs administrations.
- Access to the main facilities at the ports of entry in the economies of destination.
- Secure and smooth transportation of goods.
- Keeps the integrity of the shipment.

#### 3.2.1.2 MSME-specific measures

3.10. Solvency criteria are lower for MSMEs. The fulfilments of the tax and Customs obligations are taken into account.<sup>8</sup>

### 3.2.2 Australia

#### 3.2.2.1 Background Info

3.11. The AEO program in Australia, called the [Australian Trusted Trader program](#) (ATT), was launched on 1 July 2016.

3.12. The Australian Trusted Trader Program currently has over 930 accredited businesses in a variety of industries. Around 48% are small and medium-sized enterprises.

3.13. Accreditation (components, process)<sup>9</sup>:

- The entity completes an online form that requests information against Australian Trusted Trader qualification criteria.
- The Australian Border Force will ensure compliance with Australian Trusted Trader qualification criteria by undertaking:
  - an assessment to determine whether the entity meets eligibility criteria, inclusive of an Australian Business Number, two years trading history, and financial viability,
  - a review of the entity's documentary application, and
  - physical validation of an entity's supply chain security and trade compliance practices.
- If the application is approved, the entity will enter into an Australian Trusted Trader Legal Agreement with the Australian Border Force. This outlines the conditions of Australian Trusted Trader accreditation, and the trade facilitation benefits available to the entity.

<sup>8</sup> Compendium of Authorized Economic Operator (AEO) Programmes, WCO (2010), p. 20: [https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo\\_compendium1.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo_compendium1.pdf?la=en).

<sup>9</sup> Compendium of Authorized Economic Operator Programmes, WCO (2020), <https://www.aladi.org/sitioaladi/documentos/facilitacioncomercio/aeo-compendium.pdf>.

- The Australian Border Force works with the accredited Trusted Trader to manage ongoing compliance and supply chain security improvement, through periodic revalidation and other ongoing assurance activities.

#### 3.14. Benefits:

- a. Current Australian Trusted Trader benefits include:
  - Differentiated examinations.
  - An account manager.
  - Priority trade services.
  - Use of Australian Trusted Trader logo.
  - MRAs.
  - A monthly import / export report.
  - Streamlined process to become an Accredited Sponsor under the Temporary Work (Skilled) Visa (subclass 457) Programme.
  - Invitation to the Australian Trusted Trader Symposium and Industry Advisory Group.
  - Consolidated cargo clearance.
  - Consolidated cargo reporting.
  - Streamlined access to the APEC Business Travel Card.
  - Duty referral.
  - Origin advance ruling and origin waiver benefit.

#### 3.2.2.2 MSME-specific measures

3.15. Australia engaged MSMEs during the design phase and listened to their specific concerns. Australia used a formal consultative working group with MSMEs to design the "Outcomes-Based Approach" used in the security standards. By ensuring there was MSME buy-in from the beginning, Australia was able to address concerns about the program targeting big businesses without a sufficient return on investment for MSMEs. This "Outcomes-Based Approach" to security standards specifies the required security outcome, and the operators describe how those standards are being met in their individual circumstances. This approach was explicitly designed to foster MSME participation in the security chain.<sup>10</sup>

3.16. Australia has a budget for AEO outreach programs and capacity-building. It actively participates in capacity-building activities in economies in the Asia-Pacific region. The funds for this activity come from a broader international development budget, which is used for other purposes beyond AEO outreach programs. Outreach programs included hosting other Customs agencies in Australia to give them training and information on the policy framework and operation of the Australian Trusted Trader Programme.<sup>11</sup>

### 3.2.3 Brazil

#### 3.2.3.1 Background Info

3.17. The [Brazilian AEO program](#) was launched in December 2014.

<sup>10</sup> Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs, APEC (2016), [https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report\\_may-2016.pdf](https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report_may-2016.pdf).

<sup>11</sup> "AEO in APEC Economies", Maria Elena Sierra Galindo (2018), [https://www.apec.org/docs/default-source/Groups/SCCP/AEO-in-APEC-Economies-Study-Report-2018\\_revised-version.pdf?la=en&hash=6FC219524114C1B9B83E9A6AE2B2DE7868AA5EB3&hash=6FC219524114C1B9B83E9A6AE2B2DE7868AA5EB3](https://www.apec.org/docs/default-source/Groups/SCCP/AEO-in-APEC-Economies-Study-Report-2018_revised-version.pdf?la=en&hash=6FC219524114C1B9B83E9A6AE2B2DE7868AA5EB3&hash=6FC219524114C1B9B83E9A6AE2B2DE7868AA5EB3).

3.18. For certification in the Brazilian AEO Programme compliance shall be verified with the following, according to the chosen system: AEO-Security or AEO-Compliance. The general requirements are the following<sup>12</sup>:

- An appropriate record of compliance.
- Computer-based system to manage commercial, tax, financial and operational records.
- Financial solvency.
- Human Resources policy.
- Effective communication.

3.19. Besides that, there are appropriate Security Standards (for AEO-Security) and appropriate Compliance Standards (for AEO-Compliance).

3.20. Accreditation:

- Fill in an online application and a self-assessment questionnaire<sup>13</sup>.
- Customs performs a risk analysis and a physical inspection of the applicant.
- Customs awards/rejects the AEO certification.
- Monitoring of AEO after certification to ensure compliance level is maintained.
- Customs suspends/revokes the AEO certification (if needed).

3.21. The conditions for acceptance and rejection of the applicant as well as suspension and revocation of the AEO certification are laid down in the legislation.

3.22. Benefits:

- a. General benefits (to all operators):
  - Specially appointed AEO Customs Support Officer.
  - AEO List on Customs' website.
  - Use of the AEO program logo.
  - Priority when applying for a different AEO type.
  - Active participation in updating laws and Customs procedures related to AEO (Consultative Group).
  - Participation in workshops and training courses.
  - Priority in warehouses.
- b. Benefits to AEO-Security:
  - Lower rate of document and physical controls for export declarations.
  - Priority on processing the export declarations.
  - Guarantee waiver for Customs transit.
  - Priority access for the certified OEA transporter to Customs facilities and loading and unloading operations.
  - Benefits granted in Mutual Recognition Agreements (MRAs).

<sup>12</sup> Compendium of Authorized Economic Operator Programmes, WCO (2020), <https://www.aladi.org/sitioaladi/documentos/facilitacioncomercio/aeo-compendium.pdf>.

<sup>13</sup> <https://portalunico.siscomex.gov.br/portal/>.

c. Benefits to AEO-Compliance:

- Priority in the analysis of Advance Ruling requests on the tariff classification of goods (maximum of 40 days).
- Guarantee waiver for temporary admission for economic use.
- Lower rate of document and physical inspections.
- Immediate processing of the selection for Customs clearance channels.
- Priority control of the declarations selected.
- Pre-arrival processing of the import declaration (sea and air freights).
- Possibility of selection for the green channel of inspection in case of temporary admission.

3.23. Currently, MSMEs represent approximately 44% of the AEO program<sup>14</sup>.

### 3.2.3.2 MSME-specific measures

3.24. The Brazilian AEO Programme also wanted to attract small and medium-sized enterprises (SMEs). To do so, informative lectures and seminars have been organized across the economy, with more than 15,000 people participating thus far. The MSMEs that have already been certified are mostly cargo agents and transportation companies, with most of them achieving AEO-Security certification.

3.25. Making the certification process simple and transparent, ensuring all information is available, and promoting the new approach and philosophy of the AEO Programme were the best ways to attract companies of all sizes into the Programme. A comprehensive website has also been developed to provide all necessary information on becoming an AEO, including the legislative text, application forms, explanatory videos, the list of requirements and, of course, a link to an online platform where companies can enter their application and related documents.<sup>15</sup> For the development of the AEO program, a public consultation was conducted including MSMEs.

### 3.2.4 Canada

#### 3.2.4.1 Background Info

3.26. [Canada's AEO program](#), called the Partners in Protection (PIP) program was launched first in 1995 and revised in 2002 and 2008.

3.27. Accreditation (components, process)<sup>16</sup>:

a. Program Membership Application Process:

- Applicants to the PIP program complete and submit a Security Profile (the program's application form) in which they provide detailed information on how they meet the program's minimum security criteria, including: physical security and access controls; procedural security; conveyance, cargo, and equipment (container, trailer and rail car) security; data and document security; personnel security; security training and awareness; and business partner security.
- The Security Profile is reviewed, concerns identified, and a thorough risk assessment performed.

<sup>14</sup> For classification, the criteria established in Law No. 123/2006 were considered.

<sup>15</sup> "From 'red tape' to 'red carpet': how the Brazilian AEO Programme has brought Customs procedures to an entire new level", WCO (2021), [https://mag.wcoomd.org/magazine/wco-news-88/brazil\\_aeo](https://mag.wcoomd.org/magazine/wco-news-88/brazil_aeo).

<sup>16</sup> Compendium of Authorized Economic Operator Programmes, WCO (2020), <https://www.aladi.org/sitioaladi/documentos/facilitacioncomercio/aeo-compendium.pdf>.

- An onsite validation of the company is performed to confirm the program requirements are met.
  - The company is invited to sign the Terms and Conditions of PIP Membership, in which they commit to maintaining PIP's minimum-security criteria and providing any updates to their information in a timely manner.
- b. PIP members are revalidated at least once every four years, in which an updated security profile, risk assessment, and site validation are performed.

### 3.28. Benefits:

- Lower rate of physical examinations.
- Access to Canada Border Services Agency (CBSA) expertise (assignment of a single contact for Customs issues).
- Dedicated access lanes at certain ports of entry for eligible highway carriers (FAST lanes).
- Program communications and stakeholder consultation.
- Recognition by international Customs administrations via MRAs. Enhanced industry marketability as an accredited low-risk company.
- The PIP program is factored into the Canada Border Services Agency's Business Resumption Plan in the event of trade flow disruptions.

3.29. As of July 2019, 1,512 MSMEs were accredited as AEOs in Canada out of 2,088 total AEO importers and exporters (72.4%) according to IDB studies<sup>17, 18</sup>. Small and medium enterprises (i.e., 500 employees or less) represented 88% of the total number of applicants in April 2010.<sup>19</sup>

#### 3.2.4.2 MSME-specific measures

3.30. In Canada, PIP activities have largely contributed to increased awareness and hence better inclusion of MSMEs into the AEO program. Moreover, ensuring the availability of a sustainable and skilled team makes the process easier and more efficient.<sup>20</sup>

3.31. Canada's free trade agreements (FTAs) include provisions to address the specific interests, needs, and unique challenges that MSMEs may face in doing business in foreign markets. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was Canada's first FTA to include a stand-alone chapter on MSMEs. Canada has since concluded additional FTAs that include dedicated MSME chapters.

3.32. Canada offers a good example of SME representation, with a Small Business Lens Checklist that provides a list of SME considerations for Canadian policymakers that encourages consultation at the earliest stages of policy and programme development. The WCO also has a similar model checklist available for Customs administrations to review their policy and programmes from the perspective of SMEs.<sup>21</sup>

<sup>17</sup> "Integrating SMEs in Authorized Economic Operator Certification: Improving SME Participation in APEC Secure Trade", APEC (2021), [https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221\\_sccp\\_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c\\_1](https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221_sccp_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c_1).

<sup>18</sup> Compendium of Authorized Economic Operator (AEO) Programmes, WCO (2010), [https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo\\_compendium1.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo_compendium1.pdf?la=en).

<sup>19</sup> Compendium of Authorized Economic Operator (AEO) Programmes, WCO (2010), [https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo\\_compendium1.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/research/research-paper-series/aeo_compendium1.pdf?la=en).

<sup>20</sup> Authorized Economic Operator Programs in Islamic Countries, COMCEC (2018), <https://sbb.gov.tr/wp-content/uploads/2019/06/Improving-Authorized-Economic-Operators-Programs-in-the-OIC-Member-States.pdf>.

<sup>21</sup> "Making the WTO Trade Facilitation Agreement Work for SMEs", ITC (2016), <https://www.unescap.org/sites/default/files/MakingWTOTFAWorkforSMEs.pdf>.

### 3.2.5 China

#### 3.2.5.1 Background Info

3.33. The AEO program in China was launched on 1 April 2008. After several rounds of revision and improvement, the current AEO program was officially implemented in November 2021.

3.34. Accreditation requirements:

- The certification standards for AEO enterprises are in a "1+1" model, i.e. general criteria and specific criteria. An AEO enterprise shall be in compliance with both general criteria and the corresponding individual criteria.
- a. General criteria comprise:
  - Internal control:
    - Communication and cooperation with Customs;
    - Import/export documentations;
    - Information System;
    - Internal audit and rectification.
  - Financial condition:
    - Relevant evidence on financial condition;
    - No circumstance where the asset-liability ratio exceeds 95% for five consecutive years.
  - Compliance:
    - Compliance with laws and regulations;
    - Import and export records on tax payment;
    - Management requirements;
    - External credit.
  - Trade security:
    - Site security;
    - Personnel security;
    - Goods and articles security;
    - Transportation security;
    - Business partner security;
    - Security training on Customs affairs and trade.
- b. Specific criteria:
  - The Specific Criteria for AEO enterprises are standards formulated by Customs according to different types and business scopes of enterprises.

3.35. Accreditation process:

- Where an enterprise applies for certification of AEO, a written application and relevant documentation in accordance with the requirements of the Customs shall be submitted.
- Customs shall review the application and relevant materials submitted by the enterprises and conduct the on-site verification pursuant to the general criteria of AEO and the corresponding specific criteria.

- Customs shall conduct the certification and draw the conclusion within 90 days as of the date of receiving the application and relevant documentation. Under special circumstances, the term of certification can be extended for 30 days.
- For enterprises that meet the criteria of AEO, the Customs shall issue an AEO Certificate. For enterprises that do not meet the criteria of AEO, the Customs shall issue a Decision Letter of Disapproval for Certification.

3.36. Both the Certificate for AEO and the Decision Letter of Disapproval for Certification shall be delivered to the applicant and shall come into force upon the date of delivery.

3.37. Benefits:

- The average inspection rate for import and export of goods for regular enterprises is 20%, the average inspection rate for MSMEs is lower, unless otherwise specified by laws, administrative regulations or special documents of the GACC.
- The average spot check rate for origin survey of export goods of regular enterprises is 20%, the average rate for MSMEs is lower, unless otherwise specified by laws, administrative regulations or special documents of the GACC.
- Priority in processing import and export clearance formalities and related procedures.
- Priority in recommending procedure of registration of agricultural products, food and other export to other economies (regions).
- Channels for Applying to the Customs for guarantee exemption.
- Lower frequency of auditing and inspection.
- Customs declaration facilitation before export cargoes arriving in the Customs supervision area.
- Access to Customs-designated coordinators.
- Clearance facilitation offered by Customs of economies or regions with AEO mutual recognition.
- Joint incentives measures provided by relevant administrations.
- Priority of Customs clearance after resumption of international trade interrupted by force majeure.
- Other management measures provided by the GACC.

#### **3.2.5.2 MSME-specific measures**

3.38. The AEO program is open to all economic operators, including MSMEs, with no limitation on enterprise scope or operating sector.

3.39. Specific Supporting Service:

- The GACC has set up an online service system providing training courses and FAQ interaction. In Shenzhen, Suzhou and several other cities, training bases have been established and open to MSMEs for free. Moreover, at every level of Customs, there are officials designated to answer questions and solve problems for enterprises.

### 3.2.6 Dominican Republic

#### 3.2.6.1 Background Info

3.40. The Dominican Republic's AEO program<sup>22</sup> was launched in March 2012 as part of the Government's general reform initiative to enhance security of trade in goods.<sup>23,24,25</sup> From Presidential Decree 144-12, the AEO program was introduced and later included in Customs Law. The Dominican Republic has MRAs with a number of trading partners, including the United States of America and Uruguay, with plans to increase the number of MRAs in the future.

3.41. Accreditation:

a. Application Process<sup>26</sup>:

- Self-assessment questionnaire.
- Application form.
- Fulfilment and verification of the previous conditions.
- Security profile.
- On-site validation and reporting of results.
- Certification.

3.42. Benefits<sup>27</sup>:

- Express release: reduced number of physical inspections and examinations, as appropriate.
- 24-hour release, 7 days a week.
- Assignment of Account Agents to follow-up and operationalize the benefits of AEO within Customs.
- Low rate of physical inspections and examinations, as appropriate.
- Rapid release times, as appropriate.
- Use of exclusive lanes.

3.43. The AEO programme is open to operators all along the supply chain with more than 500 users.<sup>28</sup>

<sup>22</sup> OEA, República Dominicana, <https://oea.aduanas.gob.do/>.

<sup>23</sup> "Launch of the Dominican Republic's AEO Programme", WCO (2012), <https://www.wcoomd.org/en/media/newsroom/2012/march/launch-of-the-dominican-republics-aeo-programme.aspx>.

<sup>24</sup> "Getting Down to Business: Making the Most of the WTO Trade Facilitation Agreement", UNCTAD, [https://unctad.org/system/files/non-official-document/wto-technical-note\\_ch07a07-07\\_en.pdf](https://unctad.org/system/files/non-official-document/wto-technical-note_ch07a07-07_en.pdf).

<sup>25</sup> "Trade facilitation implementation for authorized operators", DCA Aduanas, Jovanny Feliz, AEO-DR.

<sup>26</sup> "Compendium of Authorized economic Operator Programmes", WCO (2020), <https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aeo-compendium.pdf>.

<sup>27</sup> "Compendium of Authorized economic Operator Programmes", WCO (2020), <https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aeo-compendium.pdf>.

<sup>28</sup> "Operador Económico Autorizado certifica a nuevas empresas que se beneficiarán del programa Despacho en 24 Horas", Presidencia de la República Dominicana (2022), Operador Económico Autorizado certifica a nuevas empresas que se beneficiarán del programa Despacho en 24 Horas.

### 3.2.6.2 MSME-specific measures

3.44. The Dominican Republic launched a simplified Economic Operator programme in 2021 for MSMEs to help facilitate the export process. MSME are also able to benefit from the 24-hour Clearance Program, thereby facilitating trade.<sup>29</sup>

## 3.2.7 European Union

### 3.2.7.1 Background Info

3.45. The [European Union AEO programme](#) is fully operational since 2008. In the European Union, the EU AEO programme is the uniform programme for all 27 EU Member States. The EU established its AEO programme based on the internationally agreed standards by creating a legal base for in 2005 through the 'security amendments' to the Customs legislation. The legal provisions governing the EU AEO programme are contained in the Regulation (EU) No. 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (UCC) and its implementing and delegated acts.

3.46. Accreditation (components, process)<sup>30</sup>:

- a. Two types of authorisations: The AEOC (Customs Simplifications) enjoys easier admittance to simplifications under the Customs legislation. The AEOS (Security and Safety) benefits from a reduction of security and safety controls upon entry and exit of the Customs territory of the Union. The AEOC and AEOS authorisations may be held at the same time resulting in one combined authorisation.
- b. Criteria:
  - Economic Operator (means a person who, in the course of his or her business, is involved in activities covered by the Customs legislation).
  - Established in the EU Customs Territory.
  - Compliance with Customs legislation and taxation rules including no record of serious criminal offences relating to the economic activity of the applicant.
  - Demonstration of a high level of control of its operations and of the flow of the goods, by means of a system of managing commercial and, where appropriate, transport records, which allows appropriate Customs controls.
  - Proven financial solvency.

And depending on the type of AEO status:

- Practical Standards of Competence or Professional Qualifications (AEOC).
- Appropriate Security and Safety Standards (AEOS).

3.47. Granting of the AEO authorisation:

- In general, application in the Member State where the main accounts related to the activities relating to Customs are held or accessible and at least part of AEO activities are conducted.
- Self-assessment done by the applicant.
- Thorough information and consultation process between all Member States via the AEO database.

<sup>29</sup> "Operador Económico Autorizado certifica a nuevas empresas que se beneficiarán del programa Despacho en 24 Horas", Presidencia de la Republica Dominicana (2022), Operador Económico Autorizado certifica a nuevas empresas que se beneficiarán del programa Despacho en 24 Horas.

<sup>30</sup> Compendium of Authorized Economic Operator Programmes, WCO (2020), <https://www.aladi.org/sitioaladi/documentos/facilitacioncomercio/aeo-compendium.pdf>.

- Detailed risk profile.
- Compliance, solvency and record keeping, qualifications/professional experience (AEOC only) requirements. (cf. above)
- Risk assessment; security and security checks (WCO criteria).
- Detailed Audit followed by a monitoring plan for the period when the authorisation has been granted and based on the obligation for operators to notify any changes that might influence the decision to grant the AEO authorisation.

#### 3.48. Benefits:

- Easier admittance to Customs simplifications (AEOC).
- Fewer physical and document-based controls:
  - related to security & safety (AEOS);
  - related to other Customs legislation (AEOC).
- Prior notification in case of selection for Customs control:
  - related to security & safety (AEOS);
  - related to other Customs legislation (AEOC).
- Prior notification in case of selection for physical control (related to safety and security). When necessary, a physical control may be performed even though no prior notification of inspection was given.
- Priority treatment if selected for control.
- Possibility to request a specific place for Customs controls.
- Mutual Recognition with third party economies.
- Indirect benefits, such as:
  - improved relationship with Customs;
  - reduced theft and losses;
  - fewer delayed shipments;
  - improved planning;
  - improved employee commitment;
  - reduced security and safety incidents;
  - lower inspection costs of suppliers and increased cooperation;
  - reduced crime and vandalism;
  - reduced problems through recognition of employees;
  - improved security and communication between supply chain partners.

3.49. MSMEs represent approximately 70% of total AEOs in the EU MSME-specific measures.

#### **3.2.7.2 MSME-specific measures**

#### 3.50. Special provisions<sup>31</sup>:

- The AEO programme is open to all economic operators, including MSMEs. While the conditions and criteria for an AEO authorisation are the same for all, Member State administrations can take due account of the specific characteristics of economic operators, in particular of MSMEs, especially during the examination of the criteria for the authorisation.

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<sup>31</sup> Authorized Economic Operators Guidelines, European Commission (2016), [https://taxation-customs.ec.europa.eu/system/files/2017-03/aeo\\_guidelines\\_en.pdf](https://taxation-customs.ec.europa.eu/system/files/2017-03/aeo_guidelines_en.pdf).

- Different measures can be implemented to fulfil the AEO criteria or to demonstrate conformity with the criteria, depending on the size of the operator.
- EU AEO guidelines provide further guidance (and examples) on how flexibility should be applied in practice.
- SMEs can demonstrate compliance with requirements through measures considered appropriate by the Issuing Authority. For instance, micro and small businesses can meet expectations through other appropriate measures.
- In cases where the applicant is an MSME, especially a micro or small company, it can have a different management and organizational structure without a real distinction of the internal roles or working position. In such cases, the applicant's formal statement could be considered sufficient.
- For security awareness training, mechanisms for the education and training of personnel should be appropriate to the size of the enterprise. For micro enterprises, documented oral training, and a recall of basic security and safety requirements may be accepted by Customs authorities.

3.51. The trade contact group with industry stakeholders, including MMSEs, is regularly consulted with regards to the development on the AEO programme. Moreover, surveys of the AEO operators were conducted in 2022.

### 3.2.8 Fiji

#### 3.2.8.1 Background Info

3.52. [Fiji's Gold Card Service](#) was launched on 20 November 2012. The Service was later expanded and launched as the Fiji AEO program in January 2019.

3.53. Gold Card Service provides priority and privileged services to highly compliant customers. Its intent is to encourage customers to meet tax and Customs obligations and to modernize services to a commercialized aligned service. These customers enjoy instant tax receipting of tax payments, lodgement of returns, assessment reviews, tax clearance certificates, issuance of Certificate of Exemption (COE) and other services offered by Fiji Revenue and Customs Service (FRCS) without having to queue in line at the counter.

3.54. Being a member of the Authorized Economic Operators (AEOs) has a number of extensive benefits including greater facilitation and self-certification to entities who have demonstrated a strong internal control system and compliance with tax and Customs laws. These benefits include deferred payment of import duties, bond and bank guarantee waivers in bonded warehouses, tanks and private bond facilities. Inspection of goods under Customs profiles is also waived for AEO members for smooth facilitation of trade.

3.55. Accreditation:

- Expression of Interest from companies.
- Companies that require Tax & Customs service daily.
- Topmost revenue contributors to Customs & Tax prioritized.
- Excellent compliance history in both Customs & Tax responsibilities identified.

3.56. Benefits:

- a. The Gold Card Unit provides the following services to all Gold Card members:
  - Attend to all Tax and Customs general enquiries.
  - Process Tax and Customs clearances applications.
  - Facilitate and give preference to the processing of returns, applications, lodgements, requests, services, and review of assessments without compromising compliance.

- Receipt payment of all taxes and penalties.
  - Direct referrals within all Fiji Revenue and Customs Authority (FRCA) business units.
  - Introduction of the Approved Economic Operator program.
  - Privileged Services.
- b. Some of the benefits of being a Gold Card member include:
- Priority services and personal baggage duty free allowance of up to USD 2,000 at international arrival counters.
  - Priority services for passports and permits at the Immigration Department.
  - Baggage collection and escort services by Airports Fiji Limited.
  - Express lane and priority services for all inspection and clearance services at Biosecurity Authority of Fiji.
  - Express lane for all Land Transport Authority services.
  - Priority check-in at the Tabua Club Counter whenever the member is flying on the national airline, Fiji Airways.

### 3.2.8.2 MSME-specific measures

3.57. The FRCS Information Support Centre ensures that all customer segments understand their registration, filing, payment and their requirements of reporting. To meet the needs of the growing population of MSMEs, FRCS has setup a MSME Support Centre through the Information Support Centre. The Centre provides MSMEs with free advisory services including business registration, filing of returns, payments, VAT registration, Tax and Customs incentives available to them, budget changes that will impact them, tax clearance processing and other tax and Customs related queries.<sup>32</sup>

## 3.2.9 France

### 3.2.9.1 Background Info

3.58. France is part of the EU AEO program.

### 3.2.9.2 MSME-specific measures

3.59. Customs has developed a sponsorship project together with the *Union des entreprises de Transport et de Logistique de France* (TLF) to assist their MSMEs to become AEOs. Under the project, large, certified companies provide free support to MSMEs, offering them training and helping them to review their process according to the AEO programme requirements, if needed.

3.60. "Business Advisory Offices" have been created in every Customs regional division, offering potential applicants personalized support. The local advisory team approaches companies about the AEO programme and what AEO status means, assisting interested companies to prepare themselves, including the filling-in of the "self-assessment questionnaire".<sup>33</sup>

## 3.2.10 Hong Kong, China

### 3.2.10.1 Background Info

3.61. The [Hong Kong Authorized Economic Operator Programme](#) was formally launched in April 2012, following the successful conclusion of a pilot scheme the previous year.

<sup>32</sup> Our Approach to Compliance, FRCS, <https://www.frsc.org.fj/about-us/voluntary-tax-compliance/our-approach-to-compliance>.

<sup>33</sup> "Second WCO Global AEO Conference under the spotlight", Laure Tempier (2014), [https://www.worldcommercereview.com/publications/article\\_pdf/859](https://www.worldcommercereview.com/publications/article_pdf/859).

3.62. Accreditation<sup>34</sup>:

- a. Requirements:
  - A history of good compliance with Customs requirements.
  - A good maintenance of verifiable commercial records.
  - Proven financial solvency.
  - Appropriate security and safety measures.
- b. AEO Status: Tier 1 and Tier 2.
- c. Process:
  - Companies conduct a self-assessment on their internal policies and operational procedures against the pre-determined criteria set under the AEO Programme.
  - Companies submit applications to Customs.
  - Customs conduct documentary check and on-site validation visits.
  - Customs grant AEO status and issue Certificates to companies which fulfil the pre-determined criteria set under the AEO Programme with a validity of three years.

3.63. Benefits<sup>35</sup>:

- Reduced Customs inspections.
- Prioritized Customs clearance.
- Strengthened competitiveness and marketability. Enhanced goodwill as a secure trader with industry quality mark.
- Privileged benefits granted by other economies under MRAs.

3.64. Small and medium-sized enterprises (SMEs) represent around 20% of companies accredited as AEOs in Hong Kong, China.

**3.2.10.2 MSME-specific measures**

3.65. Over 98% of the local industries are SMEs. Hong Kong, China is mindful of introducing a programme that could provide a level playing field for all stakeholders. The accreditation criteria are thus prudently worked out to ensure their applicability to local companies.

3.66. With this concern in mind, Hong Kong, China formulated a 2-tier free and voluntary accreditation programme which is open to local companies engaging in business principally related to the international supply chain. Companies applying for a lower tier are required to meet certain basic criteria whereas additional criteria are required for a higher tier.

3.67. The 2-Tier Certification system in the Hong Kong AEO Programme encourages MSMEs to join. Tier 1 involves 10 security criteria, while Tier 2 adds two additional security criteria.

3.68. An Account Manager is designated to assist MSMEs in the accreditation process, sharing best practices and providing guidance throughout the process.

3.69. The AEOs recognized so far, including MSMEs, could meet the accreditation criteria without having to make major changes or investment. Recognizing that the extent of compliance depends

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<sup>34</sup> "Compendium of Authorized Economic Operator Programmes", WCO (2019), <https://www.wbasco.org/system/files/documentos/aeo-compendium.pdf>.

<sup>35</sup> "Compendium of Authorized Economic Operator Programmes", WCO (2018), <http://www2.aladi.org/sitioaladi/documentos/facilitacioncomercio/aeo-compendium2018.pdf>.

on the size, nature and model of the business, etc., Hong Kong, China exercises flexibility in the accreditation process as appropriate.

3.70. Success of the Programme hinges on the active participation of local traders. Provision of tangible incentives for participants is thus another issue that Hong Kong, China has to address when implementing the Programme. Taking into account that Hong Kong is a free port, Customs facilitation to traders in terms of reduced or prioritized inspection may not be great incentives for wide participation in the Programme. As such, Hong Kong, China focuses on identifying the long-term substantial benefits to local traders through the enhanced export competitiveness and marketability upon their accreditation as AEOs. More importantly, the AEO status is a symbol of trusted traders. They will enjoy more privileged benefits at international level under MRAs.

3.71. Consultation with MSMEs: There is mention that Hong Kong, China conducted a pilot scheme to test the applicability of the Programme in Hong Kong, China and collected valuable comments from related industries, including SMEs, to fine-tune the Programme.<sup>36</sup>

### 3.2.11 India

#### 3.2.11.1 Background Info

3.72. The [Indian AEO programme](#) was introduced as a pilot project in August 2011. It was later amended to include SAFE Framework Standards in 2012. A comprehensive, unified trade facilitation initiative was launched by merging the then-existing Accredited Client Programme (ACP) and the ongoing AEO scheme of 2012 in the form of a revised AEO programme in July 2016. Further simplification for financial solvency and decentralisation of the AEO application processing took place during 2018. There are three tiers of certification for the Indian AEO programme, with Tier 1 (T1) the most basic requiring document submission only and Tier 3 (T3) the most demanding onsite verification and two years of Tier 2 (T2) compliance.<sup>37</sup>

3.73. Accreditation<sup>38</sup>:

- The business entity must be established in India.
- The business must be involved in Customs-related activities.
- The business must have handled a minimum of 25 Customs documents, i.e., either shipping bills or bills of entry in the last financial year.
- The business must be carrying out the Customs-related activity for at least the last three financial years.
- The business should not be issued with a show-cause notice during the last three financial years involving forgery, fraud, clandestine removal of excisable goods, outright smuggling, or cases where the service tax is collected but not deposited with the Government.
- The business must be financially solvent during the last three financial years preceding the date of application for AEO status.
- The business must have appropriate internal measures and controls to ensure the security and safety of the business and its supply chain.
- The business must have a system of managing commercial and transport records.

<sup>36</sup> "Implementation of Hong Kong Authorized Economic Operator Programme", Office of Supply Chain Security Management Customs and Excise Department Hong Kong, China, [https://www.wto.org/english/tratop\\_e/tradfa\\_e/case\\_studies\\_e/at\\_hkq\\_e.doc](https://www.wto.org/english/tratop_e/tradfa_e/case_studies_e/at_hkq_e.doc).

<sup>37</sup> AEO certification, ASC (2021), <https://www.ascgroup.in/service/aeo-certification/>

<sup>38</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aeo-compendium.pdf>.

## 3.74. Benefits:

- a. The major benefits of AEO certification are:
  - Inclusion of direct port delivery of imports for AEOs.
  - Inclusion of direct port entry for factory-stuffed containers intended for export by AEOs.
  - Provision of deferred payment of duties – delinking duty payment and Customs clearance for AEO T2 and AEO T3.
  - Benefits of Mutual Recognition Agreements with other Customs administrations for AEO T2 and AEO T3.
  - Fast tracking of adjudications and refunds, including IGST refunds and disbursement of drawback.
  - Priority in processing and clearance of goods.
  - Tier-based bank guarantee waivers.
  - Designated Client Relationship Managers at each port to facilitate AEO Certificate holders.
  - Self-declaration of Standard Input-Output Norms (SION) AEO exporters in cases where SION is not notified.

3.75. As of 1 January 2024, MSMEs represent around 45% of AEOs.

**3.2.11.2 MSME-specific measures**

- A [liberalised AEO package for MSMEs](#) has been introduced.
- Special focus on MSMEs.
- The Central Government has introduced measures to help reduce the "order-to-cash" cycle by improving logistics and reducing the Customs clearance turnaround time for MSMEs.

## 3.76. Liberalized MSME AEO Package Overview:

- a. The Central Board of Indirect Taxation & Customs (CBIC) introduced the 'Liberalized MSME AEO Package' to facilitate MSMEs for AEO T1 and AEO T2 certification. This package aims to provide a more relaxed set of compliance criteria for MSMEs.

## 3.77. Features of the Liberalized MSME AEO Package:

- a. Eligibility Criteria:
  - The MSME applicant should have a valid MSME Certificate from the line-Ministry.
  - Once the AEO approval is granted, MSMEs should ensure the continuous status of "MSME" during the validity period of the AEO Certificate.

## 3.78. Relaxations for MSMEs:

- The condition that the business must have handled a minimum of 25 Customs documents in the last financial year was relaxed. MSMEs handling 10 documents (5 documents each half-year) are eligible and can apply for an AEO Certificate.
- The condition of business carrying out Customs-related activities for the last three financial years was reduced to the last two financial years for MSMEs to obtain AEO status.
- The condition of not receiving a show-cause notice during the last three financial years involving forgery, fraud, clandestine removal of excisable goods, etc during the last three financial years was reduced to the last two financial years for MSMEs.

- The condition of the business being financially solvent during the last three financial years was relaxed to last two financial years for the MSMEs to avail AEO status.
- The various annexures required to be filed for AEO T1 and AEO T2 accreditation, i.e., annexure A, B, C, D, E.1 to E.4 have been supplanted with two annexures, i.e., MSME annexure 1 and 2.
- The annexures required to be filed for AEO T2 accreditation, i.e., annexure E.5.1 and E.5.7 for physical verification has been rationalized with one annexure of MSME annexure 3.
- The time limit for processing the MSME AEO T1 and T2 applications was reduced to 15 working days (usually one month) and three months (usually six months), respectively.
- The benefit of relaxation in furnishing a bank guarantee for the AEOs for MSME AEO T1 and MSME T2 was further relaxed to 25% from 50% and 10% from 25% required to be furnished by an exporter or importer who is not an AEO Certificate holder, respectively.

3.79. Since updating AEO programme is an ongoing process, MSMEs are regularly contacted for their feedback and suggestions.

### **3.2.12 Indonesia**

#### **3.2.12.1 Background Info**

3.80. Since 2015, the Directorate General of Customs and Excise (DGCE) has been implementing the Authorized Economic Operator (AEO) program in Indonesia. This program is based on the legal regulations of the Minister of Finance No. 227/PMK.04/2014 concerning Authorized Economic Operators (AEO) and Regulation of the Director General of Customs and Excise No. PER-4/BC/2015, concerning Procedures Granting Customs Recognition as an AEO. In the same year, Indonesia conducted a pilot phase by certifying five exporter-type operators as AEOs. As of 2023, 161 AEO companies in Indonesia have received AEO certification. Among them are 135 exporter-importer companies and 26 logistics-service-provider companies, including Customs brokers, warehousing, and trucking service providers.

3.81. Regulatory changes were made to make the Indonesian AEO program more relevant as a result of updates to the 2021 WCO SAFE Framework of Standards, the 2021 AEO Implementation and Validation Guidance, and the 2021 Strategy Guide for AEO Mutual Recognition, plus the WTO Trade Facilitation Agreement (Article 7.7 Authorized Operator). The Indonesian Minister of Finance recently issued a new regulation, namely Regulation No. 137 of 2023, concerning Authorized Economic Operators (Regulation No. 137). One of the aims of this Regulation is to make it easier for small and medium industries to obtain recognition as an AEO.

3.82. Accreditation requirements:

- a. To obtain recognition as an AEO, an Economic Operator must fulfil the following general requirements:
  - Have never committed a criminal act in the field of Customs and/or excise and taxation.
  - Have financial reports audited by a public accounting firm within the last two years.
- b. In addition to general requirements, AEOs must fulfil the following conditions and requirements:
  - Compliance with the provisions of laws and regulations in the field of Customs (Demonstrated Compliance with Customs Requirements) and related laws and regulations.
  - Satisfactory System for Management of Commercial Records.
  - Financial Viability.
  - Consultation, Co-operation and Communication.

- Education, Training and Awareness.
- Security and safety management system, which consists of:
  - Information Exchange, Access and Confidentiality;
  - Cargo Security;
  - Conveyance Security;
  - Premises Security;
  - Personnel Security;
  - Trading Partner Security;
  - Crisis Management and Incident Recovery; and
  - Measurement, Analyses and Improvement.

3.83. Fulfilment of conditions and requirements may differ for each type of Economic Operator depending on the role and responsibilities of the Economic Operator in the international trade supply chain.

3.84. Benefits:

- a. General benefits (refer to the benefits that are provided to all types of Economic Operators. These benefits are as follows):
  - Recognition as a partner by the DGCE.
  - Access to special services provided by the Client Manager.
  - Priority for inclusion in new programs launched by the DGCE.
  - Availability of Customs consultation and/or assistance services outside of Customs Office working hours.
- b. Special benefits (privileges given to certain types of Operators, which may include the following (but are not limited to)):
  - Classified as a low-risk company.
  - Document checking and/or physical examination based on risk management in accordance with applicable regulations.
  - Priority in obtaining simplification of Customs procedures.
  - Special services in the Customs sector for the smooth release and/or entry of the flow of goods from and/or to the Customs Area at the port of unloading and/or loading by considering risk management.
  - Benefits which are regulated based on the provisions of laws and regulations in the field of Customs.
- c. Apart from general and special benefits, AEOs also get benefits in the form of:
  - Benefits agreed upon with other economies' Customs administrations in a Mutual Recognition Arrangement.
  - Benefits provided by other Government agencies following statutory provisions.

#### **3.2.12.2 MSME-specific measures**

3.85. In Regulation No. 137, there are facilities provided for small and medium enterprises (SMEs) to help them meet the necessary conditions and requirements.

3.86. For the financial solvency requirements, the following conditions should be met:

- Have an adequate financial position to fulfil all its financial commitments and obligations based on the nature of its business sector; and
- Get:
  - Unqualified opinion; or
  - **Minimum qualified opinion for small and medium industries/enterprises**, based on financial reports that have been audited by a public accountant over the last two years.

3.87. There is also a provision in this Regulation that states that the fulfilment of conditions and requirements may vary depending on the role and responsibilities of the Economic Operator in the international trade supply chain. This provision allows for flexibility in meeting the conditions and requirements for different types of Economic Operators, including small and medium industries.

3.88. There are several obstacles in carrying out certification for MSMEs due to differing definitions set by various Government agencies. For instance, one Government institution defines small, medium, and large industries based on the number of workers and/or investment value, while others define them based on investment value, net worth, and sales proceeds. Even when similar parameters such as investment value are used, different reference numbers are assigned to each of these definitions, making it difficult to determine whether a company is included in MSMEs or not.

3.89. DGCE has undertaken several efforts to help MSMEs get recognized as AEOs. These efforts include visiting MSMEs directly, distributing questionnaires to them, and actively promoting the AEO program by inviting MSMEs to apply for it.

### 3.2.13 Jamaica

#### 3.2.13.1 Background Info

3.90. [The Authorized Economic Operator \(AEO\) Programme](#) of Jamaica addresses risks and vulnerabilities by streamlining the trade process using effective risk management techniques. These techniques separate importers into compliant and non-compliant categories, thereby allowing the Jamaica Customs Agency (JCA) to focus scarce resources on non-compliant companies and reward compliant ones.

3.91. Having introduced this Programme, the JCA has seen:

- Improved customer satisfaction.
- Compliance with revenue payments.
- Improved communication.
- Reports of suspicious transactions.
- Minimized corruption.
- Reduced smuggling.

3.92. The AEO programme in Jamaica was launched on 28 July 2014.

3.93. Accreditation:

- a. STEP 1
  - Completion of online Prequalification Questionnaire, Application & Self-Assessment Questionnaire.
  - Review of application by JCA to determine acceptance of application.

- b. STEP 2
  - Initial validation.
  - Initial Validation Findings Report submission to applicant.
  - 60-day validation follow-up after the initial visit for outstanding requirements.
  - 90-day validation follow-up, 30-days after the 60-day validation follow-up for outstanding requirements.
  - Final Validation Report.
- c. STEP 3
  - Review and recommendation of Validation Report by AEO Committee.
  - Letter of denial / acceptance.
  - Where an application is recommended for approval a letter of acceptance along with Memorandum of Understanding is sent to the company for signature and returned to JCA, thereafter the Company placed on all systems to commence processing of declarations as an AEO.
  - In the case of provisionally accepted companies, i.e., companies given extensions to complete outstanding mandatory requirements, correspondence is sent notifying them of the extension.

#### 3.94. Benefits:

- Simplification of Customs processes.
- Reduction in the inspection of cargo being imported and exported.
- Possibility of requesting a specific place for Customs inspection to be conducted.
- Easier access to authorizations and permits through the public sector.
- AEO Public Sector Inter-Institutional Committee (PSIIC).
- AEO Private Sector Committee (PSC).
- Post clearance documentary inspection.
- Stronger strategic alliance with the Customs Agency.
- Assignment of an Account Officer for each AEO company.
- Competitive advantage for the AEO compared to the non-AEO regarding marketability: AEO status can lead to further business opportunities, as companies are considered secure and reliable traders.
- Provides faster logistics handling.
- Reduced turnaround time at ports resulting in cost benefits.

3.95. Of the total number of AEO companies participating in the Jamaica AEO Programme, MSMEs represents approximately 47% of which 11 companies are categorized as Small Enterprises and 49 are categorized as Medium Enterprises.

#### **3.2.13.2 MSME-specific measures**

3.96. The Jamaica Customs Agency in collaboration with the Risk Management Unit targets large enterprises as well as MSMEs that are not on the AEO Programme by making contact and inviting companies to participate in sensitization sessions with a bid to have them join the programme.

3.97. The initial Trusted Trader programme of Jamaica was introduced in 2009. In 2012 Jamaica revamped the Trusted Trader Programme to include the AEO security requirements and conducted sensitization sessions across Jamaica to large, medium, and small companies. These sessions were also extended to the Other Government Agencies as well as the Customs Brokers Associations and

most importantly all the Divisions of the JCA to review the Jamaica AEO Programme, its process flow as well as the security requirements and Memorandum of Understanding. From these discussions, process flows and documentations were agreed to by both private and public sector stakeholders and the Jamaica AEO Programme was launched in 2014.

3.98. Each AEO applicant is assigned an AEO Account Officer who is responsible for conducting training and sensitization sessions as well as reviewing documentation and processes to give guidance to the AEO applicant on actions required to be successful in their application.

### 3.2.14 Japan

#### 3.2.14.1 Background Info

3.99. The [Japan AEO program](#) was introduced for exporters in 2006 and was subsequently expanded to include importers in 2007.

3.100. Accreditation<sup>39</sup>:

- a. General requirements:
  - Compliance record.
  - Proper ability to conduct operations.
  - Cargo conveyance/premises security.
  - Compliance programme.
- b. Accreditation:
  - Prior consultation (voluntary).
  - Self-assessment.
  - Examination of documents, on-site audit for AEO status.
  - Post-authorisation audit. If there is a problem – "Administrative order for improvement". If no change – the status is revoked.

3.101. Benefits:

- Compliance-reflected examination and inspection.
- Pre-arrival lodgement of import declaration and permission.
- Release of cargo before duty/tax payment declaration and duty/tax payment.
- Periodical lodgement of duty/tax payment declaration.
- Waive the requirement to place export goods into the Customs area.
- Establishment of a new Customs warehouse only by notification to Customs.
- Compliance-reflected reduced audit for warehouse operators.
- No monthly fee for Customs warehouses.
- Simplification of Customs transit procedure.
- Lodgement of import/export declaration to any Customs offices (to be introduced in autumn 2017).

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<sup>39</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aeo-compendium.pdf>.

### 3.2.14.2 MSME-specific measures

3.102. Engagement with MSMEs: Japan has been promoting Economic Operators' participation in their AEO program, including MSMEs. They have taken proactive measures to ensuring easy access to their AEO program by:

- Assigning a Customs account manager for consultation purposes.
- Allowing flexibility in how to meet the criteria of the AEO requirements based on the circumstances of companies.
- Proactive public relations.

3.103. These measures aim to make it easier for potential AEOs, including MSMEs, to participate in the AEO program and benefit from its advantages.

3.104. In developing its AEO program, Japan Customs consults with the private sector, including MSMEs, as necessary through opinion exchanges, public comments, etc.

3.105. The Japanese Government developed and promoted the AEO program in close cooperation with the business sector, including MSMEs.

### 3.2.15 Jordan

#### 3.2.15.1 Background Info

3.106. Jordan Customs initiated an AEO program, known as the [Golden List \(GL\) program](#), in 2005. The very first step of the Golden List design of Jordan can be traced back to September 2003 when Jordan Customs and the United States Agency for International Development (USAID) agreed to design an AEO program. In other words, Jordan leveraged donor assistance to develop its GL program and succeeded in achieving recognition from U.S. Customs and Border Protection. The WCO SAFE Framework Standards, which were developed simultaneously, were integrated to the program. The design of the GL program in terms of compliance has benefited from the EU's program as a benchmark.

3.107. Accreditation<sup>40</sup>:

- a. Three categories of compliance exist: A (basic), B (important) and C (optional). To qualify as an AEO the company must meet Customs requirements and security requirements as follows: compliance with A (basic requirements), with B (necessary requirements) with the possibility of developing plans to improve the necessary compliance and work to implement them within the specified time limits, and compliance as much as possible with C (optional requirements). Also, the company must achieve the required compliance standards by examining samples at all stages.

3.108. Benefits:

- Self-improvement by self-checks.
- Reduce number of inspections (by expansion of green lane assignments).
- Reduce goods post-release compliance audits. Pre-arrival clearance of goods.
- Goods release before completing Customs formalities. Give priority to the import and export companies and Qualifying Industrial Zones (QIZ) companies in clearance procedures.
- Allowed to remove the goods off working hours against undertakings presented by clearance companies in the clearance centres.
- Exception of their goods from Customs escort except trucks loaded with cigarettes and alcoholic beverages.

<sup>40</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aeo-compendium.pdf>.

- Double public guarantees for commercial companies.
- Double compact guarantees for clearance companies.
- Providing consultancy and assistance and all possible facilitations.
- Moral privileges such as letters of appreciation to the companies.
- Publish names of members on the Customs websites.

### 3.2.15.2 MSME-specific measures

3.109. Jordan offers an AEO-like program called the **Silver List** launched in 2017 to incentivize MSMEs to participate in trade practices that are compliant and safe by offering some of the trade facilitations in the Golden List program. Furthermore, successful Silver List participants are invited to apply for the Golden List Program.

3.110. The Golden List was expanded into a broader Trusted Trader Program that includes a Silver List that proactively identifies companies, particularly MSMEs, that have had no significant import or export issues and 'graduates' them to a Silver List with privileges before consideration to Golden List. An additional goal of the program is to motivate committed companies with large business to apply for the Golden List Program.

3.111. Facilities provided to the Silver List companies:

- Expansion in green and yellow lanes (Customs clearance types).
- Benefits of pre-clearance service in accordance with the applicable regulations.
- Priority for the completion of the export and import Customs declarations for Silver List companies via special indication that appears electronically on the Customs declaration.

3.112. Customs selects the companies from importers and exporters based on analytical studies conducted by a Risk Management Directorate that assesses companies' compliance to add the companies to the Silver List.<sup>41</sup>

3.113. As of October 2018, 50 importers and 12 exporters were in the Silver List. The companies in the Silver List are reviewed by office auditing at least once a year and continue their existence in the Silver List in case they are compatible with membership conditions.<sup>42</sup>

### 3.2.16 Korea, Republic of

#### 3.2.16.1 Background Info

3.114. The [AEO program](#) in the Republic of Korea was launched in April 2009.

3.115. Accreditation<sup>43</sup>:

- a. General requirements:
  - Legal compliance.
  - Internal control.
  - Financial solvency.

<sup>41</sup> Authorized Economic Operator Programs in Islamic Countries, COMCEC (2018), <https://sbb.gov.tr/wp-content/uploads/2019/06/Improving-Authorized-Economic-Operators-Programs-in-the-OIC-Member-States.pdf>.

<sup>42</sup> Authorized Economic Operator Programs in Islamic Countries, COMCEC (2018), <https://sbb.gov.tr/wp-content/uploads/2019/06/Improving-Authorized-Economic-Operators-Programs-in-the-OIC-Member-States.pdf>.

<sup>43</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aeo-compendium.pdf>.

- Security management.
- b. Accreditation process:
  - Submit the application (self-assessment, risk evaluation, statement on AEO management, and internal AEO manager).
  - Audit (documentary and on-site validation).
  - Assignment of the AEO Certificate classes according to the level of compliance: class AA (90% or greater); class A (80% or greater), or request for improvement measure.
  - AEO Certificate granted (valid for three years, renewal within six months before expiration) and a Customs Client Coordinator assigned.
  - Self-management/post monitoring.
  - Compliance assessment (by application or selection): class adjustment (especially AAA class needs greater than 95% compliance and appropriate best practices to share with other companies), or request for improvement measures.

#### 3.116. Benefits:

- a. General benefits: simplified and less physical inspection, simplified Customs procedures, less financial burden, etc. The benefits differ according to the types of AEOs and AEO classes.
- Simplified and less physical inspection:
  - less physical inspection by the Customs in the ex/import process;
  - inspection at a place the importer wants.
- Simplified procedures:
  - clearance without supporting trade documents;
  - exemption from pre-clearance audit as well as post-clearance audit;
  - provision of convenience in Customs clearance, etc. at international (air)ports to AEOs' representatives;
  - self-determination on application of Customs tariff rates, Customs duty reduction/exemption, and instalment payment of Customs duties and taxes.
- Less financial burden:
  - exemption from the obligation to deposit collateral for import clearance;
  - monthly instalment payment of Customs duties and taxes.
- Other: reduction of punishment for violation of Customs-related laws.

#### 3.2.16.2 MSME-specific measures

3.117. The Korea Customs Service (KCS) and the [Korea AEO Association \(KAA\)](#) support MSMEs in obtaining the AEO Certificate. Specifically,<sup>44</sup>:

- The Republic of Korea offers expedited AEO authorization examinations for MSMEs.
- They have specialized AEO security criteria with lower eligibility to facilitate the acquisition of the AEO Certificate by MSMEs.
- SMEs are also provided with alleviated security criteria.

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<sup>44</sup> "Smart AEO Certified System", Korea AEO Association (2018), [https://na.eventscloud.com/file\\_uploads/3c43775df629b46d1e2df9abeda99371\\_SunbokKwon\\_180307KoreaAEOTheRoleofKoreaAEOAssociationSmartAEOCertifiedSystem.pdf](https://na.eventscloud.com/file_uploads/3c43775df629b46d1e2df9abeda99371_SunbokKwon_180307KoreaAEOTheRoleofKoreaAEOAssociationSmartAEOCertifiedSystem.pdf).

3.118. Financial Support: Businesses that can prove a lack of manpower and financial resources are provided with:

- Consulting and training funds.
- In some cases, funds to procure equipment and devices to meet AEO security standards.
- The Republic of Korea Customs provides MSME consulting and educational support to help them acquire AEO certification, while shouldering 80% of the costs for expenses.

3.119. The Republic of Korea offers expedited AEO authorization examinations to MSMEs through multiple procedural preferential provisions, including a 'priority audit'. In order to facilitate MSME's access to the program, consulting fees are provided to the firms that show a lack of personnel and financial resources. Additionally, larger firms sign Memorandums of Understanding with their MSME partners to support their AEO authorization.<sup>45</sup>

3.120. The process involves the following steps:

- SMEs apply for support.
- Korea AEO Association approves or rejects the application.
- MSMEs contract with a consulting company.
- Korea AEO Association manages the consulting company.
- Korea AEO Association provides training for the applicant and AEO consultants.
- An audit report is generated.
- Approval is given.
- Support expenses are provided by the Korea Customs Service.

### **3.2.17 New Zealand**

#### **3.2.17.1 Background Info**

3.121. New Zealand's AEO program, called the [Secure Exports Scheme \(SES\)](#) was launched in 2004, and is open only for exporters.

3.122. Accreditation<sup>46</sup>:

- The exporter lodges application to join Secure Exports Scheme. The application must be supported by a security plan, process map, site plan and a security plan from their transport operator(s). The security plan documents the policies, processes and procedures that the exporter has in place that show their export products are securely packed, accurately accounted for, sealed with a New Zealand Customs approved seal and securely transported to the point of export from New Zealand. If they use a third-party site to pack their export products into a container, then a further security plan and site plan is required.
- A validation process is undertaken by New Zealand Customs. This process includes a data integrity check on export documentation and a Customs data base check. A Situation Report is requested from the New Zealand Customs Intelligence Unit and site validation visits are undertaken.
- On completion of the validation process, a quality assurance check is undertaken on the application file to ensure the above processes have been completed and a Management Report is compiled recommending the application be approved or declined.

<sup>45</sup> Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs, APEC (2016), [https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report\\_may-2016.pdf](https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report_may-2016.pdf).

<sup>46</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aao-compendium.pdf>.

- The Manager Service Delivery signs off on the recommendations in the Management Report.

3.123. If the application is declined the exporter is advised in writing on the reasons. If the application is approved New Zealand Customs and the exporter sign an approval document. This numbered approval document covers all the conditions the exporter must adhere to and includes a Customs approved seal that must be used to seal Secure Exports Scheme export containers.

3.124. Benefits:

- Reduced export transaction fees for lodgement of all export entries.
- Lower potential for intervention by New Zealand Customs which allows more time to load shipments and complete export documentation, lowering compliance costs.
- Provides access to border clearances with economies that have MRAs with New Zealand Customs.

3.125. New Zealand Customs can provide advice and assistance for unexpected issues in respect of export goods with overseas border agencies that have an MRA with New Zealand Customs.

### **3.2.17.2 MSME-specific measures**

3.126. New Zealand Customs recognizes that every business is unique and security arrangements for cargo are different for each business. For this reason, the approach taken by Customs is outcome-based rather than inflexible.

3.127. In this regard, the Secure Exports Scheme (SES) outreach program is targeting developing MSMEs in recognition that complexity to comply was a major inhibitor for small to medium-sized exporters. From 9 August 2023, Exporters, Secure Load Sites, and Transport Operators have been able to apply separately to become members of the SES online, in one place, through a new digital platform. Extending the SES to include Secure Load Sites and Transport Operators will provide those businesses with the opportunity to become an accredited SES partner in their own right although it still require the exporter (regardless of size) to demonstrate how they intend to comply with the terms of the minimum standards.

3.128. The new horizontal structure makes it easier for MSME exporters to apply if they use Secure Load Sites or Transport Operators that are already part of the SES. Previously both the Secure Load Sites and Transport Operators had to be part of exporter's applications. This new structure allows MSMEs within the supply chain to grow their business independently and reduces the complexity required to become an SES partner. By having all parties in the secure supply chain become partners independently also gives Customs greater ability to assist with potential risks that the business, and their goods, could be exposed to. The new digital platform simplifies and streamlines the process, making it easier and more accessible for MSMEs to apply and benefit from the scheme. As a result, the New Zealand Customs Service has seen an increase in applications received.

3.129. In 2019, the New Zealand Customs Service also extended the SES to include air freight packages further supporting the business model of MSMEs.

3.130. New Zealand's approach is instructive, particularly since a large proportion of its businesses are MSMEs. New Zealand takes an outcomes-based approach, asking exporters to demonstrate how they intend to comply with the minimum standards and working with them to achieve mutually acceptable criteria.<sup>47,48</sup>

<sup>47</sup> "Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs", APEC (2016), [https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report\\_may-2016.pdf](https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report_may-2016.pdf).

<sup>48</sup> "Integrating SMEs in Authorized Economic Operator Certification: Improving SME Participation in APEC Secure Trade", APEC (2021), [https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221\\_sccp\\_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c\\_1](https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221_sccp_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c_1).

3.131. RCEP (Regional Comprehensive Economic Partnership) program has some additional information and has set up a helpline for MSMEs to help them remove non-tariff barriers.<sup>49</sup>

3.132. All businesses had an opportunity to comment during the consultation on the development of the AEO programme. MSMEs have been front of mind for the recent updates to our AEO programme and were consulted as the 'voice of the customer'.

### 3.2.18 Philippines

#### 3.2.18.1 Background Info

3.133. The [AEO program](#) in the Philippines was launched in 2019.

3.134. Requirements<sup>50</sup>:

- a. General:
  - Business ownership, structure, and organization.
  - Corporate or business profile and projected business activity.
  - End-to-end import or export process (goods, documentation and payment flow) and local distribution system, if any.
  - Entities involved in foreign supply and/or the local distribution chain.
  - List of goods imported or exported including the nature, specific description in tariff terms, Customs value, preferential rates to be availed of, and volume (over time).
  - Internal Customs compliance control.
  - Customs compliance history.
  - Business process continuity mechanism.
  - Other similar factors to be determined by the Bureau.
- b. Security:
  - Cargo handling and safekeeping.
  - Record-keeping and IT system.
  - Supply and trading partner.
  - Physical premises and access control.
  - Personnel complement.
  - Security training, threat awareness and outreach.
  - Other similar factors to be determined by the Commissioner.
- c. Other requirements:
  - In operation for at least one year prior to the date of application.
  - Obtained the necessary permits, licences, and/or concessions if regulated by another Government agency.

<sup>49</sup> "Information for Exporters and SMEs", New Zealand Foreign Affairs and Trade, <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/regional-comprehensive-economic-partnership-rcep/information-for-exporters-and-smes/#bookmark4>.

<sup>50</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aeo-compendium.pdf>.

- None of the executive officers and directors directly engaged in Customs procedures and shareholders, as applicable, has been found criminally liable for violations of Customs laws and procedures.
- Must have a dedicated office or unit and responsible officer whose main function is to ensure the applicant's compliance with its duties and responsibilities under the AEO programme as an accredited member.

### 3.135. Accreditation Procedure:

- a. Pre-Screening Process:
  - AEO candidate fills in forms and submits documentary requirements to the Office of Deputy Commissioner.
  - The AEO Office assigns an Account Manager to review criteria and assist the candidate.
  - If approved, a Pre-screening Certificate is issued. If disapproved, the AEO Office assists until the candidate is ready.
- b. Application Process:
  - Applicant submits a complete application form at the AEO online portal together with the Pre-screening Certificate.
  - The AEO Office evaluates the document submission and conducts an on-site inspection of the facility.
  - If approved, the applicant is accredited as a Level 1 member. If disapproved, the applicant may re-apply after one year from the initial application.
- c. Revalidation Process (for Level 1 to Level 2 transition):
  - Level 1 members undergo revalidation of security measures and supply chain security practices (e.g., site visit).
  - If approved, the applicant is accredited as a Level 2 member. If disapproved, they are retained as a Level 1 member.

### 3.136. Benefits:

- a. Level 1 benefits:
  - Exemption from renewal of accreditation.
  - Self-assessment.
  - Supplementary Goods Declaration.
  - Dedicated Help Desk.
  - Other benefits consistent with the RKC.
- b. Level 2 benefits:
  - Dedicated processing lane.
  - Advance clearance process.
  - Periodic lodgement.
  - One time exemption Certificate.
  - Expedited Customs clearance for exports.
  - Other benefits consistent with the RKC.

### 3.2.18.2 MSME-specific measures

3.137. The Philippines AEO program is flexible and can provide a tailored model and benefits for MSMEs.

3.138. The Philippines Customs proposed a number of ways to involve more MSMEs in the AEO program, including formulating flexible AEO rules that adjust to MSME models, partnering with OGAs to promote the AEO program among MSMEs, assigning Account Managers for MSME applicants to support the AEO application process, collaborating with organized sector groups for consultation and developing MSME-oriented AEO programs, and providing MSMEs with guidelines to improve supply chain security and help them qualify for the AEO program.<sup>51</sup>

### 3.2.19 Switzerland

#### 3.2.19.1 Background Info

3.139. The Swiss AEO program is aligned with the accreditation, criteria and process of the European Union (according to EU AEO Guidelines and WCO SAFE Framework of Standards). See section 3.2.7 for more information on the EU AEO programme.

3.140. In contrast to the EU, there is only one type of AEO in Switzerland.

#### 3.2.19.2 MSME-specific measures

3.141. The AEO programme is open to all economic operators, including MSMEs. The special provisions are identical to the provisions of the EU. See section 3.2.7 for more information on the EU AEO programme.

### 3.2.20 Thailand

#### 3.2.20.1 Background Info

3.142. The [AEO program](#) in Thailand was first introduced in 2009 through a pilot program. Followed by the full implementation of the Thai AEO program for importers and exporters in 2011, the Thai AEO program was subsequently expanded to cover Customs brokers in 2013.

3.143. Accreditation<sup>52</sup>:

- a. General requirements:
  - Be a juristic person registered in Thailand with paid-up capital: THB 5 million for importer-exporter and THB 1 million for Customs broker.
  - Have a stable financial status over two years for importer-exporter and three years for Customs broker.
  - Operate in import/export or Customs broker business over three years.
  - No serious violation of Customs Law and Customs related laws within three years.
- b. Application, Verification and Authorization process:
  - The applicant submits an application form with supporting documents and the completed self-assessment checklist.

<sup>51</sup> "Integrating SMEs in Authorized Economic Operator Certification: Improving SME Participation in APEC Secure Trade", APEC (2021), [https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221\\_sccp\\_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c\\_1](https://www.apec.org/docs/default-source/publications/2021/2/integrating-smes-in-authorized-economic-operator-certification/221_sccp_integrating-smes-in-authorized-economic-operator-certification-2.pdf?sfvrsn=8c0ca64c_1).

<sup>52</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aao-compendium.pdf>.

- The submitted application form and the security profile will be examined if it meets AEO requirements or not.
- Thai Customs conducts an on-site visit (validation visit).
- Thai Customs will notify the applicant of the approval or disapproval of the application within 90 days after the submission of the application form.

3.144. When Thai Customs conducts an on-site visit (validation visit) they will notify the applicant of the approval or disapproval of the application within 90 days after the submission of the application form.

3.145. Benefits:

- Privileges on Customs procedures covering import, export and reexport.
- Tax privileges to be granted on more speedy tax refund and compensation.
- Privileges as a standardized Authorized Economic Operator of placing a guarantee on transshipment and transit.
- Privileges on legal cases under the conditions specified by the Customs Department.
- Exports will be recognized by foreign Customs administrations having Mutual Recognition Agreement.
- Other qualified privileges will be announced by the Director General of Customs.

3.146. Thailand defines MSMEs based on a combination of annual income and number of employees (see figure 1 below). If the number of employees fits one type of enterprise but the income fits another, whichever number is greater is used to determine the enterprise size category.

**Figure 1: Definition of MSMEs in Thailand**

Definition of MSMEs						
Type of Business	Micro and Small Enterprise				Medium Enterprise	
	Micro Enterprise		Small Enterprise			
	Annual Income (Million baht)	Employment (Person)	Annual Income (Million baht)	Employment (Person)	Annual Income (Million baht)	Employment (Person)
Manufacturing	≤ 1.8	≤ 5	≤ 100	≤ 50	≤ 500	≤ 200
Service and Merchandising	≤ 1.8	≤ 5	≤ 50	≤ 30	≤ 300	≤ 100

3.147. As of December 2023, there was a total of 404 Thai AEOs consisting of 207 Importers/Exporters and 197 Customs Brokers (CB). Considering the type of enterprise using the annual revenue criteria, approximately 50 CB-type AEOs are small enterprises, representing 12%.

### 3.2.20.2 MSME-specific measures

3.148. Thailand uses the same set of security standards for all companies while acknowledging and taking into account MSMEs' economic limitations. It uses this approach as a guiding principle, including during the evaluation process, judging the overall adequacy of a company's security.

However, Thailand did note that this approach requires a higher level of auditor training, professionalism, and management oversight to ensure an objective evaluation of the compliance requirements in the specific business context of MSMEs.<sup>53</sup>

3.149. Thailand has neither a MSME outreach program nor a budget specifically for MSMEs under the AEO program.

### 3.2.21 Türkiye

#### 3.2.21.1 Background Info

3.150. The [AEO program](#) in Türkiye was launched in January 2013.

3.151. Accreditation requirements<sup>54</sup>: only one type of Certificate which includes both Customs simplifications and security and safety measures.

a. General requirements:

- An appropriate record of compliance with Customs rules and regulations.
- A satisfactory system of managing commercial and transport records.
- Proven financial solvency.
- Appropriate security and safety standards.

b. Accreditation process:

- Application to the Regional Directorate where the main accounts related to the Customs arrangements are held.
- Pre-evaluation by the Regional Directorate (examination of submitted documents and database query).
- Self-Assessment Form and written procedures are examined by Directorate General of Customs.
- On-site audit based on the Self-Assessment Form.
- Authorization or rejection of application.
- Monitoring of AEOs after authorization to ensure highest compliance level is maintained.

3.152. Benefits:

- Lower risk score for risk profiling within the risk management system.
- Priority treatment if physical or paper-based controls are to be conducted.
- Priority for border crossings.
- Reduced data sets for entry and exit summary declarations.
- Submit declaration with incomplete documentation.
- Paperless declarations for imports and exports.
- Guarantee facilitations (lump-sum or partial guarantee).
- Green line facilitation (no physical or paper-based controls).
- Approved exporter status, with Authorization on A.TR Movement Certificate and Invoice Declaration of EUR.1 and EUR.MED Certificates.

<sup>53</sup> Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs, APEC (2016), [https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aEO-programs/apec-aEO-best-practices-final-report\\_may-2016.pdf](https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aEO-programs/apec-aEO-best-practices-final-report_may-2016.pdf).

<sup>54</sup> Compendium of Authorized Economic Operator Programmes, WCO (2019), <https://www.wbasco.org/system/files/documentos/aEO-compendium.pdf>.

- Right of local clearance (for imports and exports).
- Right of authorized consignee.
- Other facilitations currently recognized for authorized traders in Türkiye.
- Use of the AEO logo.

### 3.2.21.2 MSME-specific measures

3.153. SMEs who are also manufacturers may apply for the AEO Certificate. Besides, there is a different kind of authorisation which smaller firms are encouraged to obtain instead of AEO. This authorization is called "approved person status". Common Facilitations for both authorisations are incomplete declaration and documents, use of partial guarantee, summary declaration with reduced data, right to benefit from lump sum guarantee, right to issue and confirm ATR movement Certificate, right to issue Invoice Declaration or EUR.MED Invoice Declaration. The number of the companies holding this status is 5,396 in 2023.

### 3.2.22 Uganda

#### 3.2.22.1 Background Info

3.154. The [AEO program](#) in Uganda was launched on 5 September 2013.

3.155. Accreditation requirements<sup>55</sup>:

- An applicant must be a party involved in the International Trade Supply Chain as a player.
- Have a compliance history of at least three years.
- Have capacity to connect to Uganda Revenue Authority systems e.g., Automated System for Customs data (ASYCUDA) and E-tax connectivity.
- The applicant must have implemented the AEO Compliance Program.
- The Applicant must be financially solvent.

3.156. Process:

- Expression of interest by the applicant to join the program.
- Preliminary consultation with applicant.
- Issuance of self-assessment forms to the applicant.
- Onsite inspection.
- Vetting.
- Preliminary inspection report.
- Common risk mapping.
- Inspection management Letter.
- Authorisation.

3.157. Benefits:

- Priority treatment in Customs areas.
- Simplified Customs procedures.
- Pre-arrival clearance.
- Choice of place of Customs control.

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<sup>55</sup> "Compendium of Authorized Economic Operator Programmes", WCO (2020)  
<https://www.aladi.org/sitioaladi/documentos/facilitacioncomercio/aeo-compendium.pdf>.

- Self-management of Customs bonded warehouses.
- Automatic renewal of Customs licences.
- Withholding tax exemption.
- Priority to participate in all Customs initiatives.

### 3.2.22.2 MSME-specific measures

3.158. Uganda Customs plans to develop the simplified AEO program for particular sectors such as textiles and automobiles as a part of national economic objectives. The main objectives are to involve the MSMEs in the process to groom them to meet international standards and to reduce informal trade. These MSMEs are planned to be reached by MSME associations in Uganda by making presentations in their biannual meetings. There are also plans for instating a simplified AEO program to improve the gender-based involvement in the AEO process. In Uganda, many small companies are headed by women and there is a well-established stigma against women participating in formal programs. The objective of gender-based involvement is to reduce informality and capacity-building in the female population.<sup>56</sup>

### 3.2.23 Ukraine

#### 3.2.23.1 Background Info

3.159. The [AEO program](#) in Ukraine was adopted in 2012 and implemented in 2019.

3.160. There are two types of Authorized Economic Operators: AEO simplifications and AEO security and safety. Businesses can apply for one type of the AEO status or both.

3.161. Accreditation:

- a. Requirements and criteria:
  - The entity must be an economic operator established in Ukraine, perform any role in the international supply chain (manufacturer, exporter, importer, Customs broker, carrier, forwarder, warehouse keeper) and meet the following criteria:
    - compliance with the requirements of Ukrainian Customs and taxation legislation, and absence of criminal offences;
    - efficient system of accounting, commercial and transport documentation;
    - proven financial solvency;
    - practical standards of competence or professional qualification; and
    - compliance with security and safety standards.
- b. Procedure:
  - The entity completes and submits the application and self-assessment questionnaire to Customs.
  - Customs verifies/evaluates the information submitted by the applicant, including by conducting on-site visits.
  - Customs grants/rejects the AEO status.
  - Customs monitors the AEO to ensure compliance.
  - Customs suspends/revokes the AEO status (if needed).

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<sup>56</sup> Authorized Economic Operator Programs in Islamic Countries, COMCEC (2018), <https://sbb.gov.tr/wp-content/uploads/2019/06/Improving-Authorized-Economic-Operators-Programs-in-the-OIC-Member-States.pdf>.

## 3.162. Benefits:

- Simplified declaration and priority of Customs formalities.
- General financial guarantee.
- Release of goods at the location of the entity.
- Reduction of risks in the Customs clearance system.
- Separate traffic lane (if available) at the border.
- Access to visibility and transparency of goods supply chain data.
- The right to self-impose seals on vehicles.
- Use of the AEO logo.

3.163. MSMEs represent 50% of entities accredited as AEOs in Ukraine.

### 3.2.23.2 MSME-specific measures

3.164. The AEO program is open to all economic operators, including MSMEs. There are no specific measures for MSMEs.

3.165. All business entities, including MSMEs, were consulted during the development of the AEO program.

### 3.2.24 United Kingdom

#### 3.2.24.1 Background Info

3.166. The [UK's AEO program](#) was launched in September 2012.

3.167. Accreditation procedure and criteria:

- a. Types of Status: there are two types of AEO status:
  - Authorized Economic Operator Customs Simplification (AEOC).
  - Authorized Economic Operator Security and Safety (AEOS).
- b. One can apply for either Customs simplification or security and safety, or both.
- c. Who can apply:
  - The business must be a legal entity established in Great Britain or Northern Ireland.
  - Actively involved in Customs operations and international trade.
  - Have an Economic Operator Registration and Identification (EORI) number.
  - Part of the international supply chain, from manufacturing to delivery of goods using import and export procedures.
  - Businesses new to Customs can apply if they can show the processes and procedures they have in place.
- d. Checks by His Majesty's Revenue & Customs (HMRC):
  - Tax and Customs compliance: Compliance with tax and Customs rules over the last three years.
  - Customs record keeping: Efficient system for managing commercial and transport records.

- Proven financial solvency: Financial records of the business covering the last three years.
- Practical standards of competence or professional qualifications: Show practical competence in Customs matters for the previous three years.
- Security and safety: Procedures to protect the business and supply chain from risks.

#### 3.168. Benefits to an AEO:

##### a. AEOC benefits:

- Faster application process for Customs simplifications and authorisations.
- Lower risk score which may reduce the number of checks Customs carry out on documents and goods.
- Guarantee waiver up to the level of the deferment account.
- For Northern Ireland traders: Priority treatment for Customs controls, reduction, or waiver of comprehensive guarantees, 70% reduction in a business's deferment account guarantee, and more.

##### b. AEOS benefits:

- Reduced declaration requirements for entry and exit summary declarations.
- Reciprocal arrangements and mutual recognition with economies like China, the European Union, Japan, New Zealand, Singapore, Switzerland and the United States of America.
- Benefits can include faster clearance at the frontier, fewer interventions, and lower risk scores.

### 3.2.24.2 MSME-specific measures

3.169. Flexibility in AEO rules: small or medium-sized businesses do not need complex systems, but they must be appropriate to the size, nature and complexity of the business.<sup>57</sup>

3.170. In the United Kingdom, a private company developed, in partnership with UK Customs, a learning programme for potential AEOs/company auditors, to ensure that a linked set of resources and processes are in place for the safe handling and delivery of goods, and related services within the supply chain.<sup>58</sup>

### 3.2.25 United States of America

#### 3.2.25.1 Background Info

3.171. The [United States' Authorized Economic Operator](#) (AEO) program, known as the Customs Trade Partnership Against Terrorism (CTPAT), was implemented in November 2001 following the attacks of 11 September. CTPAT is a critical component of U.S. Customs and Border Protection's (CBP) layered cargo enforcement strategy to ensure the security of international commerce coming into the U.S. CTPAT is a voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the principle stakeholders of the international supply chain such as importers, carriers, consolidators, licensed Customs brokers, and manufacturers. The Security and Accountability for Every Port Act of 2006 provided a statutory framework for the CTPAT program.

<sup>57</sup> Find out what types of Authorized Economic Operator status you can apply for, United Kingdom Government (2012, updated 2023), <https://www.gov.uk/guidance/authorised-economic-operator-certification#types-of-status>.

<sup>58</sup> "Second WCO Global AEO Conference under the spotlight", WCO (2014), [https://www.worldcommercereview.com/publications/article\\_pdf/859](https://www.worldcommercereview.com/publications/article_pdf/859).

3.172. Accreditation (criteria)<sup>59</sup>:

- Certify security profile within 90 days once all information has been provided to CBP.
- Conduct on-site validation – within one year of certification.
- Requires that Partners update their security profile and risk assessments on an annual basis.
- Conduct revalidations within four years of the initial validation or sooner based on risk as assessed by CBP.

## 3.173. Benefits:

- Reduced examination rates.
- Eligibility to participate in other U.S. Government programs, e.g., the Free and Secure Trade (FAST).
- Stratified exam benefit for importer partners.
- Front of the line processing.
- Business resumption priority following a natural disaster or terrorist attack.
- Access to a Supply Chain Security Specialist (SCSS).
- Benefits through mutual recognition.

3.174. CBP estimates that 70% of its members are SMEs (less than 250 employees) and at least 5% of those could be considered MSMEs.

### 3.2.25.2 MSME-specific measures

3.175. The CTPAT program requires that companies meet its security requirements or minimum security criteria. However, these criteria are written in a way that allows for flexibility in implementation based on business type and company size. Also, the criteria is supported by resources, implementation guidance, and help text within the CTPAT Portal, recognizing the range of the program's audience in membership. CTPAT personnel also conduct outreach to MSMEs to explain the eligibility criteria and application process - to include outreach and training in Spanish to its thousands of members in Mexico and on the U.S. Southwest border.<sup>60</sup>

3.176. MSMEs were part of the working group put together by CBP to develop the criteria in 2001 and to update it in 2015.

### 3.2.26 Uruguay

#### 3.2.26.1 Background Info

3.177. Uruguay's *Programa Operador Económico Calificado* (OEC), or Qualified Economic Operator Program, was established in 2014 focusing on a high level of security within the supply chain. Currently there are MRAs in place with MERCOSUR, the Organization of American States (OAS), China, the Republic of Korea and the United States of America. Negotiations are also under way for an MRA with the Pacific Alliance.

<sup>59</sup> "Compendium of Authorized Economic Operator Programmes", WCO (2020) [aao-compendium.pdf \(aladi.org\)](#).

<sup>60</sup> Study of APEC Best Practices in Authorized Economic Operator (AEO) Programs, APEC (2016), [https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report\\_may-2016.pdf](https://www.apec.org/docs/default-source/publications/2016/5/study-of-apec-best-practices-in-authorized-economic-operator-aao-programs/apec-aao-best-practices-final-report_may-2016.pdf).

3.178. Accreditation procedure and criteria<sup>61</sup>:

- Legal requirements.
- Financial solvency.
- Satisfactory Customs and tax compliance history.
- Customs and tax compliance history.
- Security Management System.

## 3.179. Benefits:

- Assistance for OEC operators.
- Electronic file processing priority.
- Simplified border crossing procedures.
- Consolidated freight transport.
- Reduced red and orange lane review.
- Inspection priority.

**3.2.26.2 MSME-specific measures**

3.180. Designed for all operators of any size, the program is voluntary and provides a unique certificate for security and facilitation valid for three years that is renewable thereafter. Altogether, 65 operators have been granted Certificates with 22 more applications in process. Operators include exporters, importers, port terminals, cargo terminals, carriers, free zone operators, free zone users, freight agents, and Customs brokers.

**3.2.27 Zambia****3.2.27.1 Background Info**

3.181. The Customs Accredited Client Program (CACP) was launched in 2008 as a compliance variant of the Authorized Economic Operator with over 34 companies based on their higher value for duty purposes and revenue as well as cartage across borders. The target groups were importers and exporters only.

3.182. Following several reviews including the WCO diagnostic study of 2019 (AEO Implementation) which recommended the enactment of enhanced legislation and enlargement of the scope to cover all economic players in the trade supply chain and to consider the full adoption of the WCO SAFE Framework of Standards in the development of AEO, Zambia finally managed to launch the AEO pilot programme on 25 October 2023 with four companies. With regards scope expansion, Customs brokers and bonded warehouses are next for consideration for AEO implementation.

3.183. Zambia is actively participating in regional AEO programme designing of procedures and policies under the SADC and COMESA. Participating also in a National Technical Working Group (NTWG) developing a Mutual Recognition Framework (MRF) pillars and Standard Operating Procedures (SOPs) under COMESA – AGRA MRA PROJECT – ZAMBIA whose objective is the promotion of intra-regional trade in grain – maize, sorghum, rice, soya beans, groundnuts and beans.

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<sup>61</sup> "Programa Operador Económico Calificado Dirección Nacional de Aduanas Uruguay", Ministerio de Economía y Finanzas de Uruguay (2023)  
[https://www.wto.org/english/tratop\\_e/msmes\\_e/uruguay\\_presentacion\\_oec.pdf](https://www.wto.org/english/tratop_e/msmes_e/uruguay_presentacion_oec.pdf).

## 3.184. Accreditation:

- a. There are two types of accreditation, CACP and AEO and one can apply for either or both:
  - The business must be a legal entity established in Zambia.
  - Actively involved in Customs operations and international trade.
  - Part of the international supply chain, from manufacturing to delivery of goods using import and export procedures.
  - Businesses new to Customs can apply if they can show the processes and procedures they have in place.
  - Have complied with tax and Customs rules over the last three years.
  - Maintain Customs record keeping efficient system for managing commercial and transport records.
  - Demonstrate proven financial solvency through financial records of the business covering the last three years.
  - Follow practical standards of competence or professional qualifications: show practical competence in Customs matters for the previous three years.
  - Security and safety: have procedures to protect the business and supply chain from risks.

## 3.185. Benefits to AEO and CACP clients:

- Zero border intervention (100% blue lane).
- 'Special Release' of consignment before payment.
- Privileged to pay after three days after release of goods.
- Destination Inspection privileges in case of random intervention at the border or inland enforcement units.
- Expedited clearance at the border even in time of downtime.
- Special identification logo on ASYCUDA World (Customs system).
- Preferential treatment in times of disputes with Customs.
- Minimum intervention by the inland enforcement units.
- Allocation of Case Manager or Relationship Manager.
- Eligibility for self-audit or self-assessment leading to no penalties for own corrective disclosures.
- ZRA facilitated client education and coaching with the objective of enhancing compliance management.

## 3.186. Benefits to AEO members only:

- Extended mutual benefits from partner Government agencies.
- Extended benefits from other Customs administrations & through regional mutual recognition agreements – work in progress (currently in discussion with South Africa Revenue Service (SARS)).
- Expected fair treatment and recognition from other ZRA Divisions/Sections – work in progress.
- Self-Release Order printing on ASYCUDA World (Customs system).
- Access to own declarations through Application Programming Interface (API) on the ZRA website (work in progress).

### 3.2.27.2 MSME-specific measures

3.187. The Zambian AEO program allows for the integration of MSMEs into global value chains by simplifying Customs administration procedures and the application process to avoid discrimination against MSMEs. The AEO program is all encompassing, and information is disseminated to all trade players via radio programs, social media as well as workshops conducted through sensitization in each province of the economy. The benefits offered to AEO members apply to all applicants which include ZRA facilitated client coaching and education which directly speaks to the inclusion of MSMEs in the AEO program. Customs has also planned intentional sensitization engagements with the Ministry of Small and Medium Enterprises to tap into the policy makers and the MSMEs themselves.

3.188. Consultation from different trade players was conducted during the development of the AEO program.

### 3.3 Key Lessons Learned

3.189. Key lessons or best practices that the programs would like to highlight.

## 4 INITIATIVES BY REGIONAL ORGANIZATIONS

### 4.1 Asia-Pacific Economic Cooperation (APEC)

4.1. APEC has been actively working on integrating SMEs into the AEO programs to enhance their participation in global trade.

- The APEC Sub-Committee on Customs Procedures launched a two-year project titled "[Integrating SMEs in Authorized Economic Operator Certification](#)" to examine AEO programs within APEC, focusing on AEO and AEO MRA benefits for businesses, especially SMEs.
  - The project aimed to identify entry barriers to SMEs' AEO certification, find ways of enhancing SME participation as AEOs, take advantage of the Mutual Recognition Agreements (MRAs) network in APEC, and promote benefits for a faster release of goods to SMEs.
- APEC's recognition of SMEs' role:
  - SMEs play a crucial role in generating economic activity and employment in both developing and developed economies.
  - SMEs represent 99% of all businesses, generate about 60% of employment, and account for between 50% and 60% of value added in the OECD area.
  - SMEs make up over 97% of all APEC businesses, employ over half of the workforce of APEC economies, and contribute between 20% and 50% of GDP in the majority of APEC economies.

4.2. Specific APEC Initiatives:

- General APEC Initiative: APEC's Small and Medium Enterprises Working Group Strategic Plan 2017-2020 provides a roadmap to address critical issues related to the growth of SMEs and micro enterprises in the APEC region. The strategic plan emphasizes areas such as entrepreneurship, innovation, financing, and market access to support the development and growth of MSMEs.
  - APEC also recognizes the importance of information and knowledge sharing, skills training, especially in e-commerce, to empower MSMEs and help them navigate the challenges of global trade.
- Sub Committee on Customs Procedures Initiative: [The Boracay Action Agenda to Globalize MSMEs](#) focuses on priority areas of cooperation such as trade facilitation, trade finance, e-commerce, and institutional support. The goal is to expand the scope of AEO programs to include SMEs, enabling them to contribute more effectively to supply chain security, integrity, and resilience.

- Recognizing the significant contribution of MSMEs to APEC economies, Trade Ministers adopted the Boracay Action Agenda to ensure that MSMEs can participate more actively in regional and global markets.
- A [Final Review of the Boracay Action Agenda Study Report](#) provides insights into the progress and impact of the agenda on MSMEs in the APEC region.

## 5 OTHER INITIATIVES

### 5.1 Global Alliance for Trade Facilitation

5.1. The [Global Alliance for Trade Facilitation](#) is a public-private partnership that supports governments in developing and least-developed countries in implementing the World Trade Organization's Trade Facilitation Agreement (TFA).

5.2. The Alliance's projects aim to streamline and make trade processes more predictable through digitisation and other best practices. This helps businesses trade more easily and governments modernize trade procedures while ensuring border security.

5.3. The Alliance is led by the Center for International Private Enterprise, the International Chamber of Commerce, and the World Economic Forum, in cooperation with *Gesellschaft für Internationale Zusammenarbeit* (GIZ). It is funded by several governments, including Australia, Canada, Denmark, Germany and the United States of America.

5.4. Alliance's approach to support MSMEs<sup>62</sup>:

- The Alliance has recognized the need to address the specific trade facilitation challenges faced by MSMEs and has developed a MSME mainstreaming approach.
- After reviewing best practices from other trade development organizations, the Alliance developed MSME Mainstreaming Guidelines. These guidelines consist of five steps:
  - identify relevant MSMEs for project development;
  - understand the specific trade facilitation challenges of MSMEs;
  - analyse and define the project's impact on MSMEs;
  - design MSME-specific project activities; and
  - measure and monitor project results for MSMEs.
- The Alliance has engaged MSMEs through local chambers of commerce, facilitating their participation in public-private dialogues. This has helped raise the profile of MSMEs and fostered better relationships between MSME representatives and Customs agencies.
- Project activities, such as training sessions, have been designed to ensure MSMEs benefit from them. The Alliance also includes MSME characteristics in measurement plans.

5.5. The Global Alliance for Trade Facilitation has also taken specific measures to support MSMEs in the context of AEO programs and other trade facilitation initiatives<sup>63</sup>:

1. MSME Representation in Public-Private Dialogues (PPDs):
  - The Alliance ensures the representation of MSMEs in public-private dialogues (PPDs). These dialogues provide a platform for the public and private sector stakeholders to co-create or participate in projects on an equal footing.

<sup>62</sup> "Small businesses, great opportunities", Global Alliance for Trade Facilitation (2021), <https://www.tradefacilitation.org/content/uploads/2022/02/alliance-small-businesses-great-opportunities-paper.pdf>.

<sup>63</sup> "Small businesses, great opportunities", Global Alliance for Trade Facilitation (2021), <https://www.tradefacilitation.org/content/uploads/2022/02/alliance-small-businesses-great-opportunities-paper.pdf>.

- The Alliance has leveraged its relationship with the International Chamber of Commerce (ICC) and its national committees in each economy to ensure not only private sector but also small business representation in project design and implementation.
2. AEO Project in Latin America and the Caribbean:
- The Alliance recognized that the majority of AEO-certified companies are large businesses. To address this, the project includes specific dissemination activities to reach MSMEs in the region.
  - The aim is to explain the benefits, costs, and requirements to obtain AEO certification, as well as to provide resources and tools.
  - In December 2019, the Alliance held a workshop with 259 MSMEs, women-owned businesses, and AEO Customs officials from 11 different economies. This workshop was designed to foster dialogue and share information about AEO certification.
3. Project in Senegal:
- The Alliance team in Senegal designed an MSME-sensitive project that focuses on automating and digitizing the import process for agro-industrial products, a sector with a high proportion of MSMEs.
  - Once the new digital tools are operational, the project will train MSMEs to use the new automated procedures in a manner specifically tailored to their needs.

5.6. These initiatives highlight the Alliance's commitment to ensuring that MSMEs are equipped with the knowledge and tools they need to benefit from trade facilitation reforms, including AEO programs.

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