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**BUSINESS CLIMATE
REFORM**



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Authorized Economic Operator Concept

Special Programs for High Volume Importers

Robert Holler





What is a AEO Program?

- A partnership between Customs and Traders designed to:
 - Improve Compliance
 - Improve Supply Chain Security
 - Reduce Delays
 - Reduce the costs associated with importing and exporting



What is it all about?

- A tradeoff
- Businesses agree to do more than the minimum required by law
- Customs rewards them with simplified procedures and reduced costs & delays
- A change in focus (“we” vs. “us against them”)
- Wider ramifications



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Motivation

- Government wants to promote international trade and investment
- Customs can be a driving force
- It's an easy way to begin risk management
- Leading edge internationally



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What's in a Name?

- USA: Customs Trade Partnership Against Terrorism
- WCO & European Union: Authorized Economic Operator Program
- Canada and Georgia : Customs Self Assessment Program
- Australia: Accredited Client Program



What does this have to do with risk management?

- Risk is a continuum that ranges from Acceptable to Catastrophic
- Yes, we have to identify the “bad guys”
- We also need to identify the “good guys”
- Needle in the haystack analogy
- What if there aren’t any “good guys”?
- Forced vs. Voluntary Compliance



An Acceptable Practice?

- More than acceptable
- It is a WCO recommended practice
- Major trading nations already have begun programs
- Developing nations will be affected
- Future mutual recognition



What's the benefit to business?

- Streamlined Customs procedures
- Minimum level of Customs interventions
- Reduction in delays at the border
- Reduced costs
- Marketing advantage



What's the benefit to Customs?

- Improved compliance where it really counts
- Improved cooperation & respect
- Improved cargo security
- Frees resources to identify and deal with non-compliant transactions, fraud and worse.



Business incentives?

- Reduced inspections
- Reduced clearance times
- Direct delivery bypassing Customs terminals
- Assigned account manager
- Emphasis on self-policing, not Customs verifications
- Reduced costs



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Business Obligations?

- Meet compliance standards determined by Customs
- Improve procedural deficiencies
- Meet security standards based on WCO Safe Framework of Standards to Secure and Facilitate Global Trade



Expensive?

- Not necessarily.
- Good security reduces theft
- Good compliance reduces delays
- Reduced delays reduce costs
- Reduce costs increase profitability and attracts customers