

Authorised Economic Operator Course takeaways

This is a quick and handy summary of the most relevant course information.

1 Learning objectives

By the end of this 60-minute course, you should be able to:

- describe the concept of Authorised Economic Operator (AEO) status;
- describe the different AEO authorisations and their benefits;
- explain how a business can benefit from AEO status;
- apply for an AEO status;
- describe how AEO status is maintained;
- describe the concept and the benefits of mutual recognition of AEOs.

2 What is the AEO programme about?

The World Customs Organisation (WCO) introduced the Authorised Economic Operator (AEO) concept in the context of the SAFE Framework of Standards.

The AEO provisions have been introduced to the customs legislation to balance the rules on security controls and to facilitate trade of compliant economic operators.

An AEO can be defined as an economic operator who is deemed reliable in the context of his or her customs related operations, and therefore, is entitled to enjoy benefits throughout the customs territory of the Union.

AEO status can result in two types of authorisations:

- **AEOC: Authorised Economic Operator - Customs Simplifications.** This status provides easier admittance to customs simplifications provided specifically under the customs legislation;
- **AEOS: Authorised Economic Operator - Security and Safety.** This status entitles the holder to benefit from particular facilitations related to customs controls relating to security and safety when the goods enter or leave the customs territory of the Union.

Both types of authorisations, AEOC and AEOS, **may be held at the same time.** In this case, the economic operator (**AEOC/S**) has to fulfil the criteria for AEOC and AEOS and receives the benefits relating to both.

AEO authorisations are granted according to uniform criteria and are recognised in all Member States.

3 Who can apply for an AEO status?

Any economic operator established in the customs territory of the Union who is part of the international supply chain **and is involved in customs-related operations**, may apply for an AEO status.

This excludes for example businesses that only:

- distribute in the customs territory of the Union goods that are already in free circulation;
- produce goods for the Union internal market using raw material already in free circulation;
- provide consulting services on customs matters.

4 What are the benefits?

An economic operator will have a number of **direct** and **indirect benefits** by acquiring an AEO status. It optimises their daily activities as it offers more predictability and flexibility. It also saves time through more streamlined procedures.

	Benefits	AEOC	AEOS
Direct benefit	Easier admittance to customs simplifications	✓	
	Fewer physical and document-based controls - Related to security and safety - Related to other customs legislation	✓	✓
	Prior notification in case of selection for physical control (related to security and safety)		✓
	Prior notification in case of selection for customs control (not related to security and safety)	✓	✓
	Priority treatment if selected for control	✓	✓
	Possibility to request a specific place for customs controls	✓	✓
Indirect benefit	Greater efficiency with internal systems and processes	✓	✓
	Recognition as a secure and safe business partner		✓
	Improved relations with customs	✓	✓
	Improved relations and acknowledgement by other government authorities	✓	✓

5 AEO criteria

Certain criteria must be met to be granted an AEO authorisation. The customs authorities are looking for assurances in five key areas.

Key area	AEOC	AEOS
1. Compliance with customs legislation and taxation rules and absence of criminal offences related to the economic activity.	<input type="checkbox"/>	<input type="checkbox"/>
2. Appropriate record keeping .	<input type="checkbox"/>	<input type="checkbox"/>
3. Financial solvency .	<input type="checkbox"/>	<input type="checkbox"/>
4. Proven practical standards of competence or professional qualifications.	<input type="checkbox"/>	
5. Appropriate security and safety measures.		<input type="checkbox"/>

6 The AEO process flow

The AEO process flow can be presented in 3 different phases:

- **Application:**

Step 1 – Preparation

The economic operator will benefit greatly from preparing himself before submitting the application: know which AEO status is needed, understand the criteria, nominate a single person in charge, talk to the Customs Authority, fill in the Self Assessment Questionnaire (SAQ), obtain an EORI number and an UUM&DS user account and password to access the EU Customs Trader Portal for eAEO.

Step 2 – Submitting the application

Economic operators must complete a SAQ and present this together with the application to the competent Customs Authority.

- **Decision taking:**

Step 3 – Examination of acceptability and acceptance

The Customs Authority performs a preliminary check on the completeness of the application.

Step 4 – Audit

The Customs Authority performs a full check of the applicable criteria and consults with customs authorities in other Member States where necessary.

Step 5 – Final report

The Customs Authority makes a decision on the basis of the final report either to grant AEO status or reject the application. The applicant is informed of either decision.

- **Management and monitoring of the authorisation:**

Step 6 – Maintaining the AEO status

The AEO is continuously monitored by the Competent Customs Authority and AEO himself and can be reassessed and if necessary, suspended or revoked.

7 Mutual recognition (AEOS only)

The European Union is concluding Mutual Recognition Agreements (MRAs) with its main trading partner countries with the purpose to accept the economic operators or members of the other programmes as equally secure and safe as members of their own programme.

At this stage, the EU has concluded MRAs with Switzerland, Norway, Japan, US and China. Negotiations with Canada, Hong-Kong and Singapore are ongoing.

The advantages of mutual recognition are:

- strengthening the end-to-end security of international supply chains;
- avoiding duplication of security and compliance controls;
- facilitation through granting substantial, equal and reciprocal benefits to AEOs in partner countries.

Possible benefits are (specified in each individual MRA):

- fewer physical and document-based controls;
- recognition of the AEO applicant's business partners during the application process;
- priority treatment at security-related and customs controls;
- response to trade flow disruptions (priority AEO cargos).

*Remember, this is a quick and handy summary of the most relevant course information.
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