

Authorized Economic Operators: Costs and Benefits of Certified Supply Chain Safety and Security

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Abstract

The status of Authorized Economic Operator (AEO) was originally adopted in the framework of the Customs-to-Business Partnership introduced by the World Customs Organization (WCO) as part of the Strategy for Customs for the twenty-first century. Introduced in the European Union by Regulation (EC) 648/2005, it attracted growing interest from businesses when the new Union Customs Code made compliance with AEO-C standards a precondition to benefit from Customs simplification and self-assessment procedures.

The purpose of this paper is to investigate the roots and benefits of trusted trader status. As Customs' role becomes growingly complex, a risk-assessment strategy with targeted controls seems inevitable. Part of it includes identifying compliant operators and delegating part of the control to them while simplifying administrative requirements and facilitating trade. In this context, AEOs are expected to play a key role as they should actively partner with national authorities to allow resources to be focused on more sensitive transactions.

After laying out the history of the AEO label, the paper discusses the criteria and challenges of certification, with a particular focus on AEO in the European Union. It concludes by identifying challenges related to the growing responsabilization of private actors in the international supply chain and the expected long-term impact on industry, including potential opportunities to leverage AEO status for strategic trade controls.

Keywords

AEO, Customs, WCO, European Union

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Introduction

As the new European Union Customs Code celebrates its first months since entry into force, invitations from Customs authorities to private operators to apply for Authorized Economic Operator (AEO) status have multiplied in the European Union. However, the idea of certified safe traders is neither a new concept nor a European-specific initiative.² AEO in the European Union, C-TPAT in the United States, or TradeFirst in Singapore are only a few of the partnerships between economic operators and Customs administrations, created as part of a Customs modernization strategy for the twenty-first century which has been at the center of World Customs Organization's (WCO) discussions since the 1990s.

The revised Kyoto Convention, adopted by the WCO in June 1999, had already highlighted how, in a growingly globalized trade environment, the role of Customs administrations would naturally become more difficult. Higher volumes of shipments, evolving dynamics of the international supply chain, but also more sophisticated threats would require additional resources that public administrations could not always commit to. For those reasons, predictability, transparency, and efficiency should be the main pillars of Customs' long-term strategy.

Customs-Business Partnership in the Twenty-First Century

The role and powers of Customs administrations are unique and often critical to the implementation of strategic policies and international engagements of a government. In particular, in the realm of international peace, security, and nonproliferation, Customs are key enforcement agencies. The authority to inspect cargo imported, exported or in transit; the ability to seize goods or refuse entry or exit; and to gather detailed information about shipments makes Customs an inevitably central actor in a globalized world that is shaped by intense international trade, but also by new and more sophisticated security threats.

In the 1990s, the WCO anticipated a discussion over the modern challenges for Customs administrations. It highlighted, with surprising foresight, the need to respond to a growing demand for trade simplification without compromising it with growing responsibilities in terms of security, enforcement, and revenue collection.

The revised Kyoto Convention provided an answer to these questions already in 1999, advocating for a "standardization and simplification of the goods declaration and supporting documents," "maximum use of information technology," "minimum necessary Customs control to ensure compliance with regulations," and "simplified procedures for authorized persons." It created a strategy for the future based on simplifications, transparency, improved use of resources, and a partnership with private actors based on "use of risk management and audit based controls" to identify compliant operators and facilitate trade for them, while focusing attention on more important areas of risk.³ Two criteria were referenced to elect authorized persons: having an appropriate record of compliance with Customs requirements and a satisfactory system for commercial records management.

2 "Regulation No 952/2013 of the European Parliament and of the Council Laying Down the European Customs Code," No 952/2013, European Union, October 10, 2013.

3 Revised Kyoto Convention, World Customs Organization, February 3, 2006.

In the same line, in 2005, the WCO adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade (WCO SAFE). This document was the result of years of discussions within the WCO on the Customs blueprint for the future. After the terrorist attacks of September 11, 2001, the role of Customs itself had witnessed a shift towards guaranteeing safe trade while preserving national security, with enhanced responsibilities in the fight against terrorism, trans-national crime, commercial fraud, counterfeiting, and piracy.⁴

WCO SAFE brought forward the idea of a Customs-Business partnership whereby economic operators would be reliable allies of Customs, engaged in a program of voluntary compliance that would reinforce constructive and mutually beneficial alliance and allow more selective focus on transfers presenting a higher risk level.

A new revision of the SAFE Framework was issued in 2007 specifically to integrate a detailed guidance on AEO status, which had been developed in a separate informal document and now included more detailed requirements and expected benefits. Building on input from the Private Sector Consultative Group (PSCG), the WCO compiled a SAFE Package which details operational guidelines, focusing on the main criteria and general planning for implementation but also benefits for private operators.⁵ AEO was set to become an integral part of the long-term Customs administration strategy.

Incentives and Challenges for Safe Traders

Although accompanied by growing enthusiasm within the WCO, the operational guidelines did not lead to uniform implementation: not all countries have implemented AEO status in the same way or have foreseen the same incentives for private operators. Also, overall the number of entities that were certified under an AEO label worldwide has generally remained relatively low.⁶ In this sense, it may be questioned whether the “safe trader” label presents interesting advantages for economic operators, and whether these outweigh the challenges and costs of a certification process.

4 The American Customs and Border Protection (CBP) experienced this shift in the first place: in the United States, Customs was created to enforce tariffs and calculate import taxes. And while Customs’ role expanded to combat drug trafficking in the 1980s, regulating trade was the department’s primary job until September 11, 2001. Robert Bonner, former commissioner of United States Customs and Border Protection had shifted CBP’s priority mission to national security. For more information, see Ben Worthen, “Security Compliance: Customs Rattles the Supply Chain,” CIO, March 1, 2006, <<http://www.cio.com/article/2447478/supply-chain-management/security-compliance---Customs-rattles-the-supply-chain.html>>. See also: “WCO Revised Kyoto Convention: Your Questions Answered,” World Customs Organization, <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/~media/WCO/Public/Global/PDF/Topics/Facilitation/Instruments%20and%20Tools/Conventions/Kyoto%20Convention/Brochures/kyoto_yourquestionsanswered.ashx>.

5 “WCO Safe Package,” World Customs Organization, <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package.aspx>.

6 In 2014, the biggest number of certified entities was to be found in the European Union, including all twenty-seven member states, with a total of about 13,000 certified companies, against 10,000 in the United States and about 2,000 in China. Mariya Polner, *Compendium of Authorized Economic Operator Programs*, World Customs Organization Research Paper No. 25 (Brussels, World Customs Organization, 2012).

An AEO is by definition an actor of the international supply chain that has been proven (by or on behalf of a national Customs administration) to be adherent to certain minimal standards including:

- Demonstrated compliance with Customs requirements;
- Satisfactory system for management of commercial records;
- Financial viability;
- Mutually beneficial working relationships with the Customs administration;
- Cargo, premises and personnel security;
- Trading partner security;
- Contingency planning for crisis management and incident recovery;
- Measurement, analysis, and continuous improvement.⁷

Over time, the standard set of criteria for operators to be recognized as compliant partners and allies of Customs administrations has been evolving to include factors such as financial viability, IT security and physical security, notably as concerns the warehouse/shipping area of a company and the protection of related records.

In May 2016, sixty-nine countries had implemented operational AEO programs and sixteen AEO programs were in the process of being launched.⁸ The way AEO-type programs have been implemented differs, sometimes significantly, from one country to another. Yet a common denominator can be identified in self-assessment checklists or questionnaires that aim to recognize a lower level of risk by highlighting the operator's ability to implement effective internal controls encompassing physical and IT aspects, identify anomalies, and promote continuous improvement.

Particular focus is generally placed on the presence of well-established internal physical protection measures for the receiving area, as well as robust internal audit systems and other mechanisms of self-verification, together with internal written procedures accompanied by provisions that require immediate communication of any anomaly to the Customs authorities.

While many points are specific to Customs compliance, the AEO certification process resembles, in many respects, any quality certification procedure.

The benefits associated with this status may also vary, but generally will include fewer physical inspections and fast track Customs processing, reduced data requirements (i.e., when filing periodic declarations, for centralized clearance) but may also take the form of technical training of operators or enhanced relations with Customs via client coordinators. For example, Singapore offers tailored services to companies as they help them identify Customs simplifications that are better adapted to their operations and role in the supply chain.

WCO prescribes that benefits associated to AEO should be “meaningful, measurable and reportable”—in other words, they should always produce measurable benefits that outweigh

7 “Safe Framework of Standards to Secure and Facilitate Global Trade,” World Customs Organization, June 2015, <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/_media/2B9F7D493314432BA42BC8498D3B73CB.ashx>.

8 *Compendium of Authorized Economic Operator Programs*, (Brussels, World Customs Organization, 2012).

the costs that operators will have to incur in order to meet the standards identified in the questionnaire, but also allow quantifiable facilitation profit. In addition, these should be directly linked to AEO status and not attainable otherwise.

AEO in the European Union

Regulation (EC) 648/2005 entered into force on January 1, 2008 and created the legal basis for granting AEO status in the European Union. Valid throughout the territory of the Union, and equally recognized by each Member State, AEO status (in its three versions, Customs simplification (AEO-C), and security and safety (AEO-S), or a combination of the two), was described as part of an effort for the “establishment of a risk management framework common to all Member States.”⁹

On May 1, 2016, when the new Union Customs Code (UCC) entered into force, AEO became a central topic of discussion in all information sessions organized by Customs authorities. Until then, the voluntary status had been granted to about 12,000 entities on the territory of the twenty-eight EU Member States. However, more than 40% were located in Germany and about 10% in the Netherlands.¹⁰

It has been argued that many companies have been hesitating to become certified and that the number of applications since 2008 has generally remained low because the general perception was that there would be no particular benefit associated to AEO and that certified entities had experienced an increase in inspections by the Customs administrations rather than a decrease.¹¹

While the operators’ expectations can be summarized in more predictability, better logistics and less administrative paperwork, with more streamlined processes and cost-effective controls, it needs to be taken into account that in many EU Member States, facilitation efforts similar to those foreseen for AEO have been promoted by Customs authorities independently from the certification, such as local clearance procedure or reduced warranty in certain instances. While this may have been a key element in perceiving the benefits of AEO as minimal, AEO certification process resembles, in many respects, any quality certification procedure.¹²

In this sense, companies will inevitably look for apparent incentives and immediate gains to justify the certification effort, including competitive difference with other operators and important cost savings outweighing direct and indirect costs associated to aligning the internal compliance program to the criteria set by the questionnaire.

9 “Regulation (EC) No 648/2005 of the European Parliament and of the Council of 13 April 2005 Amending Council Regulation (EEC) No 2913/92 Establishing the Community Customs Code,” European Union, April 13, 2005, <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>>.

10 Hans-Joachim Schramm, “Who Benefits Most from AEO Certification?: An Austrian Perspective,” *World Customs Journal* 9:1 (March/April 2015), pp. 59-68.

11 Deloitte Netherlands, “The Authorized Economic Operator (AEO) Concept: Blessing or Curse?,” *Customs and Global Trade Newsletter* 1:4 (August 2013), <<http://www2.deloitte.com/content/dam/Deloitte/nl/Documents/tax/deloitte-nl-the-aeo-blessing-or-curse.pdf>>.

12 Ibid.

The changes introduced by the UCC and its implementation and delegated regulations, together with the outreach efforts that have followed, seem to have played an important role in raising awareness about the benefits attached to this status.¹³ In particular, in a context where the new code introduces new rules for centralized clearance, self-assessment, valuation, and guarantees (susceptible to increase costs associated to Customs operations), obtaining an AEO-C status becomes an interesting element of facilitation, as it affects the economic operators' eligibility for guarantee reductions and waivers, and compliance with AEO-C standards becomes a precondition for benefiting from Customs simplification and self-assessment.

On the basis of Article XXXIX of the UCC, all supply chain actors involved in Customs-related operations may apply for AEO status, provided that the applicant is an economic operator involved in activities covered by the Customs legislation and established on the Customs territory of the Union.¹⁴ A self-assessment questionnaire contains a list of criteria that help the companies demonstrate that they are in control of their business, have in place appropriate internal measures including well-established internal audit systems, IT and physical security, mechanisms of self-verification, and internal written standard works accompanied by provisions that require immediate communication of any anomaly to the Customs authorities.

Although this may seem intuitive, in practice the questionnaire (adapted by certain states, and generally accompanied by specific national guidance) may contain questions that are not always easy to answer—the objective being to establish a standard of internal controls similar to the checks performed by Customs. In addition to a robust quality system, with documented internal processes, proof of absence of criminal offenses related to the economic activity as well as financial solvency will also be necessary to have this status recognized.

Under the new code, applicants for AEO status will also need to provide evidence of their ability to keep records of compliance with Customs legislation and taxation rules, together with proven practical standards of competence or professional qualifications in the domain of Customs and duties (which may not always be easy to prove), and eventually the existence of appropriate security and safety measures.¹⁵

13 According to WCO, since 2014, in the European Union there have been 2,000 additional certified operators, with 17,402 applications and 15,116 certificates granted. *Compendium of Authorized Economic Operator Programs*, (Brussels, World Customs Organization, 2012).

14 In consistency with Article 5 (5) UCC “economic operator” means *a person who, in the course of his or her business, is involved in activities covered by the Customs legislation*. A “person” can be defined as *either a natural person or a legal person, and any association of persons recognized under Union or national law as having the capacity to perform legal acts, provided that its habitual residence or registered office, central headquarters or a permanent business establishment is established in the Customs territory of the Union*. Article 5 (32) UCC defines “permanent business establishment” as *a fixed place of business where both the necessary human and technical resources are permanently present and through which a person’s Customs-related operations are wholly or partly carried out*. The other aspect that has to be considered when establishing whether a particular applicant is an economic operator is whether his or her economic activity is covered by Customs legislation, which leads to excluding certain categories, such as consultants that are only consulting/providing opinion in Customs matters. “Authorized Economic Operator Guidelines,” TAXUD/2006/1450, DG TAXUD, European Commission, July 29, 2007, <http://ec.europa.eu/ecip/documents/who_is/aeo_guidelines_en.pdf>.

15 Depending on the type of AEO status the economic operator applies for.

AEO may be beneficial under the new Customs code because of available guarantee reductions and because audits and re-verifications will be necessary in any case to continue to benefit from certain simplifications.

Importers and exporters using, or intending to use, simplified Customs procedures, such as inward processing relief (IPR), Customs warehousing, or temporary storage, will have to either fulfill AEO criteria or provide financial guarantees to cover duties suspended under those schemes. AEO-C status holders can indeed benefit from a comprehensive guarantee with reduced amounts for existing Customs debts and other charges that may be incurred, based on Article 95 (3) UCC. In addition, consistent with Article 38 (5) UCC, if the person requesting a particular simplification is the holder of an AEO-C authorization, Customs authorities shall not re-examine those conditions that have already been examined when granting the AEO status. Therefore, Customs authorities will simply focus on new or additional elements and requirements related to the simplification.

Additional benefits may include:

- Reduced physical and document-based Customs controls according to the type of authorization granted;
- Priority treatment and prior notification in case of selection for Customs control. This may have also a logistic advantage for the operator, which will be able to plan and optimize transport and logistics and minimize delays, eventually reducing transport costs;
- Prior notification for security and safety related Customs controls in addition to Customs controls, for which notification is foreseen for entities having acquired AEO-C status;
- The possibility to request a specific place other than the competent Customs office for such control;
- Centralized clearance (where an authorization is required) and entry into declarant's records with a waiver of the obligation for the goods to be presented;
- Other authorizations, including simplified Customs declaration, entry in declarant's records, or simplifications related to transit.

Where AEOs operate as Customs agent, AEO status may also be positively taken into account.

AEO: Trade Facilitation or Growing Responsibilization?

The European Commission's Guidelines highlight that AEO status should be based on "mutual transparency, correctness, fairness, and responsibility." Established as a "trade facilitation measure," AEO is set to be a quality recognition to reliable operators that should foster mutual cooperation with Customs and recognize compliance, but also stimulate best practice in the segments of the international supply chain.¹⁶

16 Regulation (EC) No 648/2005 of the European Parliament and of the Council of 13 April 2005 Amending Council Regulation (EEC) No 2913/92 Establishing the Community Customs Code," European Union, April 13, 2005, <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>>.

A general shift in focus from the traditional *a priori* control can be recognized, from clearly identified roles of “controller” (Customs authorities) and entities “subject to control” before shipments, to a scheme characterized by “self-controlled” operators that self-monitor their process, control it and improve it, and request Customs’ assistance only when issues potentially arise, and generally *a posteriori*.

More autonomous and better trained actors in the international supply chain mean fewer burdens for Customs authorities, as the larger part of the control measures tend to be shifted from the administrations to the economic operators. As the latter have control over their operations and robust internal controls, in principle they should be better placed to identify anomalies.

Yet, this should be balanced by simplifications offered to supply chain actors. Benefits are important since it is difficult to dispute that this modern scheme inevitably entails a loss of a safety net for private operators, and their growing responsabilization. At stake, a potential for higher penalties in case of violations and the possibility to see their status suspended with immediate changes to be adopted, for instance, in terms of warranty coverage.

One may argue that AEO application does not entail a specific cost since Customs do not charge any direct fees on applications or for issuing an AEO certificate. However, indirect costs and resource allocation must be budgeted by any entity that is planning to self-assess its quality and compliance system based on the very specific criteria and language included in the self-assessment questionnaire, and measures will need to be adopted to reach that standard, including a better documented and “trustworthy” internal processes.

In this sense, Small and Medium Enterprises (SMEs) are potentially set to experience specific challenges in this regard. Demonstrating tangible benefits may be even more important to justify the effort to analyze the criteria, understand the requirements, and address gaps when resources are limited.

Ultimately, the relevance of exports in the overall business profile of companies, including SMEs, may be a key factor to determine how beneficial AEO status may be, also taking into consideration the existence of mutual recognition agreements.

AEO as Quality Certification in the European Union

In many respects AEO resembles any quality certification process. The Questionnaire contains risk indicators that should help identify a company’s risks and how to mitigate or control them. Yet, these will not be limited exclusively to Customs procedures or to the good management of a warehouse; a more comprehensive analysis of the reliability of a company’s procedures in general will be necessary, through the complete supply chain process. In this sense, cooperation from all departments, divisions and disciplines within a company is indispensable.

Another element of the quality certification profile of AEO is identifiable in the consideration of additional certificates when their content corresponds to the AEO criteria and other points of Customs legislation, including additional status such as the Recognized Airfreight Agent but also more general quality certifications, which may be adapted to a certain domain of operations. The quality labelization perspective is supported by the fact that certification comes with permission to use the AEO logo and be listed on the ad-hoc European Commission website.

One question is whether the status of AEO will be progressively integrated as a quality label in other European initiatives in order to ensure that companies are given a competitive advantage, as they must provide evidence of sufficient standards of reliability and a commitment to managing risks related to imports and exports. In this sense, AEO may play an important role in the future as the following synergies with export licensing considerations may be established:

- By considering AEO status as evidence of the existence of a robust internal compliance program and a partnership with Customs authorities which should significantly reduce the risk profile of a company;
- By opening access to AEO for specific elective (open/general) license types;
- By facilitating access to certain export licenses, via simplified procedures.¹⁷

While this remains to be seen, it is already clear that the expectation is that additional measurable benefits will counterbalance the costs of maintaining the AEO certificate. Indeed, AEO status must not only be acquired, but also maintained. Certified operators are expected to ensure continuous improvement processes that allow a proven ability to monitor, evaluate and strengthen their internal compliance policies and procedures, including appropriate training of personnel and internal audits.

Self re-assessment will need to be carried out periodically and the results will need to be recorded for Customs periodic verification. Important changes affecting the company and its way of functioning will also need to be promptly reported to Customs; should these changes imply that an AEO Customs certified entity no longer meets the criteria, Customs will temporarily suspend the certificate while the company implements adequate measures to rectify and fill the gap.

The risk is that this is susceptible to entail a waiting period when the company cannot make use of the simplifications related to AEO status, including for instance, reduction or exemptions in terms of guarantee.

Certificate withdrawal is also a possible option, for instance, in cases where the company does not implement the measures required to obviate to status suspension, or if a fraudulent act is recognized. The expected waiting period may in this case be even prolonged as the company will not be able to re-apply for AEO status for three years.

Conclusion

While the idea of certified trustworthy traders is neither a new concept nor a European-specific initiative, AEO status has been adopted worldwide as a measure of trade facilitation and quality labelization and seems set to become more and more relevant in the European Union, especially after the entry into force of the UCC.

In 2016, Customs authorities are faced with challenging tasks as they are charged with multiple objectives such as international security, compliance and trade facilitation, but also enforcement,

17 See also Ian J. Stewart, "Linking AEO and ICP at the EU Level," Project Alpha, Centre for Science and International Security, King's College London, July 14, 2014, <<https://projectalpha.eu/news/item/332-linking-aeo-and-icp-at-the-eu-level>>.

including a key role in the fight against terrorism and international organized crime. In the European Union, the new Customs code bears the ambitious project of establishing the basis for a paperless, single-window type of administration, with modernization efforts and a significant increase in use of information technology by 2020. This will probably mean fewer resources available for Customs and an important need to rely on trusted traders.

A better risk-assessment strategy, distinguishing lower and higher risk actors in the international supply chain, is indispensable to Customs' long-term strategy and in the context of an extremely dynamic internal flow of goods. Reduced inspectional resources will inevitably need to be better targeted and allocated to more questionable shipments and in order to do so, it is indispensable to identify reliable and trustworthy partner companies, making business more autonomous and self-controlled.

Benefits of AEO for Customs administrations are evident, yet, from the standpoint of the European economic operator, it is important to strengthen and make the benefits of certification more apparent.

Importers, exporters, border-crossing carriers, rail, air and sea carriers, and Customs brokers are requested to estimate and prove their reliability and level of compliance with Customs and general risk-assessment requirements against a list of very detailed criteria set by a questionnaire that has been drafted to be adapted for all types of actors in the international supply chain and is not always easy to decrypt. Yet the standards set are not basic and in most cases require adaptation for companies to meet the requirements. Understanding the questionnaire, making sure internal formalized policies and procedures exist and are updated and auditable, providing evidence of their ability to keep records of compliance with Customs legislation and taxation rules, as well as the existence of appropriate security and safety measures, will require time and resources, including frequent exchanges with local Customs administrations and a consistent project management approach.

This challenging process nevertheless presents important potential benefits. The process of preparation for AEO certification itself requires a mapping and in-depth scrutiny of the company operations and processes end-to-end. This should not be underestimated, as it provides an opportunity to identify strengths and weaknesses and adopt measures to increase its efficiency in terms of measurement, analysis, and continuous improvement. Because it is not limited to Customs-related processes, it also provides a unique opportunity to connect, involve and commit several divisions or departments within a company to identify potential gaps and improve overall efficiency.

It may also constitute an opportunity to benchmark and compare to other companies in the same domain or group, as well as to establish contacts and mutually beneficial working relationships with Customs administrations, better understanding Customs administrations' expectations and fostering deeper knowledge of the specific roles, peculiarities and challenges of applicants involved in a specific segment of the international supply chain.

Benefits such as reduced examination rates and fast lanes may be very appealing, especially in light of mutual recognition agreements (MRA) between compliant trader programs, which may allow facilitations for European companies trading with countries such as the United States or China, and bear an important potential to generate significant time and cost savings.

MRAs can constitute real added value to AEO certified entities, yet issues such as compatibility of standards and IT platforms need to be addressed and harmonization will also need to advance progressively to the sub-regional and regional level.

In this sense, MRAs should be strengthened and remain a top priority within the WCO. As one of the main goals of SAFE, they will be key in the long-term to achieving the global objectives of the WCO: ensuring global supply chain security and avoiding duplication of efforts and costs for authorities and economic operators.

At the EU level, AEO has the potential for additional simplifications in related areas such as aviation security or export controls. Avoiding duplication of administrative burdens and leveraging the success of AEO can be a tool to implement facilitations in associated areas such as intra-EU transfer of defense-related goods, where similar certification efforts under Directive 2009/43 have attracted only a reduced number of entities and have led to similar concerns. Granting discretionary license types (open/general) to AEOs or simplifying their application procedure for export licenses in general could be an exceptional way to achieve the objectives set in the Directive on intra-community transfers by leveraging other sets of measures.¹⁸

Customs-to-Customs cooperation and information sharing between administrations as well as with other authorities within the European Union may lead to additional inter-agency coordination and even allow information gathered through AEO to support the establishment of single enforcement effort at the European level.

In conclusion, AEO presents today an important potential for win-win partnerships between Customs and economic operators as well as between Customs administrations within the European Union in the framework of global cooperation and standardization efforts in all domains where an aligned internal compliance program is required.

To make AEO effective, adjusting and extending benefits, and working towards outreach and mutual understanding initiatives is important in a time when companies assess whether or not the new Union Customs Code is the right opportunity to be certified, and if its benefits outweigh its costs.

18 Integrating additional requirements in the questionnaire may allow adapting AEO status for both Customs safety and security and the verification of internal compliance programs adapted to export control requirements and nonproliferation purposes.

