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**Customs Border Management
Through the AEO Concept:
What are the issues and the way forward?**



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Background of the AEO concept

- After the terrorist attack on the US, the need to secure the supply chain became more important.
- The US introduced tight security measures in the movement of cargo to the US through the Customs-Trade Partnership Against Terrorism (C-TPAT)
- Noting the importance of security in the movement of goods and the need to facilitate trade, the WCO introduced the WCO-SAFE Framework of standards.

Background Continued

- The US C-TPAT and the WCO SAFE Framework of standards were similar in that they all rewarded businesses that met the minimum security requirements in the movement of cargo.
- In 2007 the WCO under its Customs to Business Pillar of the SAFE Framework of Standards introduced the AEO Programme.
- The WCO defines an 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”**.

Aims of the AEO programme

Main aims of the AEO Programme include:

- To secure the supply chain
- Trade Facilitation
- Encourage compliance with Customs laws and Regulations
- Improve transparency and the relationship between Customs and Business

Benefits of the AEO programme

Benefits vary with Customs Administration or MRA but the most basic ones include

- Expedited processing and release of shipments
- Financial Guarantee waivers, reductions or rebates
- Simplified procedures
- Physical Inspections at importer's premises after the release of cargo
- Prior consultations before any changes that affect imports or exports
- Where there are MRAs businesses enjoy more efficiency regionally and internationally leading to more profits

AEO Programme in Africa

Number of AEOs in Africa -2020

	ESA	North Africa	West & Central Africa
AEO	8	4	1
AEO Under Development	6	0	6
Customs Compliance Programme	10	1	4
MRA	4	2	0

WCO AEO Compendium 2020 – By WCO African Regions

WCO ESA Region

- The WCO ESA Region has the highest number of countries implementing the AEO program at all stages.
- All the MRAs in the ESA Region are still under negotiation [Burundi – Korea, South Africa – SACU, and Uganda – India] except Uganda – China signed in 2021
- EAC has a functional Regional AEO program with a common set of criteria, instruments, authorization process, benefits and monitoring system in all the Partner States.
- SADC AEO program still being developed to ensure there is uniform criteria for registration and benefits throughout the region.

Challenges

- Low uptake of the program in Africa – awareness issues
- Countries at different stages of the program making alignment of benefits difficult.
- Informal sector and MSMEs dominate the economies
- Low compliance levels
- Stringent/burdensome registration conditions and cost of complying e.g. on security
- The exclusion of some Border Agencies may delay AEO operators.

Way Forward

- Customs Administrations should help by marketing the program
- Regional AEO programs to be encouraged for the different RECs in Africa
- Simplified compliance programs as stepping stone to AEO
- Encourage compliance – informal sector and SMEs
- Recognize AEO status beyond Customs
- Make the benefits clear and visible to all.
- MRAs encourage uptake of AEO program
- Involve business in coming up with AEO benefits

Conclusion

- Modern Border Management requires the participation of all including Traders.
- The AEO program ensures a safe and secure supply chain while also Facilitating Trade.
- The higher the number of AEOs the higher the number of importers/exporters that do not need daily Customs scrutiny.
- Customs Administrations should encourage more Traders to join the program

THANK YOU

