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

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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.
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

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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