



Authorized Economic Operator (AEO) Program of Pakistan

Concept of AEO

- One of the pillars of WCO's Framework of Standards to Secure and Facilitate global trade (SAFE)
 - A partnership / cooperation program between customs and trade
 - Aiming to secure and facilitate global supply chain security through Mutual Recognition Agreements (MRAs)

Authorized Economic Operator (AEO)

- According to the World Customs Organization (WCO), an **authorized economic operator (AEO)** is

"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. Authorized Economic Operators include *inter alia* manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors"

Emphasis on Security in Global Trade

- Growth of global trade
- Increasing security threats to the international movement of goods
- Shift in customs administrations' emphasis from tax collection towards securing the international trade flow
- Developing an Authorized Economic Operator program is a core part of this shift in focus from tax collection to security

Existing Clearance System in Pakistan

- Pakistan has developed a home grown risk management system to regulate trade through its borders (both imports & exports)
- Based upon the profile of trader, Risk Management System (RMS) categorizes each and every consignment in one of 03 channels
 - Red Channel
 - Yellow Channel
 - Green Channel
- Almost 40% imports and 80% exports are cleared through green channel based on the credible profile of trader.
 - RMS based risk profiling ensures secure clearances as risky consignments are marked to Red or Yellow Channels
- Introduction of AEO program will be next step in this process to further secure global trade.

Current Status on the Implementation of AEO Program

- Section 212A has been inserted in the Customs Act, 1969.
 - Further statutory changes have been proposed which are under consideration.
- Draft AEO rules for Pakistan have been framed which are currently under consideration at Federal Board of Revenue.
- Draft AEO rules will be finalised after acquisition of feedback from relevant stakeholders.
- Workshops and Seminars have been planned for feedback and to create awareness among business community regarding proposed AEO Program.

Salient Features of Proposed AEO Program

- Comprehensive AEO Program has been conceived covering all sector directly dealing in international trade.
- **Types of proposed AEO Certifications**
 - 3 certifications for Importers and exporters
 - AEO P-1
 - AEO P-2
 - AEO P-3
 - 1 certification for service providers (clearing agents, freight forwarders, shipping agents, customs bonds etc)
 - AEO P-O

Salient Features of Proposed AEO Program

- **Proposed Benefits on AEO Certifications**
 - a) Speedy green channel and high level of facilitation in imports / export consignments, thereby ensuing shorter cargo release time.
 - b) Facility of Direct Port Delivery (DPD) and/ or Direct Port Entry(DPE)
 - c) Access cards for hassle free entry to Custom Houses, terminals, off-dock terminals and dry ports.
 - d) Separate parking space and sitting/waiting area earmarked in Custodian's premises.
 - e) 50% reduction in the quantum of required Bank Guarantee.
 - f) Speedy completion of cases/Investigations, if any, in six to nine months.
 - g) 24/7 clearances on request, if required, at all sea ports and airports.
 - h) Onsite entity-based PCA will be conducted once in two years only
 - i) Single point of assistance to AEOs through designated relationship officer in relation to legitimate concerns



Thanks