

POSITION PAPER Nr.2

ADVANCING THE AEO PROGRAMMES IN THE CEFTA REGION THROUGH  
PARTNERSHIPS AND CAPACITY DEVELOPMENT

Presented at the Occasion of the Regional Trade Facilitation Conference on  
“Unleashing collaborative partnerships in the digital Era”

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## Contents

<i>Acknowledgements and disclaimer</i> .....	2
<i>ACRONYMS</i> .....	4
1. CONTEXT .....	5
1.1 Background and Purpose .....	5
1.2 Methodology.....	5
1.3 Structure of the Paper .....	5
2. STATUS OF RESOLUTIONS PRESENTED IN 2022 .....	6
3. FINDINGS OF THE REGIONAL AEO ASSOCIATION: ASSESSING AEO PROGRAMMES' IMPACT ON AEOs .....	6
3.1 Perception-based Survey Results.....	6
3.2 Data analytics and evidence-based Results .....	7
4. KEY ACTIONABLE RECOMMENDATIONS .....	8
5. CONCLUSION.....	10
<i>Annex I – Customs Administrations' Self-Assessment on 2022 Resolutions</i> .....	11

## ACRONYMS

ACRONYM	DESCRIPTION
<b>AEO</b>	Authorized Economic Operator
<b>AEO-A</b>	AEO Association
<b>App</b>	Monitoring and Evaluation Application developed by the Regional AEO Association
<b>CEFTA</b>	Central European Free Trade Agreement
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
<b>M&amp;E</b>	Monitoring and Evaluation

## 1. CONTEXT

### 1.1 Background and Purpose

Given the significant economic and business benefits that can be generated through functional Authorised Economic Operator (AEO) Programmes, AEO businesses in Central Europe decided to establish the regional AEO Association (AEO-A) in October 2021 to support current and potential AEO license holders as well as advance AEO programmes in the region. Key objectives of the AEO Association are, amongst others, to ensure that AEO companies realise the maximum benefits from the programme, and to encourage the maximum implementation and expansion of the AEO Programme in CEFTA.

The first edition of the regional AEO-A Position Paper was prepared by Members in October 2021 to document their views and positions regarding the requirements, from a business perspective, to strengthen the uptake and operational effectiveness of the AEO programme in CEFTA. This paper was further discussed by AEO-A members throughout 2022 and was presented to Customs Authorities at the Regional AEO-A Conference in Belgrade in November 2022.

The present position paper articulates the regional AEO Association's key recommendations regarding the strengthening and advancement of AEO programmes across CEFTA.

### 1.2 Methodology

The present position paper embeds learnings from the previous position paper and was developed through a series of meetings with AEO Association Members, meetings with Customs Administrations, data analytics of the data collected through the regional AEO-A's application as well as a review of trends and patterns in the AEO sphere.

### 1.3 Structure of the Paper

Following Section I, which presents the background, methodology and structure of the paper, Section II provides an overall assessment of the implementation status of resolutions presented in the 2022 position paper issued by the regional AEO Association. Section III details an assessment of the impact of the AEO programme as perceived and experienced by the regional AEO-A Members, and Section IV lays out a series of key actionable recommendations to enhance AEO programmes in the region, from a business perspective.

## 2. STATUS OF RESOLUTIONS PRESENTED IN 2022

At the occasion of the first regional AEO Association regional Conference held in Belgrade in October 2022, the Association presented the following 10 resolutions. The section below presents the progress on each of the resolutions.

Within the 2021 version of the Position Paper, the AEO Association called on the CEFTA parties and Custom Authorities to further strengthen the development, implementation and consolidation of the AEO programme, to accelerate the adoption of AEO Mutual Recognition Agreements (MRA), enhance communications and training, launch a special effort to recruit Small and Medium Enterprises (SMEs) into the AEO programme, upgrade border post and internal Customs facilities for AEOs, implement advance information processing facilities at Customs for AEOs, strengthen the engagement of Other Government Agencies (OGAs) in the AEO programme, establish Measurement and Evaluation mechanisms for AEO programmes, and establish and or strengthen AEO Customs Consultations.

Since that time, progress in implementing the AEO-A Recommendations has been rather mixed.

On one hand, it can be said that the Customs Administrations in the CEFTA parties have endeavoured to further engage with OGAs on the AEO topic but also strengthened and formalized their consultation mechanisms with existing AEOs. It is also worth noting that some CEFTA parties have been engaging at bi-lateral and/or tri-lateral level to prepare, sign and enter into AEO Mutual Recognition Agreements with each other. Additionally, the CEFTA Customs Administrations have seen more companies join the AEO programme.

On the other hand, more limited progress has been registered by CEFTA parties on matters related to sensitization and training on AEO, AEO programme strategic dashboard, support to SMEs in the framework of AEO programmes, advance information processing facilities for AEOs upgrade of facilities, advance information processing facilities for AEOs, signature of the MRA within CEFTA, and upgrades of facilities. Furthermore, AEOs are still not fully enjoying operational AEO programme benefits as it will be detailed in the next section.

A self-assessment on the status of implementation of the 2022 resolutions has been undertaken by the Customs Administrations of CEFTA parties and can be found in Annex 1 of the present position paper.

## 3. FINDINGS OF THE REGIONAL AEO ASSOCIATION: ASSESSING AEO PROGRAMMES' IMPACT ON AEOs

### 3.1 Perception-based Survey Results

In order to assess the satisfaction level of AEO-A Members with regards to the AEO Programme, as well as to the AEO Programme benefits realization, the AEO-A Secretariat undertook a survey of AEO operators in 2022 and 2023.

Approximately 67% of survey respondents indicated that, to at least some extent, they had easier admittance to new simplification procedures introduced by Customs, while 30% indicated that they received this benefit either always or to a large extent. On the other hand, 33% indicated that they did not experience any such benefit. While this is a generally positive result, there is obviously still room for improvement, as this benefit should be fully realised by all AEOs.

There were similar positive results regarding the use of the reduced data set, with 63% of respondents indicating a realisation of this benefit to at least some extent, and 33% realised it always or to a large extent.

The situation regarding inspection at borders was less positive, with 50% of respondents indicating no benefit at all, and 47% indicating a lack of prior notification in case of selection for physical control. Clearly, there is much room for improvement here.

On a related point, 60% of respondents indicated that, to at least some extent, they received priority treatment in case of physical inspection/control, with 37% of respondent indicating that they received this benefit either always or to a large extent. 40% of respondent did not experience this benefit at all. The results for choice of location for physical inspection are similar to the above.

Overall, the respondents seem to indicate, through the survey, that the Customs Administration in the CEFTA parties have largely adhered to the partnership principles of the AEO programme by inviting AEOs to join customs modernization initiatives, most notably. However, the results also seem to indicate that the more “operational benefits” mentioned in the AEO programmes across the CEFTA region have not translated into operational reality yet.

### 3.2 Data analytics and evidence-based Results

In order to gather more detailed information on the experiences of AEOs at the border, the AEO-A secretariat developed a mobile phone Application (App) to measure the actual border crossing times for AEO transporters vs non-AEO operators, Using the AEO Mobile App, the truck driver measures the time at arrival at the border crossing and the time of departure at borders within CEFTA. At present, the App has recorded over 500 data observation from transporters at the various border points across the region.

While this is a limited set of data<sup>1</sup>, what we can say so far is that the average waiting time at the border for an AEO transporter leaving Serbia is about 50% less than for non-AEO (108 vs 215 minutes). Also, for AEO transporters with an AEO Consignment, the waiting time is about 35% less than with non-AEO consignments (107 vs 164 minutes). These are very positive indicators. More data will be collected in the upcoming period and we should be able to go deeper to measure the experience of AEOs at the specific border crossings in each country.

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<sup>1</sup> At present, we do not have sufficient data for a complete analysis of all parties in the region. However, with the recent translation of the App into all local languages, and the agreement from AEO-A members to encourage their drivers to use the App, we expect the level of data collection to increase significantly in the coming months.

## 4. KEY ACTIONABLE RECOMMENDATIONS

Despite the improvements mentioned above, AEO-A Members concluded during several meetings in 2023 that significant work remained to be done in order to fully realise the benefits of the AEO Programme, both from a company perspective and from an economic development perspective in the region. In particular, the Members identified the continuing need for more and better training and awareness of all Customs officers regarding the benefits that should be provided to AEO Approved operators. This is particularly the case for the Customs Officers manning the border posts.

Members also pointed to ongoing delays at border crossings due to the lack of infrastructure, lack of “Priority Lanes” for AEOs, and the lack of access roads to the border post. The potential use of AEO identifiers to help channel benefits and facilitation to AEO companies was also emphasised, along with the need to make progress on the signing of the regional MRA and an MRA with the EU as the regional most important trading partner. Members also pointed to the need to continue strengthening Customs-AEO consultation mechanisms and to expand the benefits and scope of the AEO Programme to include Other Government Agencies, especially Agriculture. Members further called on Customs Authorities to strengthen their own measurement and evaluation of the performance of the AEO Programme and to establish a public Dashboard that would focus on and regularly update key AEO programme performance indicators.

In order to address the issues identified above, and to encourage the maximum outcome and uptake of the AEO Programme, the AEO-A calls on Customs Authorities in the CEFTA region to undertake the following actions to support the AEO Programme:

### 1. **Strengthen the AEO Programme monitoring mechanism at Customs level**

- 1.1. Establish an “AEO Programme Dashboard” at Customs level that would focus on key AEO programme health check metrics such as “Average clearance times for AEOs vs non AEOs”, “AEOs’ satisfaction survey”, “Number of AEOs”, “Number of AEO applicants”, “Average time taken to process AEO Application”, “Common reasons for failed applications”, etc.
- 1.2. Publish quarterly analytical reports on “AEO average clearance times vs non-AEO average clearance times”
- 1.3. Undertake an AEO Programme benefits realization and impact study and share the results with the AEO-A with respective NTFCs and partners
- 1.4. Develop action-oriented initiatives to address blockages identified in the above research

### 2. **Build awareness of Customs officials at operational level on the AEO Programme**

- 2.1. Require all Customs officers to complete the WCO or EU e-learning module on AEO programmes
- 2.2. For CEFTA parties that have not done so, develop and deliver a sensitization programme on AEO programmes for incoming and front-line officers
- 2.3. Ensure that the Standard Operating Procedures (SOPs) for Customs Officers, particularly related to border processing and clearance incorporate specific steps agreed for handling AEO shipments



**3. Fast-track the signature and implementation of Mutual Recognition Agreements at regional and European level to deepen integration and facilitate regional trade**

- 3.1. Develop action plans to sign the regional MRA
- 3.2. Discuss and propose a joint MRA with the European Union
- 3.3. Develop action plans to sign an MRA with the European Union
- 3.4. Sign the regional MRA as soon as feasibly possible
- 3.5. Sign the MRA with the EU as soon as feasible possible
- 3.6. In the absence of a CEFTA wide MRA, pursue the MRA agreements between specific CEFTA Parties

**4. Establish dedicated “Green/Blue lane” for AEOs at land-border crossing points and “AEO dedicated space” at customs control facilities, wherever possible**

- 4.1. Identify the land border crossing points with the pressing needs for the introduction of a dedicated “AEO lane”
- 4.2. Introduce the AEO lane as soon as possible, if no infrastructure upgrades are necessary
- 4.3. In the absence of a dedicated AEO lane, consider escorting AEO trucks out of traffic lines and bring them directly to the border post, or allowing them to pass the traffic line and get directly to the border
- 4.4. Enhance facilities at internal Customs Control facilities to ensure the smooth flow of AEO consignments through the establishment of dedicated “AEO space”.

**5. Develop “AEO” identification/markers to facilitate AEO operations**

- 5.1. Ensure that the Customs Management IT Systems are configured to recognize AEO transactions through, for example, the inclusion of AEO identifiers.
- 5.2. Ensure that AEO transactions are sent to the priority lane in the Customs Management IT system
- 5.3. For AEO transporters, explore the possibility to have encrypted and secure AEO identifiers to facilitate processing at the border points

**6. Strengthen the Customs-Business Partnership under the AEO programme**

- 6.1. For CEFTA parties that have not yet done so, strengthen Customs-AEO Consultation Mechanisms, both within each party and at the regional level, through the establishment and regular operations of a Customs-Business Forum or Working Group on the AEO programme and ensure that the AEO agenda is also mainstreamed at NTFC level
- 6.2. Design and develop a support programme for existing AEOs

**7. Expand the benefits and scope of the AEO Programme**

- 7.1. Fast track the establishment of Pre-Arrival Processing in all CEFTA parties and ensure that AEOs are amongst the pilot operators and are also given priority in the PAP facility;

- 7.2. For CEFTA parties that have not already done so, Strengthen the engagement and involvement of related Other Government Agencies and Institutions in the overall AEO programme. Place the emphasis on extending AEO benefits to the most traded goods in the region and with the EU.
- 7.3. Identify additional benefits that could be granted to AEOs to keep the programme as relevant as possible, including reduced (or waiver of) guarantee fee levels for AEO status holders;
- 7.4. Identify other MRA partners outside the region based on export trade analysis;
- 7.5. For CEFTA parties that have not already done so, design and deliver an “AEO recruitment drive campaign” to attract more economic operators in the AEO programme, including activities to guide “AEO applicants” in the application process

## 5. CONCLUSION

The recommendations and action points formulated in this paper are targeted at enhancing the implementation and benefit realization of the AEO Programmes in CEFTA. It is hoped that the relevant Customs Administrations will embrace these recommendations into their AEO Programme Priority Action Plan for 2024, and that specific measurable goals are identified and reported on a regular basis through, for example, the previously mentioned AEO Dashboard. The Regional AEO Association stands ready to assist and cooperate with the Customs Administrations in achieving such goals for the good of the CEFTA parties and the region as a whole.

### *Annex I – Customs Administrations’ Self-Assessment on 2022 Resolutions*

The implementation status for each resolution can be either (i) very limited, (ii) limited, (iii) encouraging, (iv) very encouraging, (v) fully implemented.

Resolution Areas	ALB	BIH	MDA	MKD	MNE	SRB	XK
<b>1. Strengthen the capacity of Customs to deliver AEO Benefits</b>	iv	iii	v	iii	iv	iii	iv
<b>2. Establish robust monitoring and evaluation of AEO Programmes to identify strengths and areas of improvements</b>	iii	iii	v	iv	lii	lii	iv
<b>3. Accelerate efforts related to Mutual Recognition of AEO Programmes</b>	iv	ii	v	iii	iv	iii	iv
<b>4. Strengthen AEO “communication, visibility and support programmes” for the benefit of the private sector</b>	iv	iii	v	iv	iv	iii	v
<b>5. Establish and/or upgrade infrastructures at border crossing points to facilitate clearance of AEO consignments</b>	iii	ii	iv	ii	iii	i	ii
<b>6. Prioritize the implementation of pre-arrival processing facilities for AEOs</b>	iii	ii	iv	i	iii	iii	iii
<b>7. Further involve other governmental agencies, beyond Customs, with the AEO programme</b>	iii	ii	iii	ii	iii	lii	ii
<b>8. Boost the AEO recruitment drive efforts and reflect on establishing a dedicated AEO-tier for Small and Medium Enterprises</b>	iv	iii	v	iii	iv	iv	ii
<b>9. Enhance and facilitate Customs-AEOs consultation</b>	v	iii	v	ii	iv	v	v

