

Secretariat General of the Gulf Cooperation Council



The Unified Guide for the Gulf Cooperation Council Authorize Economic Operator Program (GCC AEO)



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GCC AEO

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Introduction

The Financial and Economic Cooperation Committee of the Gulf Cooperation Council (GCC) Countries, at its (108th) meeting held in November 2018, approved the conclusions of the Customs Union Authority at its (20th) meeting held in October 2018 regarding forming a working team for the Economic Operator.

The Economic Operator Working Team held its first meeting on June 18-19, 2019, and it reached a number of important recommendations regarding the development of a unified program for the Authorized Economic Operator at the level of the GCC countries. This program has been represented in the "Gulf Cooperation Council Authorized Economic Operator", and it aims to enhance the security and safety of the supply chain and facilitate the customs procedures, taking into account what has been agreed upon within the framework of the standards of supply chain security and facilitation in international trade that has been approved by the World Customs Organization (WCO), and the programs in force within the GCC countries In this regard.

In its meeting (110) held in November 2019, the Financial and Economic Cooperation Committee decided to take the necessary actions to work with the concept of the Gulf Cooperation Council Authorized Economic Operator and assigned the Secretariat General with preparing a unified guide for this purpose. In response to this, the Secretariat General presents, in this document, the "Guide of Gulf Cooperation Council Authorized Economic Operator" which includes the basic aspects of the GCC AEO, especially the criteria and eligibility for getting the status of a GCC AEO, the advantages and facilities granted to institutions and individuals holding this status, in addition to a summary of the responsibilities of GCC AEO, and a unified model among the GCC countries for Self-evaluation Form of institutions that wish to join the GCC AEO.

1. Definitions

The following words and terms, wherever mentioned in this guide, shall have the meanings indicated next to each of them, unless the context requires otherwise:

GCC Countries:	Gulf Cooperation Council (GCC) Arab Countries
Minister:	The Minister to which the General Administration of Customs

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	reports.
Administration:	The General Administration of Customs in GCC countries.
The Competent Authority:	The customs authority concerned with managing the Authorized Economic Operator Program in the GCC countries.
Customs Department:	The scope determined by the Minister in every sea, air or land port or in any other place, where there is a center of administration in which it is authorized to complete all or some of the customs procedures.
The Financial and Economic Cooperation Committee:	The Ministers of Finance and Economy in GCC countries.
Customs Union Authority:	Directors of customs authorities and administrations in the GCC countries.
Team:	The work team of the GCC Authorized Economic Operator.
Economic Operator:	Any party involved in the international supply chain and has a direct or indirect relationship with customs operations.
Gulf Authorized Economic Operator:	Every party participating in the international trade supply chain, and who is trusted by the customs authority and meets the conditions, requirements and standards of compliance with security and safety approved internationally.
Authorized Economic Operator Program:	It is a program that provides a package of benefits and Facilitations to the economic operator that meets the required criteria in the GCC Authorized Economic Operator Program, within SAFE Framework of Standards to Secure and Facilitate Global Trade adopted by WCO council (SAFE Framework).
Guide of the GCC AEO:	The policy, work procedures, requirements and benefits that aim to facilitate and support the Authorized Economic Operator Program.
Risks:	The possibility of not meeting the eligibility requirements, which leads to the possibility of violating security legislations, regulations, procedures and protocols.
Self-evaluation Form:	A form that must be completed by all applicants for the GCC AEO Program in the GCC countries, which include detailed information about the Economic Operator in all the required

	fields.
Benefits:	A package of Facilitations provided by the GCC AEO Program.
Mutual Recognition Arrangement:	An agreement of a mutual international, bilateral or multilateral recognition in the status of the Authorized Economic Operator to provide mutual benefits to the Authorized Economic Operators of the program for both parties.
Compliance Improvement Plan:	A plan which includes corrective measures established by the Customs Administration of the operator in the event of a breach of the eligibility criteria for getting the status of the GCC Authorized Economic Operator within a specified period of time.

2. Concept of the GCC Authorized Economic Operator

The "GCC Authorized Economic Operator" program responds to the need to facilitate import and export operations, as well as facilitate and expedite customs clearance procedures, release goods and contribute to enhancing security and safety in the supply chain of regional and global trade, through getting into a partnership between Customs Administrations and private sectors that wish to join the programs of GCC Authorized Economic Operator.

The GCC AEO Program Built on the concept of trust between Customs Administrations and Economic Operators working in the field of import and export on the basis of the historical record of these Economic Operators, which indicates their full compliance with laws and procedures, leading to granting them a exclusive treatment that enhances the facilitation and acceleration of their cross-border trade operations, and accordingly reducing costs, saving time and relieving the burdens of procedures for all concerned parties, either from customs authorities or private sectors.

The GCC AEO Program has been developed on the basis of the internationally recognized standards, as it derives its foundations from the logic adopted by the World Customs Organization within the "SAFE Framework of Standards to Secure and Facilitated Global trade of the World Customs Organization", which is based on establishing a close partnership between Customs Administrations and private sectors, and in cooperation with border control authorities, that aims to enhance supply chain security. As these commercial establishments are viewed as reliable institutions and do not pose any risks with regard to respecting laws and security of

the supply chain due to their full compliance records that support the assumption that it will continue to comply with customs and security requirements, thus giving them benefits and Facilitations in its cross-border trade operations.

Applying for the GCC AEO Program in the GCC countries is a voluntary concession, and applications for participation will be considered based on their compliance with the conditions after the successful completion of the validation and risk process.

3.Those Eligible to Apply for Getting the GCC Authorized Economic Operator Status

An application for obtaining the status of a GCC Authorized Economic Operator may be submitted by the Economic Operators in GCC who have commercial registers with the competent authorities in the GCC countries and their representatives, and who meet the eligibility criteria and requirements for the GCC AEO Program.

The Economic Operator is any party involved in the international trade and activities covered by customs laws and is a party in the supply chain for intra-gulf trade and the trade of the GCC countries with the rest of the world.

The application of obtaining the GCC Economic Operator status shall abide by the following:

- 1.In case the Economic Operator owns subsidiaries in the GCC countries, each subsidiary shall apply independently to the competent customs administration in the country within which the affiliated subsidiaries are registered.
- 2.In case that the Main Economic Operator owns a group of companies (economic operators) at the country level, each company (economic operator) shall apply independently to the competent Customs Department.
- 3.If the commercial register or commercial license includes different activities at the country level, the Economic Operator can submit one application for all commercial activities to the competent Customs Department.

The following table presents the GCC AEO commonly involved in the international supply chain:

1.	Importers	5.	Customs Clearance Offices/Customs Brokers
2.	Exporters	6.	Shipping agents /carrier/Logistics operator
3.	Producers/Manufacturers	7.	Warehouse and Freight Terminal Operators
4.	port and Airports Operators	8.	Courier Company
◆	As well as all other parties involved in the international supply chain.		

4. Eligibility Criteria for the GCC AEO

To get the GCC AEO status, The GCC countries require that the applicant, shall be any party that have commercial registers from the competent authorities in the GCC countries, which, in turn, have in place the internationally recognized standards "SAFE Framework of Standards to secure and Facilitated Global trade of the World Customs Organization", including:

◆	A proper record of compliance with customs laws and regulations and other laws and obligations related to customs activities.
	Compliance with the required level of laws, regulations and procedures for a period of time not less than three (3) years.
◆	A record management system that enable the necessary internal control
	Implementing procedures and measures that enables maintaining records and internal control, and ensures compliance with the required standards, including customs systems and procedures as well as transport records.
	Implementing accounting and inventory systems and standards that allow customs control to be carried out by tracking imported or exported goods and the various relevant operations.
◆	Financial Solvency.
	Proof of financial solvency by showing the settlement of fees, duties, taxes and all dues without delay and the soundness of the financial position.
◆	The World Customs Organization SAFE Framework of Standards to Secure and Facilitated Global trade (SAFE Framework).
	Implement security and safety conditions in the supply chain, as well as the risk assessment system, in accordance with the standards of SAFE.

5.Procedures to Apply for Getting the GCC AEO Status

◆	The procedures for granting the status of a GCC AEO shall be according to the following steps:
1	The economic operator shall submit an application form for obtain the status of the GCC AEO, providing all the required documents, the Customs Administration in the relevant country shall review the application in accordance to the approved procedures and verify that the conditions stipulated in article (4) of this guide have been met, within a period not exceeding (30) days from the submission date of the application. In addition, the relevant country may seek using information regarding the compliance of the applicant within the GCC countries for inductive purposes within a period not exceeding the mentioned period.
2	The applicant must agree to disclose the submission of all required information and documents, at the stage of applying for joining the program or after the application is approved, and this includes accessibility during the process of verification and risk assessment. The competent authority in each country shall abide by the confidentiality of information and not to disclose it to other parties without the approval of the Economic Operator, with the exception of judicial and security authorities.
3	The evaluation process includes: A.Self-evaluation: <ul style="list-style-type: none">- For the purposes of joining to the GCC AEO Program, and after acceptance and initial approval, the applicant shall apply for joining in paper or electronic form to the competent authority of the Customs Administration in one of the GCC countries through the required documents and the approved forms referred to hereinabove, including the self-evaluation form of the applicant "Annex1.2"- The self-evaluation process of the applicant is carried out based on unified self-evaluation forms among the GCC countries, which can be downloaded from the websites of the competent authorities of the customs administrations in the GCC countries.

- The competent authorities shall check and verify the information and data listed in the self-evaluation form which submitted by the applicant to join the GCC AEO Program.

B. Risk Assessment:

- After completing and submitting the self-evaluation form by the applicant, the Customs Administration collects all information related to the customs activities, declarations and all other necessary available information of the applicant, including information provided by the customs risk engine.
- Conducting a risk assessment is an important element to know the strengths and weaknesses of the applicant and all areas that will be covered during the validation process and the visit to the commercial institution.

C. Validation:

- After completing the self-evaluation and risk assessment process, the customs administration will validate the information listed by the applicant to ensure the accuracy of the information contained in the self-evaluation form or any comments received based on the risk assessment evaluation.
- The applicant will allow the Customs administration in the country to access their premises, systems and records in order to conduct the verification process. The supply chain and commercial compliance practices are assessed through the approved verifications and accreditation procedures.
- Through the accreditation process, the Customs Administration will be able to determine the extent to which the applicant is eligible to obtain the status of the GCC AEO, as well as take advantage of the approved Facilitations and benefits after accreditation.

The applicant shall be notified of the following:

1- Acceptance of Application:

- The applicant will be notified of its acceptance in the GCC AEO Program.

2- Corrective Actions:

- Completion of the required documents within (30) days, and in the event of non-compliance with the granted deadline, the application will be rejected.
- In case any compliance improvement plan is released by the validators,

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the applicant will have a grace period of (90) days that can be extended for a similar period based on the approval of the Customs Administration to complete these requirements for the Customs Department in the country.

3- Rejection of Application:

- The applicant can appeal within (30) days of notification date.
- The applicant will not be able to re-apply for a period of one year from the date of notification.
- Rejection may be based on failure to meet one or more of the required eligibility criteria that must be met. The competent authority will inform the applicant of all the issues and reasons that led to the rejection, and the appeal procedures if the applicant is not satisfied with the result.

6. An Overview of the Benefits List Offered to the GCC AEO in GCC Countries (Annex 1.3)

◆	<p>The benefits granted in the GCC AEO Program include the following:</p> <ul style="list-style-type: none"> ● Procedural benefits. ● Security benefits. ● Financial benefits. ● Benefits offered by regulatory and border authorities. ● Benefits of the mutual recognition agreement. ● Other. Benefits.
◆	<p><u>Gulf Advantages:</u> Once the GCC Authorized Economic Operator status is granted by the Customs Administration in the relevant country, it will receive a package of Facilitations in all the GCC countries.</p>
◆	<p><u>National Advantages:</u> The competent Customs Department may grant the GCC AEO accredited by the Customs Administration additional local advantages and incentives, including facilitating customs transactions for the Authorized Economic Operator in the same country. (Provided that each country publishes this on its internal websites).</p>

7. Exclusive usage of the GCC AEO Benefits and Facilities

The status of the GCC Authorized Economic Operator granted relates to the Economic Operator itself and applies to its commercial activities, and such operator is the only one that is entitled to gain the benefits and Facilitations available under this status.

8. Mutual Recognition Arrangement of GCC Authorized Economic Operators program

- ◆ The Mutual Recognition Agreement constitutes the cornerstone for enhancing and expanding the scope of the GCC Authorized Operators Programs across the world, thus opening the way for the authorized operators in their countries to gain the benefits offered by other countries to their authorized operators. Accordingly, the mutual recognition of the authorized operator helps in obtaining benefits agreed upon between the two parties in the event that if these two countries have concluded an arrangement with this regard.
- ◆ 1-Bilateral Mutual Recognition Agreements:
 - GCC Member countries have the right to conclude mutual recognition agreements for the Economic Operator bilaterally with external parties.
 - The agreements concluded before the entry of the GCC Authorized Economic Operator Program into force by the GCC countries on a bilateral basis remain in force, and the discussions upon the pending agreements shall be completed.
- 2-Collective Mutual Recognition Agreements:
 - If the GCC countries agree to collectively enter into mutual recognition agreements, negotiations with the external parties or other economic blocs shall be carried out collectively.
 - Free trade agreements negotiated upon by the GCC countries are used to include mutual recognition collectively.
 - In the collective recognition agreements or free trade agreements with countries or economic blocs, it is stipulated that it is possible to sign cooperation agreements as well as the mutual administrative assistance in customs matters, provided that they are done bilaterally with the GCC countries.
 - In the event that any member state or all GCC states wish to sign a

	<p>mutual recognition agreement for the Economic Operator Program with a state that has already been negotiated and signed with by one of the member states, that state shall coordinate with the rest of the council states to pave the way for signing the mutual recognition agreement with the state wishing to sign with the rest of the GCC states or convert the bilateral agreement into a collective agreement.</p>
◆	<p>(Steps for Mutual Recognition)</p> <ul style="list-style-type: none"> ● Procedure of Putting Mutual Recognition into Force. ● Determine the AEO -GCC Team. ● Mechanism of collecting statistical information for exchange based on mutual recognition requirements. <p>- Annex no. (1.5) of the Form of the Action Plan Text of the Mutual Recognition Agreement</p> <p>- Annex no. (1.6) of the Form of the Mutual Recognition Agreement Document Text.</p> <p>- Annex no. (1.7) of the Explanatory Memorandum That Aims to Explain the Mechanism for Implementing the Agreement</p>

9- The impact of granting the GCC Authorized Economic Operator status in any GCC

◆	<p>Customs Administrations in all GCC countries shall recognize the status of the GCC AEO for any economic operator that obtains an accreditation from the competent national authorities in one of the GCC countries without any additional procedures.</p>
◆	<p>The Authorized Economic Operator in the GCC countries shall benefit from the benefits and Facilitations granted to him under this status and which are contained in Article 6 regarding the benefits offered to the Authorized Economic Operator in the GCC countries.</p>
◆	<p>The accreditation certificate of the GCC Authorized Economic Operator granted by the competent authority in any of GCC countries shall be considered an Authorized certificate within the framework of the GCC AEO program.</p>

10- The Competent Authority of Issuing the certificate of the GCC Authorized Economic Operator in the GCC Countries

◆	Customs Administrations are the competent authorities for issuing the GCC Authorized Economic Operator certificate.
◆	The status of the GCC Authorized Economic Operator shall be granted in accordance with the procedures specified by the customs administrations in the GCC countries.
◆	In the process of granting the status of a GCC Authorized Economic Operator, the customs administrations of the GCC countries shall implement unified standards between the GCC countries with regard to: <ul style="list-style-type: none">○ The eligibility Criteria in the GCC AEO programs.○ The benefits and Facilitations offered to GCC-AEO's.○ Implementation Procedures.○ Validation Processes.○ Accreditation Mechanism.○ Managing the status of the GCC AEO.

11- The Validity Period of the GCC Authorized Economic Operator Status.

◆	The validity period of holding the GCC Authorized Economic Operator status extends with continuous monitoring of the fulfillment of obligations and standards, and entails gaining from the benefits and Facilitations granted to its holder from the date of its approval until it is suspended or canceled by the competent authority that issued this approval certificate.
◆	There are no time limits for the status of GCC Authorized Economic Operator granted to any commercial institution.
◆	Taking into consideration that the GCC Authorized Economic Operators in the GCC countries must maintain an appropriate level of compliance and security, the competent authority shall be responsible for the following: <ul style="list-style-type: none">1- Continuous monitoring of economic operators in the relevant country in order to assess their performance throughout the accreditation period.2- Determine and take appropriate measures based on the results of

	<p>monitoring and evaluation, which are held at least once every 5 years as a maximum. These procedures may include physical inspection, documentary inspection, auditing of accounts, re-verification or a visit to the GCC Authorized Economic Operator</p>
◆	<p>The customs administrations shall re-evaluate how able is the GCC Authorized Economic Operator to continue applying the criteria of the "such operator" in the following cases:</p> <ul style="list-style-type: none"> ○ When there are changes in the laws and regulations that have implications regarding the decision to grant the status of a GCC Authorized Economic Operator. ○ Under continuous monitoring. ○ As a result of information submitted to customs administrations or relevant government agencies.
◆	<p>It is not allowed to transfer or assign the status of a GCC authorized Economic Operator through a merger, acquisition or change in the structure of the commercial institution or its legal entity, and the relevant competent authority should be notified of the changes immediately.</p>

12. Suspension or Cancellation of the GCC Authorized Economic Operator Status

The status of the GCC Authorized Economic Operator will be valid until it is suspended or canceled due to non-compliance with the eligibility criteria stipulated in Article (4) of this guide.

◆	<p>A. The status of the GCC Authorized Economic Operator is temporarily suspended in the following cases:</p> <ul style="list-style-type: none"> • Violation of one of the eligibility criteria for granting the status of a GCC Authorized Economic Operator. • If the results of the validation and follow-up found a lack of compliance from the GCC Authorized Economic Operator and led to the issuance of recommendations for it, it is given a grace period to amend its conditions, provided that its implementation of the recommendations issued there with is followed up through the compliance improvement plan.
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	<ul style="list-style-type: none"> • In the event that there are reports of security information that may affect the security of the country. • In the event of a request by the applicant to suspend the continuity of its membership in the GCC AEO Program due to its inability to fulfill one of the required conditions (an emergency accident/issues regarding the framework of transparency and partnership). • A compliance improvement plan is drawn up for a maximum of 6 months or during the period deemed appropriate by the competent authority.
◆	<p>B. The status of the GCC Authorized Economic Operator is permanently cancelled in the following cases:</p> <ul style="list-style-type: none"> • If the GCC Authorized Economic Operator violates the eligibility conditions, and after the competent Customs Department has made sure of the circumstances that led to this cancellation through the results of the audit and evaluation it carried out in this regard, or in response to the initiative of the operator itself requesting the cancellation of its accreditation as an Authorized Economic Operator. • If the expiration of the temporary suspension period without addressing the remarks of the proposed compliance improvement plan by the competent team. • When there is an irrevocable court judgment condemning the GCC Authorized Economic Operator in offenses or crimes of customs evasion. • In case that the GCC Authorized Economic Operator has ceased to practice the activity according to which the status of the GCC Authorized Economic Operator was granted. • In the event that the GCC Authorized Economic Operator has terminated its activity, or in case of its liquidation or merger with another company, leading to the cancellation of its legal entity. • If the GCC Authorized Economic Operator status is cancelled, a new application may not be submitted to re-acquire the status of the GCC Authorized Economic Operator until after the lapse of three years from the date of canceling the status.
◆	<p>The status of the GCC Authorized Economic Operator – the competent authority that issued it may suspend or cancel the status of the GCC Authorized Economic Operator, in the event of breaching one of the conditions stipulated in Article (4). These procedures fall completely within the competence of the competent authority.</p>

◆	<p>Before suspending or canceling the status of the GCC Authorized Economic Operator, the competent authority should communicate with the GCC Authorized Economic Operator to determine if a solution can be reached. After the suspension or cancellation is made, the competent authority shall notify the GCC Authorized Economic Operator in writing or electronically and provide it with the reasons for that.</p> <p>The suspended economic operator may request a grace period of a maximum of 6 months or a period that the competent authority deems appropriate.</p>
◆	<p>In the event that the breach of obligations is related to security aspects, suspension measures can be taken immediately and without prior notice until a final decision is made.</p>
◆	<p>The status of the GCC Authorized Economic Operator shall be suspended in the event that the latter violates the terms of the accreditation provisions, but the competent authority has not been sure of the fulfillment of the terms and conditions of cancellation.</p>
◆	<p>If there is a violation in one of the member countries by a GCC Authorized Economic Operator that has been granted this status of operator by another country, the following measures shall be taken:</p> <ol style="list-style-type: none"> 1. The possibility of suspending the use of the benefits provided to the GCC Authorized Economic Operator and immediately notifying the country that issued the status of the GCC Authorized Economic Operator with the details of the violation and the reasons for suspension. 2. The country that issued the statuses of the economic operator shall study the reasons that led to the suspension of benefits by the country concerned with the violation, and take the appropriate action regarding the status of the GCC Authorized Economic Operator in accordance with the applicable standards and procedures. 3. The country that granted the status of the economic operator shall notify the country concerned with the violation of the result of this study to take the appropriate measures towards it based on the decision of the granting country.
◆	<p>Immediate communication is made between the GCC countries to take the appropriate action in the event of suspending or canceling the status of the GCC Authorized Economic Operator.</p>

13- Duties and Responsibilities

- ◆ The GCC Authorized Economic Operator must at all times fulfill the program's criteria and inform the competent authority in the country if its incapable to continue with this, and the GCC Authorized Economic Operator must inform the competent authority of the main changes - if any - within the commercial institution, which may affect the criteria of the program.

14- Controls and Procedures for Filing an Appeal Regarding the GCC Authorized Economic Operator

- ◆ The applicant may submit a written or electronic notification to the relevant Customs Department of an appeal against the Department's decision within 30 days from the date of receiving the notification and submit this appeal to the competent authority. The notification of the appeal must indicate the operator/applicant's response to the statement issued by the competent authority. The operator/applicant may also submit a request for a hearing session as part of the appealing process. (Annex 1.4 of Controls and Procedures for Filing an Appeal)

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