



AUTHORISED ECONOMIC OPERATOR GUIDELINES

GLOSSARY OF TERMS AND ABBREVIATIONS

Authorization

Recognition of AEO status in an AEO programme, based on a structured methodology that includes such processes as a review of an applicant's submitted documentation, physical worksite, assets and security processes, to determine compliance with the core international standards of the SAFE Framework. The term is interchangeable with accreditation and certification

Authorized Economic Operator (AEO)

An 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. AEOs may include, inter alia, manufacturers, importers, exporters, Customs agents/brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors, and freight forwarders.

Business Model

A business model refers to key characteristics about the business, such as roles in the supply chain, size of the business, type of legal entity, types of commodities handled, number of supply chains, and number of partners in the supply chain. Those factors are considered when determining if the company meets AEO criteria.

Business Partner

A business partner is any individual or company that provides a service to fulfil a need within a company's international supply chain. Those roles include all parties, direct or indirect, involved in the purchase, document preparation, facilitation, handling, storage, and/or movement of cargo for or on behalf of AEO importers or exporters. The term is interchangeable with trading partner.

Customs-to-Business Partnership (C-2-B)

One of the key pillars underpinned by the AEO programme under the WCO SAFE Framework, involving close coordination and a robust partnership between Customs and business to create a climate of shared responsibility, ultimately protecting borders and supporting a flourishing trade.



Cybersecurity

The activity or process, ability or capability, or state whereby information and communications systems and the information contained therein are protected from and/or defended against damage, unauthorized use or modification, or exploitation.

Economic Operator (EO)

A person/entity that, in the course of their business, is involved in activities covered by Customs legislation. The term includes, inter alia, importers, exporters, manufacturers, carriers, etc. It is interchangeable with applicant within these Guidelines. NB. The definition of economic operator does not restrict the notion of "involvement in activities covered by customs legislation" to direct involvement only. For example, a manufacturer producing goods to be exported can apply for an AEO status even if the export formalities are performed by another person.

Instruments of International Traffic (IIT)

Tools or instruments in use or to be used in the shipment of merchandise in international trade. They include containers, flatbeds, unit load devices (ULDs), lift vans, skids, pallets, etc.

Internal Audit

A measure undertaken by an AEO to review its internal control system, to identify risks and vulnerabilities, and to examine its current status of compliance with authorization criteria. This can be done on a regular basis by a pool of internal staff of the AEO, not necessarily by external professional auditors.

International Commercial Terms (Incoterms)

Incoterms, published by the International Chamber of Commerce (ICC), provide rules and guidance to the trade community, and are often incorporated into contracts for the sale of goods worldwide. They are a series of three-letter commercial trade terms, such as FOB or CIF, and clearly show who pays for what, and when the financial liability is transferred in relation to transportation and delivery of goods.

Malware

Short for "malicious software", it refers to software that compromises the operation of a system by performing an unauthorized function or process. (U.S. Department of Homeland Security – Cybersecurity and Infrastructure Security Agency)

Micro, Small and Medium Enterprises (MSMEs)

Micro, small and medium enterprises (MSMEs) are business entities, whether corporate or unincorporated, which, together with any of their branches or subsidiaries (according to the Small and Medium Enterprises Act [CAP 24:12]) are defined by the number of employees (according to the Small Enterprises Development Corporation Amendment of 2011) including individual



entrepreneurs (0 employees), micro businesses (1 to 5 employees), as well as small businesses (6 to 30/40 employees – depending on the sector) and medium size businesses (31/41 to 75 employee. MSMEs also include agricultural activities if 50% or more of the produced goods are sold.

Minor infringements

Those acts that are not considered to pose a significant risk to the security of the international supply chain or Customs compliance, including revenue compliance.

Monitoring

Monitoring of an AEO is a joint responsibility undertaken independently, and based on their responsibilities, by both the economic operator and Customs. Monitoring is the systematic process whereby Customs and the AEO collect, analyse and use information to track an AEO company's progress and compliance with AEO programme requirements.

Mutual Recognition Arrangement / Agreement (MRA)

Arrangement or agreement to be concluded between and among Customs administrations, whereby they commit to mutually recognize and reciprocally provide trade facilitation benefits to AEOs that have been duly accredited by one Customs administration.

Other Government Agency (OGA)

Agencies of a national government, in addition to the Customs administration, mandated to enforce laws and regulations that deal with international trade and the protection of the supply chain. They include but are not limited to border agencies, transport security agencies and other law enforcement agencies.

Point of Contact (POC)

Economic operator's formally designated representative responsible for the management of the AEO relationship with Customs. AEOs should have more than one AEO POC with Customs.

Quality Assurance

In general terms, it refers to systematic monitoring and evaluation of the various aspects of a project, to ensure that standards of quality are being met.

a) In the last stage of the AEO programme implementation lifecycle, the Customs needs to establish the quality assurance procedure to take into consideration lessons learned, experience, and inputs from economic operators and Customs officers in the review process of AEO programme performance.

b) For quality assurance of Customs declarations, an economic operator checks the accuracy and authenticity of Customs declarations made out for a given period.



Re-Assessment/ Re-Validation

Evaluation process conducted by Customs (and maybe with OGAs) on the AEO company to determine if the AEO company continues to meet its responsibilities as an AEO since it was initially validated/assessed – to include complying with the AEO programme's requirements. As a partnership programme focused on prevention, this process also encourages both parties to discuss security issues and to share best practice that would help secure and expedite the flow of legitimate international trade.

Revised Kyoto Convention (RKC)

The International Convention on the Simplification and Harmonization of Customs Procedures (as amended). The RKC aims at facilitating trade by harmonizing and simplifying Customs procedures and practices.

Risk Assessment

Overall process of risk identification, risk analysis, risk evaluation and prioritization. (WCO Risk Management Compendium)

The systematic determination of risk management priorities by evaluating and comparing the level of risk against predetermined standards, target risk levels or other criteria.

(Guidelines to Chapter 6 of the RKC General Annex)

SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework)

Adopted by the WCO in 2005, the SAFE Framework of Standards to Secure and Facilitate Global Trade sets forth the principles and the standards and presents them for adoption as a minimal threshold of what should be done by WCO Members in order to secure and facilitate global trade.

Security Standards and Certifications

Certifications under other security-related programmes issued by international trade associations and trade organizations, such as the International Standardization Organization (ISO), the Transported Asset Protection Association (TAPA), and the World BASC Organization (BASC).

Self-Assessment Questionnaire (SAQ)

A document that an economic operator is required to complete in order for Customs to determine if the company is meeting AEO programme requirements. It is part of a process of obtaining or maintaining an operator's AEO status. The SAQ also serves as a useful guide for AEO Validators to deal with the main issues and areas to be addressed during Customs' validation process.



Sensitive Position

Sensitive positions include those in which staff work directly with cargo or its documentation, as well as those in which personnel control access to sensitive areas or equipment. Such positions include, but are not limited to, shipping, receiving and mailroom personnel.

Social Engineering

An attack perpetrated through human interaction (social skills), which relies heavily on manipulating people into breaking security standards in order to gain access to IT systems, networks, or physical locations. The attack may involve direct contact with a person or be indirect via email or other methods.

(U.S. Department of Homeland Security – Cybersecurity and Infrastructure Security Agency)

Validation

Procedure whereby the applicants, their supply chain(s), and all relevant processes involved, are subject to a full and transparent review by the Customs to verify that AEO criteria are met. It requires a holistic approach by Validators, from acceptance of the AEO application, to risk analysis, site validation, and findings reporting and follow-up.

Validator

A Customs official or Customs-accredited individual who may be accompanied by other representatives from an OGA who are tasked with conducting the validation process. These government representatives should be equipped with knowledge, skill sets, professional values, ethics and attitudes in order to successfully undertake an effective AEO validation.

Vetting

The process of checking a person's or entity's criminal background within the limitations of applicable national law, by:

- a) The Customs administration to assess the eligibility of AEO applicants
- b) An economic operator, on prospective or current employees in sensitive positions, or the due diligence of their business partners for supply chain evaluations.

Virtual Re-Validation

A virtual re-validation is a procedure that is conducted virtually or remotely when a physical (on-site) re-validation of an AEO company is not feasible or desirable. Virtual re-validations should only be considered for those AEO companies that have in the past undergone a physical or on-site validation.



INTRODUCTION

The AEO programme has come to be acknowledged as a key driver in promoting a secure, transparent and predictable trading environment through the voluntary demonstration of compliance and safety and security provisions in trade-related business. The Zimbabwe Revenue Authority (ZIMRA) implements the AEO program in fulfilment of the SAFE Framework of Standards, Pillar II -Customs to Business and in terms of Section 216 B of the Customs and Excise Act [CAP 23:02] as read with Part IVA of the Customs and Excise (General) Regulations Statutory Instrument 154 of 2001. The program has been extended to also cover SAFE Framework of Standards, Pillar III -Customs to Other Government and Inter-Government Agencies to strengthen cooperation between Customs and these Agencies. Pillar III aims at ensuring that government response to the challenges of supply chain security is both efficient and effective, by avoiding duplication of requirements and inspections, streamlining processes, and ultimately working toward global standards that secure the movements of goods in a manner that facilitates trade.

These AEO Guidelines have been drawn up to guide both ZIMRA and Economic Operators to ensure common understanding and uniform application of the AEO concept. The Guidelines do not constitute a legally binding document but aim to provide the expected interpretation of the AEO qualification criteria (A-M) through a globally consistent and harmonized AEO SAQ and accompanying Explanatory Notes which facilitate and clarify what is required under each qualification criterion, potentially encouraging participation in AEO programmes by SMEs. The Guidelines are therefore expected to assist the EOs in understanding the basic requirements of the AEO programme and provide sufficient and appropriate responses to the SAQ.

The aim of the SAQ is to help economic operators assess whether they meet the criteria to become an AEO. The SAQ also aims to give ZIMRA the overall picture of the applicant and its business and to assess those risks that are applicable to individual applicants. Applicants are therefore advised to fill in the SAQ and answer all relevant questions as provided in the SAQ and are not required to give an answer on questions that are not applicable to their businesses but should indicate with not applicable (N/A) **(in which case the applicant is invited to briefly explain why this is the case).**

It is important to note that the SAQ is part of the AEO application process, and it has to be submitted to ZIMRA together with the Application Form.

The AEO Guidelines, SAQ, Application Form and other information on the AEO program are accessible on the ZIMRA website- <http://www.zimra.co.zw>.

ELIGIBILITY FOR AEO STATUS

Section 216B of the Customs and Excise Act [CAP 23:02] as read with Part IVA of the Customs and Excise (General) Regulations SI 154 of 2001 provides for the granting of the AEO status to a party involved in the international movement of



goods in whatever function that has been approved by the Commissioner as complying with the prescribed supply chain security standards, including any one or any combination of the following:

- i) Clearing Agents
- ii) Manufacturers
- iii) Importers
- iv) Exporters
- v) Carriers
- vi) Port or Airport Terminal Operators
- vii) Operators of Warehouses
- viii) Distributors
- ix) Airline Consolidators

AUTHORISED ECONOMIC OPERATOR BENEFITS BY CATEGORY

AEOs shall enjoy benefits through the enhanced simplified Customs formalities as shown below. General benefits shall apply to all AEOs irrespective of their category. The benefits shall be reviewed as and when necessary.

1. General benefits

- Faster movement of cargo through the border/port of entry
- Fewer physical and document-based controls
- Choice of place for physical examinations of cargo
- Priority given to AEO cargo where physical examinations are required
- Priority in query resolution
- Access to dedicated Client Relationship Manager who will work with the AEO to improve compliance with border requirements and resolve border clearance issues
- Access to dedicated AEO desk at both inland and border stations
- Use of AEO Logo and certificate to enhance visibility and confidence in the business
- Recognition as a secure and safe business partner
- Reduced demurrage and other related costs
- Benefits offered by other Cross Border Regulatory Agencies where applicable
- Improved relations with ZIMRA and other Cross Border Regulatory Agencies
- Trade facilitation benefits from AEO Mutual Recognition Arrangements with other countries
- Preference given on training and awareness workshops



- Extended Customs services beyond normal working hours where possible
- Facilitation for movement of cargo during periods of trade disruptions

2. Importers and Exporters benefits

- Dedicated Lane for automatic assessment of declarations in ASYCUDA World
- Fewer physical and document-based controls
- Choice of the place for physical examination
- Priority in processing of refunds, drawback of duty and other permissions/authorizations
- Priority response to request for Customs rulings. This includes advance rulings in relation to tariffs, valuation and origin and advance ruling reviews

3. Customs Brokers/Clearing Agents benefits

- Automatic renewal of license/ Extended validity of license conditional upon satisfactory performance in the prior period
- Priority treatment in cargo clearance chain – any consignment declared by an AEO Customs Clearing agent shall be processed prior to declarations by non- AEO Customs Clearing agents
- Priority documentary examination of Bills of entry selected for the YELLOW lane
- Priority physical examination of cargo selected for the RED lane
- Priority processing of Exit Notes

4. Transporter benefits

- Access to dedicated fast lanes at land borders where possible
- Priority processing of Road Manifest (where applicable)
- Priority processing of Commercial Temporary Import Permits (CTIP) and Commercial Vehicle Guarantee (CVG), at Crew Desk, including acquittals
- Release of transport vessels without sealing
- Waiver of Customs escorts for movement of goods to another Customs station or Customs bonded warehouse.



- Priority to Customs Supervised transhipments including handover/takeovers between persons in charge of the vehicles
- Faster clearance at transit points and fewer checks enroute

AEO QUALIFICATION CRITERIA

Applicants must meet the below criteria to be eligible for AEO status:

- A. Demonstrated Compliance with Customs Requirements
- B. Satisfactory System for Management of Commercial Records
- C. Financial Viability
- D. Consultation, Co-operation and Communication
- E. Education, Training and Awareness
- F. Information Exchange, Access and Confidentiality
- G. Cargo Security
- H. Conveyance Security
- I. Premises Security
- J. Personnel security
- K. Trading Partner Security
- L. Crisis Management and Incident recovery
- M. Measurement, analysis and improvement

In addition, applicant should not have been convicted of any contravention of an Act administered by the Commissioner-General of the Zimbabwe Revenue Authority; and the directors and managers of the applicant have not been convicted of any offence involving imprisonment or suspended imprisonment of six months or more.

PRE-REGISTRATION VALIDATION

The time required to carry out an AEO validation process will vary according to a number of factors including:

- i) the size and complexity of the applicants` operations.
- ii) the applicant`s preparedness and record keeping.
- iii) existing information and registrations held by ZIMRA.
- iv) any need, where necessary, for consultation between Customs authorities.
- v) the need, where necessary, to consult with other government ministries, departments and agencies.

It is recommended that applicants make appropriate preparations in advance of the validation exercise by ensuring that there is a smooth and coordinated flow of communication between its relevant divisions, in order to allow for an efficient validation process.



FACTORS FACILITATING THE REGISTRATION PROCESS

To speed up the processing of applications, ZIMRA will use whatever information it already holds on AEO applicants. Please note that compliance with the various requirements will be checked for the last 2 years preceding the submission of the AEO application or such other period as the Commissioner may allow.

This will include information from:

- i) Previous applications for Customs registrations
- ii) Information which has already been communicated to ZIMRA
- iii) ZIMRA audits
- iv) Customs procedures used/declarations made by the applicant
- v) Self-assessment carried out by the applicant before submitting the application
- vi) Existing Standards held by the applicant
- vii) Compliance records on all Customs and Domestic Tax heads

Parent/subsidiary companies with common system/procedures

Each subsidiary wishing to apply for AEO status shall complete a separate application form. However, if the subsidiary companies are applying the same corporate standards/procedures for their Customs related activities, the SAQ could be completed by the parent company on behalf of all the subsidiaries that have submitted an application. In this case Customs may receive many application forms but only one completed SAQ covering all applications in relation to criteria which can be common for all subsidiaries.

COMPLETION OF THE SAQ

The SAQ provides a list of points for attention to assist both Customs authority and economic operators to assess whether the AEO criteria are met or not. If under any question a specific document is required, it has to be provided together with the completed SAQ.

The SAQ is divided into Sections. The first Section helps Customs authority to establish an overall image of the applicant from a "Customs" perspective. Each further Section corresponds to a specific criterion.

N.B. Applicants should give an answer to each question, and where not applicable, the applicants should indicate N/A.

In the case of newly established companies, the company might not have the ability to submit all information concerning questions related to its history. If the new company has been created in the form of a merger of already existing companies, general information about these companies as well as about their compliance would help the Customs authority to assess the risks related to the shortage of information.



REGISTRATION PROCESS

Any economic operator who wants to become registered shall apply to the Commissioner Customs & Excise. The typical steps are as follows:

- a) **“Prior consultation with Customs”**: This process is not mandatory, however, any economic operator who wants to be an applicant can contact any Customs office to get the necessary information and advice on the application procedures. Only those who are interested will apply.
- b) **“Submission of application”**: An applicant submits an application form together with supporting documents such as the SAQ, documentation providing evidence of compliance, Certificate of incorporation and some other documents concerning trade related issues after reviewing its business operations.
- c) **“Examination of application”**: Customs examines the submitted application form and all the supporting documents, to confirm whether the applicant satisfies the eligibility and requirements to be an AEO.
- d) **“On-site inspection”**: Customs conducts on-site inspection mainly to confirm the security measures of the cargo storage facilities, business premises and the applicant’s operations, including the surroundings of the facilities, cargo segregation, lighting, locking devices, access control, computer system, etc. Customs also checks whether its Customs procedures are conducted in accordance with its Compliance Program.
- e) **“Authorization”**: When all the requirements are fulfilled, the applicant is approved as an AEO by the Commissioner. The AEO is then issued with a Certificate of Registration.

ANNEXURE 1- AEO CRITERIA STRUCTURE APPLICABLE TO SELF-ASSESSMENT QUESTIONNAIRE



AEO - Annexure 1
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