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THE IMPORTANCE OF AUTHORIZED ECONOMIC OPERATOR INSTITUTION FOR THE SECURITY OF SUPPLY CHAIN IN THE INTERNATIONAL GOODS TURNOVER OF POLISH ENTERPRISES[†]

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Abstract

Together with the growth of international exchange of goods also the number of threats increases that potentially may influence the security of functioning international supply chains. Currently, there is a need of developing solutions which aim at facilitating flow of goods, simultaneously ensuring security against the increasing number of threats related to e.g. terrorist attacks, illegal smuggling, thefts and tax frauds. The article presents institution of an authorized operator – Authorized Economic Operator (AEO), introduced on the territory of the European Union in 2008. The discourse demonstrates influence of functioning AEO certificates on security of international supply chains with the particular attention drawn on the importance of AEO institution for Polish operators.

Keywords: Authorized Economic Operator (AEO), Supply Chain, Security, Entrepreneur

1. Introduction

Together with the growth of international turnover of goods also the number of threats increases that may influence security of the supply chains. In the recent years the intensity of phenomena such as terrorist attacks, illegal smuggling and tax frauds may be observed. Rapid technological and economic development, proceeding globalization process cause and will still cause creation of new threats. More and more difficult seems to be the control of goods relocated within international supply chains. Currently, there is a need of developing solutions which aim at ensuring security, simultaneously facilitating flow of goods and limiting control services which prolong customs procedures and affect efficiency of functioning of the supply chains. The article presents one of the most influential solutions, that is, the institution of an authorized operator – Authorized Economic Operator (AEO). The European Union introduced AEO through the Regulation (WE) No.648/2005 amending the Community Customs Code (CC). AEO institution commenced to operate in January 2008 which was depending on entering into force of executory provisions to the Community Customs Code. Introduction of AEO significantly influenced supply chain performance. The customs controls, introduced within AEO, are based

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on the risk analysis and they are characterized by the great number of conveniences and improvements leading to the raise of flow of goods efficiency.

The major aim of presented considerations is indication of significance of the establishment of Authorized Economic Operator for the security of the supply chains in the international goods turnover and at the same time for the security of safe goods exchange for Polish operators. The attention was also focus on the benefits acquired by the operators using AEO certificates.

2. Supply Chain Security

Globalization of world economy contributed to the intensification of competitive pressure, forcing companies to improve the efficiency and effectiveness of their activities. Many companies to increase their competitiveness decided to build and develop inter-organizational relationships and create international and global supply chains. Global supply chains provide access to lower cost of labor, raw materials and larger product markets. However, the activity in the global markets, higher flow of goods and increasing dependence on members of the supply chain is associated with a higher risk. Supply chain risk can be defined as “an event that adversely affects supply chain operations and hence its desired performance measures, such as chain-wide service levels and responsiveness, as well as cost” (Tummala and Schoenherr, 2011, p.474). Accordingly, supply chain risk management (SCRM) is defined as “the implementation of strategies to manage both every day and exceptional risks along the supply chain based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity”, thus, SCRM extends traditional risk management approaches by integrating risks of partners upstream and downstream the supply chain (Wieland and Wallenburg, 2012, pp.890-891).

Risks in global, sometimes highly complex supply chains, are mainly (Manuj and Mentzer, 2008):

- supply risk – risk related to adverse events in inbound supply that affect the ability to meet customer demand (in terms of both quantity and quality) within anticipated costs and time;
- operations risk – related to adverse events that affect a firm’s internal ability to produce goods and services, quality and timeliness of production, and/or profitability;
- demand risk related to adverse events in the outbound flows that affect the likelihood of customers’ orders, and/or variance in the volume and assortment desired by the customers;
- and security risk – related to adverse events that threaten human resources, operations integrity, and information systems; and may lead to outcomes such as freight breaches, stolen data or proprietary knowledge, vandalism, crime, and sabotage.

Security issues in supply chain became especially important after terrorist attack on the World Trade Centre in 2001. Before, the emphasis was placed mainly on uninterrupted flow of goods, security against disruptions such as theft or smuggling and interactions between governmental organizations and supply chain players were limited. After 2001, many countries implemented new security programs and regulations to protect against terrorism. It had a large impact on companies approach to logistics and supply chain operations (Williams *et al.* 2009). Security issues are important as ever before and supply chains members cooperate with themselves and governments and international organizations to ensure supply chain efficiency and protect people, infrastructure and the economy.

Generally, supply chain security management (SCSM) is defined as “the application of policies, procedures, and technologies to protect supply chain assets (products, facilities, equipment, information, and personnel) from theft, damage, or terrorism, and to prevent the introduction of unauthorized contraband, people, or weapons of mass destruction into the supply chain” (Closs *et al.* 2004, p.8). The aim of SCSM is the prevention of adverse events, maintenance of the stability and continuity of procurement, production, storage, transportation and the flow of information as well as the limitation of the possible costs of increased security requirements, delays in deliveries and production. The problem is particularly important in the

case of just-in-time deliveries. The security issues focus on man-made factors (preventing human acts) in contrast to safety issues related to incidents such as natural disasters, fires, traffic accidents, political events or technical infrastructure failures.

Initiatives taken by inter-organizational and governmental organizations are launched mainly to tighten border security and protection against illegal transport of materials and objects. The leader in this area remains the USA. The USA implemented initiatives including (Williams, *et al.* 2009; Yang and Wei, 2013; Sheu *et al.* 2006):

- Container Security Initiative (CSI) – program designed to allow the US Customs and Border Patrol to identify and inspect high-risk containers before they arrive to US;
- Customs-Trade Partnership Against Terrorism (C-TPAT) – designed to identify and verify supply chain partners and the security practices among them and strengthen overall supply chain and border security;
- 24-Hour Advanced Vessel Manifest Rule (24-Hour Rule) – the rule allows Customs to evaluate containerized shipments for potential terrorist threats before they are loaded on to ships; ocean carriers must file a complete manifest for all shipments with Customs at least 24 hours prior to a vessel's departure from a foreign port bound for the US;
- Fast and Secure Trade (FAST) – program designed to low risk drivers, carriers, and importers to expedite shipments between the USA and Canada.

In Europe, within the entire territory, in 2008 Authorized Economic Operator program was introduced. AEO was established under the framework of “Standards to Secure and Facilitate Global Trade” of the World Customs Organization (WCO) (Chang and Wu, 2015). So-called SAFE framework is one of the best known initiatives for supply chain security.

3. Institution of the Authorized Economic Operator (AEO)

The World Customs Organization (WCO) enhanced global security by unanimously adopting the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), a global strategy for safeguarding supply chains and facilitating trade in June 2005. The SAFE Framework seeks to reduce complexity and country unique requirements by establishing a common set of supply chain security and customs standards. It incorporates the concept of the AEO, that is, parties involved in international trade (for example, importers, exporters, carriers, manufacturers, warehouse keepers, freight forwarders) that have implemented required security measures and Best Practices. The WCO adopted the international guidelines for Authorized Economic Operator (AEO) status in June 2006 (Fletcher, 2007).

The European Union introduced the AEO regulation (EC) No.648/2005 amending Council Regulation (EEC) No.2913/92 establishing the Community Customs Code (regulation (EC) No.648/2005 of the European Parliament and of the Council of 13 April 2005 amending Council Regulation (EEC) No.2913/92 establishing the Community Customs Code). The institution actually commenced to exist in January 2008 which was depending on entering into force of the executory provisions to the Community Customs Code.

The European Union law defines AEO – each participant of the supply chain of non-community goods, who fulfilled the range of criteria verified before granting the title of an “authorized operator”. The operator applying for the status shall meet the criteria related to: Quality Management System (ISO 9001), Information Security Management System (ISO 27001), Supply Chain Security Management System (ISO 28000).

Pursuant to Article 5a of the Community Customs Code, an authorized operator uses conveniences related to the customs control, regarding security and protection or simplifications provided within the customs rules. The status of an authorized operator is recognized by all customs organs of all member countries without detriment to customs control. Economic operators eligible for AEO status include manufacturers, exporters, freight forwarders, warehousing firms, customs agents, transportation firms, and importers. The program is voluntary; economic operators may apply for AEO status through an application process to determine program eligibility based on the application process that involves security self-assessment followed by a formal assessment by the customs authority of an economic

operators' risk. The risk assessment is based on the Compliance Partnership Customs and Trade (COMPACT) framework, a methodology that incorporates risk mapping along with security guidelines established under the AEO program (Petersom and Trea, 2008).

Pursuant to Article 14a of the Commission Regulation (EEC) laying down provisions for the implementation of Council Regulation establishing the Community Customs Code, enterprises may obtain the following AEO certificates:

- AEO Customs Simplifications for the operators applying for the use of customs simplifications as listed in the provisions of customs law;
- AEO Security and Safety for the operators willing to use simplifications of customs control in the range of safety and security of goods while importing on the European Union customs area and while exporting from the European Union customs area;
- AEO Full (Customs Simplifications + Security and Safety) for the operators willing to use simplifications according to customs provisions and conveniences in terms of safety and security of goods.

The aforementioned certificates offer the operators a wide range of authorizations. AEO Customs Simplifications provide operator with the possibility of easier access to customs simplifications enumerated in Article 14b Paragraph 1 of the Community Customs Code, lower number of physical controls and documents controls, prioritized treating in case of control and applying for the specified place of control. Moreover, there is also a wide range of authorizations for the operator who acquired AEO certificate – Security and Safety. The operator may file prior notification if in the result of a conducted risk analysis in terms of security and safety of a particular parcel which was chosen for further physical control, the operator may provide lower amount of data for the needs of summary declaration. The above certificate warrants the lower number of physical controls and documents control as well as provide the operator with the possibility to apply for designation of a particular place for customs control. The third type of AEO certificate – customs simplifications/security and safety, provide authorizations for all the benefits mentioned above (Maslowska and Laszuk, 2008).

The most important economic advantage, however, lies in the fact that the AEO status resembles a seal of quality. By granting the status, the customs authorities are confirming that they regard the economic participant in question, following a thorough examination – including the examination of characteristics relevant to private transactions – to be reliable and therefore trustworthy. This elevates the AEO to a preferred trading partner for other persons and thereby grants him a competitive advantage (Wolffgang and Natzel, 2007).

Beside aforementioned simplifications related to all European Union authorized operators, possessing AEO status is closely linked with the simplifications on the national level. Polish AEO operators use specially isolated places in the customs branch on the vehicle maneuver area which allows for easier identification of goods entitled for prioritized service, prioritized customs clearance service (quicker receipt and service of the clearance in the first place) as well as separated place, if the border crossing infrastructure allows, separate lanes. Polish Customs Services ensure such entities with the fast access to information, substantial trainings, instructions through sending newsletters via e-mail addresses. Collaterals are also not needed even if the provisions of customs law expect their optional submission (e.g., in case of economic customs procedures).

4. AEO Certificates in the European Union with Particular Focus on Poland

As mentioned above there are three types of AEO certificates: AEO Customs Simplifications, AEO Security and Safety and AEO Full (Customs Simplifications + Security and Safety). The certificates are issued after meeting of a range of conditions which cover the adequate abiding customs requirements, proper system of business records management which allows for competent customs control and if needed transport records, documented solvency and, in specific cases, possessing suitable standards of safety and security (Gruszewska, 2014).

Year 2015 is the seventh year of issuing AEO certificates in the European Union and at the same time in Poland. The institution of an authorized operator in Poland enjoys popularity.

It results not only from the activities promoting this institution but also from implementation of new simplifications and conveniences for the authorized operators. There are also simplifications of an organizational-technical character introduced which beside reduction of inconveniences related to customs service also raise the prestige of the authorized operators.

It is worth enumerating countries that to the greatest extend using the institution of Authorized Economic Operator: Germany, the Netherlands, France and Italy (Table 1). The certificates issued for the above countries constitute 69% of all certificates issued in the European Union. Poland belongs to the leaders of countries using AEO institution, holding fifth place in terms of the number of certificates issued (5% of all certificates issued). It proves great responsibility of operators conducting international goods turnover as well as shows that more and more entities wish to meet international security standards. Possessing AEO status allows operators for entering in the international supply chains and at the same time fulfilling high security standards. It undeniably proves the operator's engagement in abiding security procedures of cargo and accompanying information flow.

**Table 1. The AEO certificates issued on the European Union Customs Area
(As for the day of 27 August 2015)**

Issuing Country	AEOC Customs Simplifications	AEOs Security and Safety	AEOF	Number of Certificates in Overall
Austria	82	2	173	257
Belgium	29	28	315	372
Bulgaria	1	-	19	20
Croatia	17	-	1	18
Cyprus	3	-	14	17
Czech Republic	49	6	99	154
Denmark	4	1	85	90
Estonia	6	4	15	25
Finland	7	10	63	80
France	319	179	730	1228
Germany	3281	41	2336	5658
Greece	47	2	43	92
Hungary	177	21	111	309
Ireland	15	1	104	120
Italy	385	18	532	935
Latvia	3	1	17	21
Lithuania	8	1	21	30
Luxembourg	7	3	20	30
Malta	1	1	10	12
Netherlands	359	94	1000	1453
Poland	478	29	244	751
Portugal	67	7	24	98
Romania	6	4	66	76
Slovakia	28	7	33	68
Slovenia	31	8	51	90
Spain	208	34	409	651
Sweden	136	5	174	315
United Kingdom	64	10	300	374
Total	5818	517	7009	13344

Source: Own elaboration based on the data retrieved from Taxation and Customs Union.¹

¹ Taxation and Customs Union, Authorised Economic Operators, Available at: <http://ec.europa.eu/taxation_customs/dds2/eos/aeo_home.jsp?Lang=en> [Accessed 8 October 2015].

Considering the types of certificates, it shall be stated that the most frequently issued are AEOF certificates which provide the operator with the greatest number of benefits. They combine all the benefits resulting from AEOC Customs simplifications certificate and AEOS Security and Safety certificate. They constitute 53% of all certificates issued. It is related to the fact that most of the holders are customs agencies, transport, logistics and freight forwarding companies as well as offices of customs services more interested in this type of AEO certificate (Gwardzinska, 2014). Those economic entities not only transport goods but also make customs clearances. Moreover, representatives of international concerns apply for the certificates, since possessing AEO certificates constitutes a standard in the international goods turnover.

In the second place there are AEOC Customs Simplifications certificates issued, which constitute 44% of all certificates issued, for many entities engaged in the international goods turnover who need simplifications in the use of customs procedures and who are not interested in safety and security since they do not possess own transport or freight forwarding and they use services of intermediate companies in turnovers. The visible advantage of such certificates is seen in Germany, Poland, Hungary, Greece and Croatia. The least issued certificates are AEOS Security and Safety – constituting only 4% of all certificates issued.

In Poland, otherwise as in most of the European Union member countries, AEOC certificates were issued in the greatest number that is 478 (Table 2). The least number of certificates issued were AEOS which seems to be in accordance with the tendency of the whole European Union. During the first year of operating of AEO institution there were only 4 permissions issued for all types of certificates, during the second year more – 50 permissions. It resulted from the duration of audit in case of applying for the permission – audit duration time is 9 months. The greatest number of permissions was issued within the years 2010-2011. Nowadays, there is noticeable decrease in the number of AEO certificates issued which may be caused by the fact that companies interested in certificates, have just received them. Whereas, the economic crisis decreased the number of newly-established enterprises that automatically shall be noticeable in the number of issued AEO certificates.

**Table 2. AEO certificates issued in Poland within the years 2008-2015
(As for the day of 6 September 2015)**

Year	AEOC Customs Simplifications	AEOS Security and Safety	AEOF	Overall Number of Certificates Issued in a Particular Year
2008	1	-	3	4
2009	18	-	32	50
2010	122	4	77	203
2011	125	4	48	177
2012	63	6	27	96
2013	68	5	27	100
2014	54	7	20	81
2015 (06.09)	27	3	10	40
Total	478	29	244	751

Source: Own elaboration based on the data retrieved from Taxation and Customs Union.

The highest number of AEOC certificates issued in Poland is closely linked to the huge interest of production companies which make customs clearance on their own, as well as customs agencies and customs services offices which predominantly represent operators before customs organs, including making customs clearances. Poland possesses external border of the EU which is related to the high number of customs agencies or entities of a similar business character and that influences the number of AEOC certificates issued. On the other hand, predominantly, transport companies which do not handle goods or make customs clearances, but are exclusively engaged in transport apply for AEOS certificates. There are also

many AEOF certificates issued which provide the widest range of possibilities and are used by entities engaged both in transport and customs clearance.

5. Agreements on Granting AEO

AEO status granted in one EU member country shall be recognized on the territory of whole European Union and shall allow the operator for entering in the international supply chains requiring meeting all high security standards. It seems to be of great significance for Poland since major trade partners come from the European Union countries. Furthermore, AEO recognition in third countries is based on the agreement concluded by the European Union. Initiation, negotiations and conclusion of such agreements belong exclusively to the competencies of the European Union and more precisely to the European Commission.

Joint recognition of the status by countries which introduced the institution of an authorized operator constitutes an important tool in the process of strengthening security in the international supply chain. It allows avoiding reproduction of security control and abiding requirements. Agreement on joint recognition to a great extent contribute to introduction of simplifications, innovative instruments of risk management and derive mutual benefits by reliable international partners and entrepreneurs. Bilateral acceptance of provisions may be based on the mutual recognition of AEO status, the equivalent status or recognition of procedures in terms of the risk analysis control. Joint recognition of AEO status means that customs administrative bodies accept provisions from the audit process and range of simplifications for AEO and agree on granting significant, comparable and mutual simplifications for recognizable entities. Joint recognition of customs security standards, controls and their results by two administrative bodies allows avoiding reproduction of activities by particular organs. It facilitates proper functioning of international trade by retaining uniformed security level (Grottel, 2013).

Agreements concerning joint recognition of AEO status were concluded with Norway (2009), Switzerland (2009), Japan (2010), Andorra and United States (2012). The works concerning joint recognition program with China and Canada are currently in progress. The joint recognition constitutes considerable simplification for operators, strengthens cooperation between trade partners and predominantly improves security of the supply chains. Bearing in mind the fact that China belongs to Polish crucial trade partners (in 2014 the value of trade exchange between Poland and China increased 16% and exceeded 17 billion dollars), conclusion of such an agreement would undeniably powerfully influenced security of trade exchange (security of supplies). Entering into agreement with Korea, New Zealand and Singapore is also planned.

In case of Japan, joint recognition is being implemented from 2010. It brings range of benefits stipulated in the agreement (Decision No.1/2010 of the Joint Customs Cooperation Committee of 24 June 2010 pursuant to Article 21 of the Agreement between the European Community and the Government of Japan on Cooperation and Mutual Administrative Assistance in Customs Matters regarding mutual recognition of Authorized Economic Operators program in the European Union and in Japan (2010/637/EU)). According to the agreement each customs authority provides comparable benefits to economic operators holding AEO status under the other customs authority's program. These include, in particular: taking the AEO status of an operator Authorized by the other customs authority into account favorably in its risk assessment to reduce inspections or controls and in other security-related measures and endeavoring to establish a joint business continuity mechanism to respond to disruptions in trade flows due to increases in security alert levels, border closures and/or natural disasters, hazardous emergencies or other major incidents, where priority cargos shipped by AEO could be facilitated and expedited to the extent possible by the customs authorities. However, it shall be stressed that trade relations EU-Japan do not use their potential in full which may be caused by various trade barriers.

The most significant trade partner for Poland is the United States. On 4th of May 2012 the United States (USA) and the European Union (EU) signed the decision of the US-EU Joint Customs Cooperation Committee regarding mutual recognition of the Customs-Trade

Partnership against Terrorism program in the United States and the Authorized Economic Operators program of the European Union (2012/290/EU). It was of great importance for Poland despite the fact that the range of simplifications is far lower than in case of Japan. In the section III of the above decision, it was stipulated that each customs authority treats operators holding a membership status under the other customs authority's program in a manner comparable to the way it treats members in its own trade partnership program, to the extent practicable and possible and consistent with applicable law and policy. This treatment includes, in particular, taking favorably into account in its risk assessment, for the purpose of the conduct of inspections or controls, the respective membership status of an operator Authorized by the other customs authority in order to facilitate EU-US trade and encourage the adoption of effective security-related measures. The above agreement shall contribute to the increase of competitiveness of Polish export to the USA through use of privileges for the authorized operators with AEO status (e.g., reduction of procedures from the administrative side of USA for Polish exporters on the American market). Nevertheless, the most awaited agreement is the one with China. As stipulated above it will constitute strong exchange simplification by simultaneous increase of security. Considering the fact that China is the third importer in case of Poland, this agreement will literally have considerable impact on the international exchange.

Joint recognition of the AEO program between EU and the third countries shall ensure profits for the authorized operators who invested in the security of own international supply chains (AEO – Security and Safety and AEO – Customs Simplifications/ Security and Safety). The acquired status constitutes an asset in the risk analysis in terms of security. In the result, the outcome shall be the reduction of controls also from the customs administrative bodies of the third countries with whom the EU concluded the agreement on joint recognition.

6. Impact of AEO on the Supplies Security

The threat of terrorism, trafficking and fraud has meant that countries and trading blocks are developing counter measures to ensure that supply chains are, and remain, secure. The Authorized Economic Operator (AEO) regime has been introduced to enhance security controls so that the EU internal market and international supply chain are protected. This issue affects every business, irrespective of its size or trade sector, that owns or move goods through the international supply chain (<http://www.grant-thornton.co.uk>).

Possessing AEO certificate provides range of profits, namely:

- fewer physical and document checks, compared to other economic operators when clearing goods through customs,
- fewer safety and protection checks on entry and exit of goods from the customs territory of the EU,
- easier access to customs simplifications, use of simplified declarations and/or authorization for customs clearance at a specified location,
- reduced data resource needed for customs declaration,
- cost savings – if a company is recognized as AEO it means that it has access to simplified customs procedures,
- better supply chain relationship management – all supply chain members should cooperate in order to be certified as an Authorized Economic Operators,
- improved clearance and control of supply networks,
- lower costs of suppliers' inspections and improved cooperation process,
- improved security and cooperation between partners from supply networks.

Implementation of simplifications by Customs Services resulting from possession of AEO certificate with due consideration of supply chain security determines effective trans-border operations. In order to use accrued simplifications, the optimal solution seems to be the creation by status holders, so called secured supply chains. The more links in the international supply chain AEO status possesses the more complete seems to be deriving profits and entitled authorizations. According to the research conducted by Yang and Wei (2013) positive effects on

safety performance in supply chain had information management and partner relationship management.

Profits also result from joint recognition of AEO, both on the territory of the European Union as through way of agreement with the third parties. AEO operators aim to commence cooperation with other authorized operators taking into consideration security of international supply chain. Profits from joint recognition of AEO status may also embrace sources leading to revival of trade. Establishment of joint actions continuity mechanism in order to react on disruptions in the trade turnover, allows customs organs for improvement and acceleration, in the possible scope, of the service of priority cargo shipped by AEO (Grottel, 2013).

Considering above analysis it seems legitimate to claim that introduction of AEO to a significant extent contributed to the increase of international goods turnover security as well as has an impact on functioning of international supply chains.

Currently there is a need for an integrated and globally supported international data model to cover the exchange of data throughout the entire cross border process. The WCO Data Model will not be extended to cover all trade related non-government areas, and UNEDocs will not define the data requirements for Customs and other government agencies. Not having an integrated international data model for the entire cross border process causes major problems for international supply chain operators and administrators as they have to prepare multiple copies of information in different formats for different countries and for different processes (Tweddle, 2008).

7. Conclusions

Nowadays, in a turbulent environment, more complex, international supply chains are more vulnerable to disruptions. Consequently more comprehensive and integrated supply chain security procedures are required. Security of international supply chain warranties undisturbed flow of goods and services, so supply chain security is an important issue which has direct effect on single company and whole supply chain performance. No longer is it adequate to focus only on internal security. Companies must be concerned about security issues throughout the entire supply chain. All efforts for securing the supply chain should not only provide better protection but also enhance uninterrupted and smooth flow of goods. Ability to manage supply chain security is essential for supply chain competitiveness. The aim is to build resilient supply chain, able to withstand and recover from any incident.

AEO certificate enables the organizations to become the trustful member of international supply chains and to comply high security standards. The certificate demonstrates company's reliability and commitment to upholding security procedures. It is also proof of the solvency of the company. Acquiring AEO status determines efficiency increase of company's activities and more efficient cooperation in the supply chain through time saving and reduction of bureaucracy related to international trade and transport. Those profits result from rarer cargo and documents controls, easier access to customs simplifications, reduced number of data placed on the summary declarations, possibilities to inform earlier about planned controls of the supplies, prioritized treating in the situation of choosing AEO unit for control, possibility to apply for choosing a control place.

Currently, the AEO program has been developing steadily since its inception and there are now over 50 countries with operative AEO programs with over 30,000 certified companies. Additionally, there are another 11 country AEO programs in development. However, it shall be clearly underlined that further widespread of AEO institution is necessary. In case of the European Union, and at the same time in case of Polish operators, the higher number of concluded agreements concerning recognition of AEO institution is required. Such agreements constitute for AEO a basis for the use of simplifications in the third country. It seems to be crucial in case of Polish operators, despite the fact that major export markets for Poland are the European Union member countries, but also third countries are important (both developed countries – export increase in 2014 inter alia to Canada, Australia, RSA as well as developing countries – in 2014 export increase inter alia to Algeria, Saudi Arabia, Singapore). Therefore, widening of AEO institution (WCO's responsibility), and subsequently increase of the number of

agreements concluded shall contribute to easier and safer goods exchange. Clarity and control of supply chains shall reduce the risk of thefts, losses, threats of organized crime. Reliability of operators shall increase which will contribute to successful cooperation, increase of trade exchange and export increase that shall be positive phenomenon for Polish economy.

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