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The Simplification of Customs Formalities: The Role of the Authorized Economic Operator (AEO) in Vietnam and in the EU

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Abstract

Customs clearance operations of goods can be facilitated if importers, forwarders, or logistics operators have obtained the status of Authorized Economic Operator (AEO). The simplification of customs formalities, as well as a lower number of document-based customs controls and of physical inspections, speed up the international trade flows and reduce the delivery time of goods. The World Customs Organization (WCO) has promoted the implementation of standardized procedures since 1970s. On this matter, the WCO adopted the Kyoto Convention in 1974 and the Revised Kyoto Convention (RKC) in 1999. The article analyzes the role of the AEO status in Vietnam and in the European Union, and the opportunities of customs cooperation between Vietnam and the European Union, taking into consideration the Free Trade Agreement (EVFTA) which entered into force on August 1, 2020.

Keywords: AEO, customs, EVFTA, Kyoto Convention, MRA, pre-clearing, RKC, SAFE, Vietnam, WCO

1. Introduction

The transport of goods has been revolutionized since the end of the Second World War. Nowadays buying products in any part of the world thanks to the e-commerce or shipping spare parts of cars or machines from Asia to Europe in less than 24 hours by air transport, or in almost 2 weeks by train, is possible.

Until November 1989, because of the two-block division of the world, a large number of communist and planned-economy states had no chance to develop an international-trade-oriented economy and a modern system of transport and infrastructures.

As a result of the end of the Cold War and the economic boom of Asian economies (like the Vietnamese economy since the 1990s), the number of stakeholders and international trade players dealing with customs procedures as well as customs compliance rules has increased remarkably. International flows of goods have been progressively influenced by features pertaining to customs legislation.

In the current global trade scenario, it is useful to bear in mind that the simplification of customs-related operations is an important feature, as *de facto* it influences positively the global value chains and the opportunity of cost savings thanks to delivery time reduction, and it increases the level of efficiency of the supply chains. On this matter, the AEO (Authorized Economic Operator) is an instrument that has been designed for offering advantages and preferential treatment to economic operators and business integrated in the international supply chains, principally in terms of reduced numbers of customs administrative controls and physical inspections.

2. Containerized transport in Asian harbors

The containerization has played a central role in the international transport dynamics over the last 40 years. The volume of container traffic has risen remarkably since the fall of the Berlin Wall, particularly in Asia. In 1989, no Chinese ports were included in the list of the main transshipment hubs in the world, apart from Hong Kong, which was the most important international harbor for the traffic of containers (4.5 millions of TEUs—Twenty-foot Equivalent Units). In reality, in 1989 Hong Kong was still part of the territory of the United Kingdom. In fact, Hong Kong passed under the Chinese sovereignty in July 1997, becoming the Special Administrative Region of Hong Kong (HKSAR) on the basis of “the one country, two system” principle.

With the new millennium, the situation changed completely: East and Southeast Asian harbors soared. In 2018, the first nine busiest transshipment ports in the world were located in China (including HKSAR), Singapore, and South Korea: Shanghai (42 millions of TEUs), Singapore (36.6), Ningbo-Zhoushan (26.3), Shenzhen (25.7), Guangzhou (21.9), Busan (21.6), Hong Kong (19.6), Qingdao (19.3), and Tianjin (16) [1].

It is also interesting to consider the growth of volumes from 2010 to 2018 in certain Asian ports. For instance, in 2010 in the harbors of Shanghai and Singapore, the throughput was 29 and 28.4 million TEUs, respectively, which means about three-quarters of the container volume measured in 2018. A significant increase of transshipped containers was observed in the Chinese port of Ningbo-Zhoushan during 2010–2018: the 2010 throughput (13.14 million TEUs) was exactly half of the volume reached in 2018 (source: Journal of Commerce—JOC).

Several factors have allowed to reduce the costs of transport and the transit time to ship goods from Asia to other continents:

- the modernization of containerization;
- the economies of scale;
- the formation of strategic alliances, despite the establishment of an ever-increasing concentrated container sector (the Gini coefficient rose from 0.53 in 2006 to 0.59 in 2019) leading to an oligopoly consisting of three container liner shipping groups (2M Alliance, Ocean Alliance, and The Alliance) [2];
- the economic boom of BRICS (Brazil, Russia, India, China, and South Africa);
- the expansion of Suez Canal (2015) and of Panama Canal (2016);
- the use of Information and Communication Technologies (ITC);

- paperless trading, dematerialization of documents, and exchange of documents electronically (e.g. e-customs, e-documents, digital signature) [3];
- the investments in upgrading harbors and their infrastructures, especially in the majority of the Eastern Asian Countries (China and HKSAR, South Korea, and Singapore).

Regarding the modernization of ports, the gigantic size of containerships like ultra-large container vessels (ULCVs) has required the expansion of several harbors and modern systems of cranes for loading and unloading containers. In fact, during the 1990s, Panamax and Post-Panamax vessels could load 4000–8000 TEUs, while currently the ULCVs can store over 23,000 TEUs.

Concerning Vietnam, in terms of transshipment, two of the main Vietnamese ports are Ho Chi Minh City, which is located in Southern Vietnam, and Hai Phong in the North. In 2018, the harbor of Ho Chi Minh City was the 28th busiest international harbor with 6.33 millions of TEUs transshipped. The volume of containers in the port of Hai Phong was 4.76 million TEUs (source: JOC).

As far as the whole container cargo throughput in Vietnamese harbors is concerned, in 2000 the volume was equal to 1.18 million TEUs. Ten years later (2010), the container traffic was more than five times that of 2000: 5.96 million TEUs. In 2018, the total container port throughput reached 16.37 million TEUs, which represented 3.7% of the total container cargo throughput of East Asia and Pacific region (437.8 million TEUs), and 2% of the world-wide container volume (792.6 million TEUs) [4, 5].

3. Vietnam accessing the global trade scenario

In the first half of the 1980s Vietnam was one of the poorest Asian countries in the world: Vietnamese per capita income was estimated less than 100 USD a year in 1981 by the UN, and 160 USD in 1985 by the IMF [6]. The domestic policies implemented in Vietnam at the end of the 1970s and at the beginning of the 1980s were ineffective to overcome the problem of poverty. The Soviet-type centrally planned economic system resulted inadequate to struggle macroeconomic instability, malnutrition, and scarcity of essential consumer goods, especially medicines.

More to the point, the Vietnamese development plans mainly depended on economic aid and assistance of the Soviet Union and of European socialist countries. In fact, in 1975 Vietnam reached an aid agreement with the USSR pertaining to the five-year economic plan of 1976–1980. Three years later, in 1978, Vietnam became officially the tenth member of the Council for Mutual Economic Assistance (COMECON). As a consequence of the COMECON membership, Vietnam was absorbed in the sphere of influence of Soviet Union and obtained both the economic support and military protection of the USSR and of its satellite countries [7].

It is worth to note that during the second half of the 1970s, Vietnam was still paying the socio-economic and environmental consequences of the Second Indochina War, also known as the Vietnam's War. Bombings and chemical defoliant used during the war had caused devastating effects on civilians, agriculture, and production sites. The end of the Vietnam's War in April 1975 allowed to reunite North and South Vietnam, giving birth to the Socialist Republic of Vietnam on 2 July 1976—after the First Indochina War, in 1954 the Vietnamese territory had been divided into two zones along the 17th Parallel by the Geneva Accords.

Furthermore, the Sino-Vietnamese border conflict of February to March 1979 opened a phase of regional disequilibrium which lasted until the full normalization of the bilateral relations between China and Vietnam in November 1991 [8].

A sign of a restored stability in the Indochinese region was the launch of the Greater Mekong Subregion (GMS) economic cooperation program in 1992. With the support of the Asian Development Bank (ADB), Vietnam and China, together with other four Asian countries sharing the Mekong River (Cambodia, Laos, Myanmar, and Thailand), implemented the GMS in order to facilitate trade and regional collaboration, and to stimulate investments in agriculture, energy and infrastructures [9].

During the Sixth National Party Congress in 1986, the Communist Party decided to implement a program of economic reforms (“Doi Moi”) to transform the centrally planned economy into an experimental economic system having a lot of similarities with the Chinese socialist market economy [10]. Indeed, in China, at the end of the 1970s, Deng Xiaoping had focused on the transition from a fully socialist economy to a “partially” market-oriented economy under socialist ideology [11].

Since 1979, China has incorporated the concept of market inside a socialist and planned economy undergoing a continuous and gradual process essentially based on economic experiments such as the establishment of free-market oriented areas—the first special economic zones (SEZs) were Shenzhen, Shantou, and Zhuhai in Guangdong Province and Xiamen in Fujian Province. Deng Xiaoping used the metaphor of “crossing the river by feeling the stones under the feet.”

Likewise, the Vietnamese socialist-oriented market economy was based on the application of principles of a market-based economy in a state having a socialist-oriented political apparatus and administration. During the 1990s, the model adopted by Vietnam to integrate its economy in global markets was strictly correlated with the development of export processing zones (EPZs) and the establishment of industrial zones (IZs) to support export-oriented manufacturing enterprises. Since the end of the 1990s, mainly after the Asian financial crisis which started in Thailand in 1997, Vietnam has invested in high-tech IZs [12].

Despite the high level of indigence measured during the first years of the 1980s, Vietnam was able to grow quickly and to reduce poverty during the 1990s. Correlating the poverty reduction and the growth rate in Vietnam and China in the period 1992–1998, even though the average rate of Vietnamese development and growth was lower than that of China (6.4% in Vietnam and 9.2% in China), the rate of poverty reduction was almost the same: 7.5% in Vietnam and 8.4% in China (source: World Bank) [13].

In order to be part of the international context, Vietnam, along with the “Doi Moi” program, gradually diversified its external relations, paying special attention to multilateralization and to the creation of strategic partnerships both with Asian emerging countries (China and India) and with consolidated global powers (USA, Japan, and Russia, after the dissolution of the Soviet Union in December 1991) [14].

In this regard, 1995 represented an important year for the admittance of Vietnam to the international scenario. Firstly, bilateral relations between Vietnam and the United States were normalized. Secondly, Vietnam became part of an intergovernmental organization in Southeast Asia: ASEAN. Three years later, Vietnam was also incorporated in the regional economic forum of the Asian-Pacific Economic Cooperation (APEC). Joining the WTO in January 2007, Vietnam was fully integrated into the international trade scheme.

4. The impressive growth of Vietnamese economy

From 2000 to 2019, despite phases of macroeconomic instability, such as the 2012 turmoil (soaring unemployment rate, high inflation, budget deficit, foreign exchange reserve reduction, mismanagement of fiscal and monetary policies) [15], Vietnamese economy experienced regular and remarkable GDP growth levels.

Since 2000 the GDP has risen by an average of about 6% per year—with a peak of 7.5% in 2004 and 2005. In particular, in 2000 the GDP was 31 billion USD (GDP per capita was 390 USD yearly). Ten years later (2010), GDP was almost four times that of 2000: 115 billion USD. In 7 years, from 2010 to 2017, Vietnamese GDP almost doubled: in 2017 it reached 223 billion USD. In 2019, GDP was 261.9 billion USD and GDP per capita was 2715 USD (i.e. seven times that of 2000) [16]. Because of the Covid-19 pandemic, as foreseen for the majority of the worldwide economies, in 2020 the Vietnamese GDP is expected to plummet.

Regarding the growth of export, in 1986 the total merchandize exported by Vietnam represented only 6% of GDP. In 10 years that ratio soared up to a third of GDP and the volume of export in 1995 reached 6.5 billion USD. After 6 years, in 2001, the export of goods was almost three times that of 1995 (around 18 billion USD), representing 55% of the GDP. From 2007 (year of the WTO membership) to 2010, the Vietnamese export climbed from 54.5 billion USD (70.5% of GDP) to 83.4 billion USD (72% of GDP). In 2019 export represented 106.8% of GDP, which means over 279 billion USD [17].

Currently, the main Vietnamese export includes both goods produced by labor-intensive industries (food and seafood processing, rubber, footwear, and garments) and high-tech products (automotive components, electronics, and computers).

5. The World Customs Organization and customs procedures simplification

Since the 1970s, the Customs Cooperation Council, then World Customs Organization (WCO), has encouraged global customs integration, especially in terms of customs procedures harmonization and simplification.

The International Convention on the Simplification and Harmonization of Customs procedures, also known as Kyoto Convention, entered into force in 1974. In line with the provision of Article 2 of the Kyoto Convention, “each Contracting Party undertakes to promote the simplification and harmonization of Customs procedures and, to that end, to conform, in accordance with the provisions of this Convention, to the Standards, Transitional Standards and Recommended Practices in the Annexes to this Convention.”

In 1999, the WCO Council adopted the revised Kyoto Convention (RKC), which entered into force in 2006, in order to modernize customs operations by making use of customs guidelines, and to facilitate international trade procedures. The RKC body consists of five principal chapters and a group of annexes: a General Annex, which is split into 10 chapters, and the Special Annexes (A–K).

Both the first Kyoto Convention and the RKC stressed the necessity of transparency of customs actions and the need of simplifying customs-related operations. As indicated in the Preamble and in Article 2 of the RKC, both the Kyoto Conventions aim to eliminate the customs practices that hamper international trade and other international exchanges, as well as to promote the simplification and harmonization of customs procedures.

Along with the simplification of customs operations, the WCO has also paid attention to the level of security of the international supply chain. In 2005, the WCO Council adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade in order to improve the supply chain security standards. The SAFE Framework is updated every 3 years. In line with the 2018 version provisions, the SAFE Framework identifies four core elements.

The first issue deals with the harmonization of the advance electronic cargo information requirements on inbound, outbound, and transit shipments.

The second point refers to the purpose of reduction of security threats through accurate risk analysis.

The issue of the third core element is the application of a methodology based on non-intrusive detection equipment to inspect high-risk cargo and transport conveyances, such as X-ray machines and radiation detectors. According to the definitions provided by the WCO in Annex I of the SAFE Framework of Standards, high risk cargo is considered “that for which there is inadequate information or reason to deem it as low-risk, that tactical intelligence indicates as high risk, or that a risk-scoring assessment methodology based on security-related data elements identifies as high risk.”

On this matter, it is also useful to mention the Container Weight Verification Requirement discipline of SOLAS (International Convention for the Safety of Life at Sea of 1974) pertaining to the risk-based analyses and the verification of gross mass (VGM) of packed containers before loading them onto vessels [amendments to SOLAS Regulation VI/2 of Resolution MSC.380(94) of 21 November 2014], as well as the three declarations (effective since January 2018) that were added to the standardized declaration forms of the Convention on Facilitation of International Maritime Traffic of 1965, also known as FAL Forms: security-related information as required under SOLAS Regulation XI-2/9.2.2; advance electronic cargo information for customs risk assessment purposes; advanced notification form for waste delivery to port reception facilities.

The fourth core element of the SAFE Framework underlines the significance of conferring tangible benefits to those businesses and economic operators who are able to comply with supply chain security standards and best practices.

Furthermore, in order to improve the cooperation between customs authorities, and the opportunities to create a dialog between customs administrations and economic operators, the SAFE Framework identifies a three-pillar configuration.

Pillar 1 underscores the need of customs-to-customs cooperation, Pillars 2 and 3 emphasize the cooperation among customs authorities, governmental and inter-governmental agencies, and business and economic operators. In this respect, the AEO is a key issue, especially in terms of customs-to-business cooperation outline. In fact, economic operators and businesses, if rated as safe and reliable international commercial partners by customs administrations, benefit from a reduced number of customs controls. That makes the supply chain more efficient thanks to a faster flow of goods.

Focusing on Pillar 1, as indicated in the SAFE Framework (2018 version), customs administrations “must work co-operatively with common and accepted standards to maximize the security and facilitation of the international trade supply chain as cargo shipments and transport conveyances move along the nodes of the global trading system”. In effect, as part of the cooperation between customs administrations, in order to improve the level of security of supply chains and the harmonization of customs procedures, customs authorities are required to agree on mutual recognition of inspection results and on AEO programs which are implemented in different countries, or inside a customs union like the EU [18].

In addition, Pillar 1 takes into consideration the opportunity of inspecting and screening cargoes before the arrival of vessels at harbors, instead of clearing goods that are loaded onto vessels only when ships have arrived at ports. In this respect, the declaration at sea (i.e. pre-clearing) is a valid opportunity for importers, shipping companies, terminal operators, and intermodal operators. Clearing goods before vessels enter the harbor improves the efficiency of the international supply chains and reduces the storage time of containers. Also, a regimented pre-clearing mechanism speeds up the handling operations and lessens the transit time of containers inside harbors, avoiding the risks of container congestion at ports and

of demurrage charges for importers. Specifically, demurrage charges are levied by shipping lines to importers when containers are stored in the harbor terminal without meeting the deadline indicated by shipping lines.

On this subject, the first paragraph of Article 7 of the WTO Trade Facilitation Agreement (TFA), also known as the Bali Package, stresses the need of implementing the pre-clearing, stating that “each member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.” In order to implement the TFA, developing and least-developed countries (LDCs) are supported by the WTO’s Trade Facilitation Agreement Facility (TFAF) grant and assistance program [19].

6. An overview of the AEO

The AEO is a central part of the SAFE Framework. In relation to the main purposes of the AEO program, enterprises and economic operators are encouraged to cooperate with customs authorities in order to establish a functioning mechanism of collaboration pertaining to customs procedures simplification.

The enterprises that are able to meet AEO legal discipline and criteria, gain several advantages, primarily a reduced number of inspections and a lower document-based customs controls. The AEO status can be obtained by economic operators and businesses actively involved in the principal stages of the global supply chain (e.g. importers; exporters; manufacturers; freight forwarders and carriers; warehouse keepers; terminal operators; logistic operators; and customs agents).

The WCO provides a general definition of AEO in the first Annex of the SAFE Framework: “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.”

In connection with the SAFE Framework, the WCO has put emphasis on the Mutual Recognition Agreement (MRA) strategy in order to reinforce the security of global supply chains and to avoid safety controls being replicated. In particular, AEOs have to be mutually recognized by customs administrations of different countries in terms of reciprocal benefits. As indicated by the WCO, the MRA “is a broad concept embodied within SAFE, whereby two countries close an agreement or arrangement to mutually recognize AEO authorizations that has been properly granted by one customs administration” [20].

The EU reached MRAs with a group of countries: Norway and Switzerland (two EFTA Members) in 2009; Japan in 2010; the United States in 2012; and China in 2014. Vietnam has been negotiating an MRA with South Korea. It is worth pointing out that in 2015 Vietnam and South Korea signed a bilateral free trade agreement (VKFTA).

7. The AEO in Vietnam and in the EU

In Vietnam the AEO pilot project was launched in May 2011. The official program started in June 2013. The Vietnamese AEO status is granted for 3 years to customs brokers and import-export enterprises demonstrating an elevated yearly turnover (generally at least 100 million USD). Thus, the turnover is a very selective criterion to grant the AEO status in Vietnam. In this respect, the General Department of Vietnam Customs estimated that in 2017 and 2018 the AEOs

accounted for almost 35% of the total import-export trade [21]. Exporter enterprises are also categorized according to three macro-sectors: agri-food, seafood, and high-tech. As of March 2019, the number of Vietnamese AEOs was 68—in 2013 there were only 11 AEOs (source: General Department of Vietnam Customs).

Thanks to Law on Customs No. 54/2014/QH13 of 23 June 2014 and Decree No. 08/2015/ND-CP of 21 January 2015, Vietnamese legislator has facilitated customs operations and implemented a system to support international customs cooperation. In particular, Article 3 of Law 54 of 2014 affirms that “the State of Vietnam shall facilitate customs formalities applied to import, export, exit, entry and transit in the Vietnamese territory” (English translation).

Within the context of the development of the AEO status in Vietnam, Article 42 of Law 54 of 2014, Article 10 of Decree No. 08/2015/ND-CP of 21 January 2015, and Article 12–17 of Circular 72/2015/TT-BTC of 12 May 2015, provide a list of requirements which must be satisfied by economic operators in order to obtain customs privileges, benefits and priority when clearing goods: strict observation of customs and fiscal law for two consecutive years; compliance with accounting and audit regulations, as well as the existence of an internal control system; the application of ITC programs and of e-customs procedures to manage import-export activities and to ensure the security of the supply chain (e.g., container inspections); the possibility of making via-bank payments; absence of violations against taxation and customs law (e.g., tax evasion, tax fraud, goods smuggling, and illegal trafficking across the border).

Among the privileges given to enterprises, the first paragraph of Article 43 of Law 54 of 2014 includes the exemption “from examination of relevant documentary evidence in customs documents and [...] from physical inspection of goods in the course of carrying out customs formalities, except cases in which law violation are detected or random inspection is needed to assess law compliance.” On this subject, paragraph 2 of Article 9 of Decree No. 08/2015/ND-CP provides that “enterprises given priority by customs authorities and harbor warehousing agencies shall be permitted to get procedures for shipping and taking delivery of their cargos as well as customs examination and supervision procedures completed first.”

Hence, Vietnamese customs authorities guarantee advantages to AEOs during clearing operations, mainly in terms of priority policy. In line with Articles 5–11 of Circular 72/2015/TT-BTC, the priority policy is essentially based on the exemption from document and physical inspections of goods, customs clearance with incomplete declarations (fulfilling the compulsory obligations successively), faster procedures in case of tax refund, and post-clearance analyses [22].

In terms of comparison, the AEO discipline was introduced in the European Union customs territory during 2005–2006 by EU Regulations 648/2005 and 1875/2006. EU customs authorities grant the AEO status if an economic operator is able to comply with best practices and security requirements in the international supply chain. Specifically, according to Article 38 of Regulation 952 of 2013 (the EU Customs Code in force) and Article 24 of Delegated Regulation 2446 of 2015, two types of AEO are granted:

- AEO type C (customs simplification), which enables the AEO holder to benefit from more favorable risk assessment and consequently fewer document-based controls and physical inspections than economic operators not owning the AEO status.
- AEO type S (security and safety), which entitles the holder to facilitations pertaining to security and safety.

Before May 2016, the AEO could be granted in three different types: AEO-C (customs simplification); AEO-S (security and safety); and AEO-F (full: customs simplification plus security and safety). The current EU Customs Code does not mention the AEO type F.

According to Articles 38 and 39 of the EU Customs Code, the main criteria for granting the status of AEO in the European Union can be summed up as follows: the absence of repeated and/or serious infringement of customs legislation and taxation rules; the demonstration of control of the flow of goods; managing commercial and transport records effectively; proven financial solvency and absence of bankruptcy proceedings; and appropriate security and safety standards, especially in case of AEO type S applications.

In case of serious infringements and of criminal offenses, the AEO status is revoked (Article 39 of the EU Customs Code). It is worth noting that as far as penal proceedings is concerned, Article 42 of the EU Customs Code states that “each Member State shall provide for penalties for failure to comply with the customs legislation. Such penalties shall be effective, proportionate and dissuasive.” However, even though Article 83 of Treaty on the Functioning of the EU (TFEU) tries to regulate the matter of finding a homogenous definition of criminal offenses and sanctions inside the EU, penalties might be different in each Member State due to the lack of harmonization of national criminal laws and the absence of synchronized criminalization regimes in the EU [23].

Despite the advantages and benefits guaranteed by the AEO status, a large gap comes out among EU Member States, as the number of AEOs is still limited in various EU Countries, such as Bulgaria, Croatia, Finland, Slovakia, Portugal, and Romania. As of 30 April 2019, the total number of AEO valid authorizations in the EU customs territory was 17,504—almost 40% of AEO authorizations were released in Germany (7146). With reference to 2019 figures, other EU Member States investing in the AEO opportunities were France with 1689 AEO authorizations, the Netherlands (1561) Italy (1378), Poland (865), and Spain (762). The total number of AEO authorizations in United Kingdom was 815. The statistics of the United Kingdom deserves some attention, as the United Kingdom, notwithstanding its official withdrawal from the EU in January 2020, will be part of the EU customs territory until the end of 2020. The distribution of AEO authorizations in the EU per sector was the following: 22% exporters, 20% importers, 17% manufacturers, 9% customs broker and freight forwarders, respectively, 8% warehouse keepers, and carriers 5% (source: European Commission—DG TAXUD, Unit A3 Risk Management and Security).

8. A conclusive analysis: The EU-Vietnam Free Trade Agreement

In 2018, the principal export markets of Vietnam were the following: the United States (19%), China (17%), the European Union (17%), ASEAN Members (10%), Japan (8%), and South Korea (8%). Therefore, the EU was the second largest export market of Vietnam. In particular, the EU has been one of the main global importer of telephone sets, electronics, garments, and footwear that are produced in Vietnam.

During the same year (2018), Vietnam exported globally an amount of 49 billion USD of telephone sets and components, almost a fourth of which (13.1 billion USD) were directed to the EU. The Vietnamese export of electronics and computers amounted to 29.3 billion USD (4.7 billion USD exported to the EU market). Also, Vietnam exported 30.4 billion USD of garments and 16.2 billion USD of footwear in

the international markets. The Vietnamese exportation of garments and footwear to the European Union was equal to 4.1 billion USD and 4.6 billion USD, respectively (source: Vietnam's General Statistics Office and General Department of Vietnam Customs) [24].

Along with the application of the Generalized Scheme of Preferences (GSP), which provides trade preferences and customs benefits to products having developing-country origin and entering the EU internal market (as established by EU Regulation 978/2012), on 30 June 2019 the European Union and Vietnam signed a free trade agreement, which had been previously approved in the EU with Decision 753 of 30 March 2020.

The free trade agreement between the European Union and the Socialist Republic of Vietnam (EVFTA), officially in force since August 1, 2020, has created a free trade area between the EU and Vietnam in line with the provisions of Article XXIV of GATT 1994 on customs unions and free trade areas. Specifically, according to Article XXIV of GATT 1994 (Paragraph 8b), a free trade area refers to "a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV, and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories."

As indicated in Article 2.1 of the EVFTA, "the parties shall progressively liberalize trade in goods and improve market access over a transitional period starting from the entry into force of this Agreement in accordance with the provisions of this agreement and in conformity with Article XXIV of GATT 1994."

Thus, the agreement on the one hand enhances the chance of doing business in Vietnam for European enterprises; on the other hand, it may increase the level of Vietnamese export to the EU. In addition to the benefits of the GSP, goods having Vietnamese preferential origin enter the EU customs territory with no duty (Article 2.7 of the EVFTA), apart from a few exceptions in delicate sectors requiring a gradual and year-on-year reduction of duties, such as agri-food and fishing industry (Annex 2-A, Section A of the EVFTA, and Appendices 2-A-1 and 2-A-2 on EU and Vietnamese tariff schedule). Furthermore, quotas have been confirmed on sensitive products: specific agricultural goods imported in the EU from Vietnam like eggs, rice, garlic, sweet corn, tuna, sugar, and products containing high levels of sugar (Annex 2-A, Section B of the EVFTA about tariff rate quotas).

Concerning customs-related operations facilitation and the simplification of customs procedures, the first paragraph of Article 4.1 of the EVFTA states that "the parties recognize the importance of customs and trade facilitation matters in the evolving global trading environment. The parties shall reinforce cooperation in this area with a view to ensuring that their respective customs legislation and procedures fulfill the objectives of promoting trade facilitation while ensuring effective customs control." In addition, Article 4.5 underlines that "each party shall provide for simplified customs procedures that are transparent and efficient in order to reduce costs and increase predictability for economic operators, including for small and medium-sized enterprises. Easier access to customs simplifications shall also be provided for authorized traders according to objective and non-discriminatory criteria."

Inside the new commercial scenario created by the EVFTA, the AEO status becomes a valid instrument of accreditation and a symbol of correctness and fairness for European and Vietnamese economic operators and businesses which are part of the international supply chain and of the global freight distribution.

The AEO, especially if combined with the implementation of single windows, can offer advantages in terms of time-reduction of customs clearance operations and bureaucratic procedures. In this regard, as highlighted by the UNECE in

Recommendation No. 33, a single window is “a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements” [25]. Therefore, the implementation of a network of single windows in the customs system accelerates customs clearance operations, improves the efficiency of the entire supply chain system, reduces the risks of delays, and consequently facilitates the activity of any economic operator involved in international trade [26].

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