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THE AUTHORISED ECONOMIC OPERATOR INSTITUTION IN LATVIA: LEGAL FRAMEWORK, PRACTICE AND LESSONS FOR UZBEKISTAN

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Abstract

This article examines the Authorised Economic Operator (AEO) institution in Latvia as a case of a trusted-trader programme implemented within the European Union customs framework. Based on the Union Customs Code, Latvian Cabinet regulations, State Revenue Service (SRS) materials and European Commission documents, the study describes the types of AEO authorisation, the application procedure, the practical benefits granted to operators and the most recent policy changes, including the 2024 taxpayer rating system. Statistical indicators of Latvian customs digitalisation and a comparison with the experience of Uzbekistan are provided. The findings show that Latvia combines uniform EU criteria with national digital facilitation, while risk management and sanctions control remain strict. Recommendations for Uzbekistan are formulated.

Аннотация

В статье рассматривается институт уполномоченного экономического оператора (УЭО) в Латвии как пример программы доверенных участников внешней торговли, реализуемой в рамках таможенного законодательства Европейского союза. На основе Таможенного кодекса Союза, постановлений кабинета министров Латвии, материалов Службы государственных доходов и документов Европейской комиссии описаны виды разрешений УЭО, порядок подачи заявки, практические преимущества для операторов и последние изменения политики, включая систему рейтинга налогоплательщиков 2024 года. Приведены статистические показатели цифровизации таможни Латвии и сопоставление с опытом Узбекистана. Сделан вывод, что Латвия сочетает

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единые критерии ЕС с национальными цифровыми льготами при жёстком управлении рисками и контроле санкций. Сформулированы рекомендации для Узбекистана.

Annotatsiya

Ushbu maqolada Latviyada Vakolatli iqtisodiy operator (VIO) instituti Yevropa Ittifoqi bojxona qonunchiligi doirasida amalga oshiriladigan ishonchli ishtirokchilar dasturi sifatida tahlil qilinadi. Ittifoq Bojxona kodeksi, Latviya Vazirlar Mahkamasi qoidalari, Davlat daromadlari xizmati materiallari va Yevropa Komissiyasi hujjatlari asosida VIO ruxsatnomalarining turlari, ariza berish tartibi, operatorlarga beriladigan amaliy imtiyozlar va 2024-yildagi soliq to‘lovchilar reytingi tizimi kabi so‘nggi o‘zgarishlar yoritilgan. Latviya bojxonasi raqamlashtirilishi ko‘rsatkichlari keltirilib, O‘zbekiston tajribasi bilan taqqoslangan. Latviya YeI ning yagona mezonlarini milliy raqamli qulayliklar bilan uyg‘unlashtirishi, xavflarni boshqarish va sanksiyalar nazoratini esa qat’iy saqlashi aniqlandi. O‘zbekiston uchun tavsiyalar ishlab chiqildi.

Keywords

authorised economic operator, AEO, Latvia, customs, trade facilitation, mutual recognition, State Revenue Service, Union Customs Code, Uzbekistan.

Introduction. Modern customs administrations must balance two objectives that often conflict: speeding up the clearance of legitimate trade and strengthening the security of international supply chains. The Authorised Economic Operator institution is a key tool for resolving this tension. It rests on a partnership between customs and business, in which a company that voluntarily meets a set of reliability criteria receives simplifications and faster treatment. The concept appeared in the context of heightened supply-chain security concerns after September 2001 and was incorporated into EU customs law.

Latvia is an interesting case for three reasons. First, as an EU member state it applies the common Union legal framework, so national discretion concerns implementation rather than criteria. Second, its State Revenue Service combines tax and customs administration and has invested heavily in digital customs systems. Third, Latvia is a growing economic partner of Uzbekistan, and the two countries have discussed strengthening customs and regulatory cooperation. The purpose of this article is to analyse the legal basis, procedure, benefits and recent development of the AEO institution in Latvia and to draw lessons for Uzbekistan. The study uses

document analysis of legal acts and official publications and comparative description.

Legal and conceptual foundations of the AEO institution

The AEO concept was shaped by the World Customs Organization SAFE Framework of Standards, which promotes customs-to-business partnership as one of its pillars [16]. In the European Union the status is regulated by the Union Customs Code (Regulation (EU) No 952/2013), whose Article 38 and following articles define the conditions of authorisation. The standard criteria include an appropriate record of compliance with customs requirements, a satisfactory system of record-keeping, proven financial solvency, and, depending on the type, practical standards of competence or appropriate security and safety standards. An operator must also have an EORI number.

Two main types exist: AEOC (customs simplifications) and AEOS (security and safety). An operator meeting both sets of criteria receives the combined AEOF authorisation. The status granted by one member state is recognised by the customs authorities of all other member states. For Latvia, this means that an authorisation issued by the SRS works across the Union, while the criteria are uniform for all companies regardless of their size, as the SRS has confirmed in consultations with business.

Institutional model and procedure in Latvia

The SRS is a direct administration authority under the supervision of the Minister of Finance. It collects taxes, implements customs policy and handles customs matters. The Cabinet of Ministers Regulations on customs authorisations designate the SRS as the body that issues, amends, suspends, renews, revokes and annuls AEO authorisations; applications and related documents are submitted electronically, through the SRS Electronic Declaration System and the EU AEO system. In practice, the applicant submits an application together with a self-assessment questionnaire; the decision, favourable or unfavourable, is delivered by electronic means, and the authorisation is not issued or used in paper form.

Practical benefits for AEO holders in Latvia

Latvia supplements the EU-level benefits with national facilitation. Table 1 summarises the main benefits described in SRS materials. The most distinctive features are the preferential queue in the electronic customs data processing system (EMDAS) and the priority border-crossing right, introduced by an amendment to the law On the State Border that came into force on 29 December 2015.

Main Benefits of the AEO Status in Latvia

Table 1.

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Benefit area	Practice in Latvia	Applies to	Source
Customs authorisations	Customs authorisations for simplifications are issued only to AEOC and AEOF holders; criteria already verified for AEO are not re-checked	AEOC, AEOF	[5]
Priority declaration processing	In EMDAS, declarations marked as submitted by an AEO are processed first; if non-AEO declarations exceed 70% of the flow, AEO and non-AEO declarations are processed alternately	All AEO	[5]
Priority physical control	If goods are selected for physical inspection, AEO consignments are inspected first	AEOC, AEOS, AEOF	[5]
Priority border crossing	A vehicle may cross the external border out of turn if the cargo consists only of AEO goods and the carrier is also an AEO	Any AEO type	[5; 6]
Financial benefits	Release of financial resources tied to guarantees; excise and VAT-related facilitations were reoriented in 2024 towards A-rated taxpayers	AEO / A-rated taxpayers	[5; 14]

An important recent change concerns the relationship between the AEO status and the national taxpayer rating system. From 1 January 2024 all taxpayers, including AEOs, are subject to the SRS rating; some excise-guarantee advantages previously granted to AEOs and participants of the Enhanced Cooperation Programme were transferred to companies with the highest (A) rating. In 2024 the SRS added three new customs advantages for A-rated companies: Authorised Exporter permits within eight working days, Registered Exporter permits within two working days and recognised declarant status under the Carbon Border Adjustment Mechanism within 80 days. Business representatives criticised this shift, arguing that it reduces the value and prestige of the international AEO status. In the debate on the EU customs reform, Latvia also expressed concern about renaming the AEO as a Trust and Check status and favoured simpler requirements for small and medium enterprises, since most Latvian companies belong to this group.

Digitalisation and performance indicators

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The attractiveness of trusted-trader programmes depends on the speed and predictability of customs procedures. Table 2 presents selected SRS indicators. The share of automatically released import declarations rose from 39% in 2023 to 64% in 2024, exceeding the target of 45%, while automated export declarations reached 87%. Customs tax revenue increased by 9.4% to EUR 62.25 million, although it remained below the plan. Centralised clearance for imports was introduced in 2024, enabling operators to optimise logistics flows.

Selected Customs Administration Indicators of the Latvian SRS

Table 2.

Indicator	2023	2024	2024 target / plan
Share of automatically released import declarations, %	39	64	45
Share of automated export declarations, %	85	87	87
Customs tax revenue, EUR million	56.89	62.25	68.40
Violations detected as share of risk-based physical controls, %	n/a	30	25
Non-compliances resolved voluntarily after post-clearance inspection, %	n/a	90	73

These figures show that Latvian customs rely on automation and risk analysis for the majority of operations, which reduces the relative advantage of a separate status for ordinary declarations, but keeps priority treatment valuable in the case of physical inspections and queues at the border. At the same time, control remains strict: in 2024 the SRS detected 9,175 violations related to sanctions, maintained 469 risk profiles and sent 160 requests to the customs authorities of third countries, including Uzbekistan. Therefore, the trusted-trader status in Latvia operates together with intensive risk management rather than replacing it.

International dimension: mutual recognition

An AEO status gains additional value through mutual recognition agreements (MRAs). The European Commission lists operational MRAs with Canada, China, Japan, Moldova, Norway, Switzerland, the United States and the United Kingdom. The earlier agreements entered into effect with Switzerland and Norway in 2009, Japan in 2011, the United States in 2012, China in 2014 and the United Kingdom in 2021. As the MRAs are concluded by the Union, a Latvian exporter holding AEO

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status benefits from them without separate national negotiations, provided its data may be exchanged with the partner country.

Comparison with Uzbekistan and lessons

Uzbekistan introduced the AEO institution in 2019, when the first five companies were included in the register. According to the Customs Code, the procedure, selection criteria and the list of simplified procedures are determined by the Cabinet of Ministers, and the State Customs Committee maintains the register and updates it at least monthly. By 2023 more than 53 legal entities were included, with three categories of operators (I, II, III), and an AEO mutual recognition document was signed with China. An agreement on mutual recognition with Russia has been implemented since 1 June 2025. The comparison suggests that Uzbekistan has a functioning national institution but a smaller scale and fewer recognition partners than the EU framework provides.

Several lessons follow from the Latvian experience:

– clear and uniform criteria that do not depend on company size, supported by an online application and electronic decisions;

– benefits embedded into customs IT systems, such as priority queues and priority inspection, rather than declared only in legislation;

– coordination between the trusted-trader status and the taxpayer rating, avoiding duplication or loss of prestige of the status;

– active expansion of mutual recognition, including with European partners, since recognition abroad is the main benefit for exporters [8; 9];

– combination of facilitation with strong risk management and sanctions control.

Conclusion. The AEO institution in Latvia is built on a uniform EU legal framework and implemented by the State Revenue Service through electronic procedures. Its practical value lies in preferential customs treatment, priority border crossing and EU-wide recognition, and it is evolving under the influence of national digitalisation and the taxpayer rating system. The Latvian case shows that trusted-trader programmes work best when facilitation is integrated into information systems and supported by risk management.

For Uzbekistan, the most relevant directions are to broaden the circle of participants through simple criteria and online procedures, link the status with practical benefits in customs systems, and extend mutual recognition with major trading partners. Further research may use data on the number of AEO holders and their share in foreign trade, which were not available in the sources used for this article.

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