



COTECNA

Authorised Economic Operator
Services

AEO Services

Introduction

New EU legislation came into force on January 1, 2008 introducing the status of **Authorised Economic Operator (AEO)**. This is part of a series of wider EU initiatives aimed at improving the security of the international supply chain as well as facilitating trade for legitimate traders. Companies can now apply for a certified status that will enable them to be recognised across all member states as a reliable, compliant and secure trader. This status will give access to customs simplifications and trade facilitations with regard to security and safety Customs controls. Not only will this make dealing with Customs more efficient and cost effective, it can also offer many additional commercial benefits.

What is an AEO?

An Authorised Economic Operator (AEO) is a business within the supply chain that has demonstrated to Customs that they are trustworthy, reliable, compliant and, where applicable, safe and secure. Once certified, their status is recognised throughout the European Community.

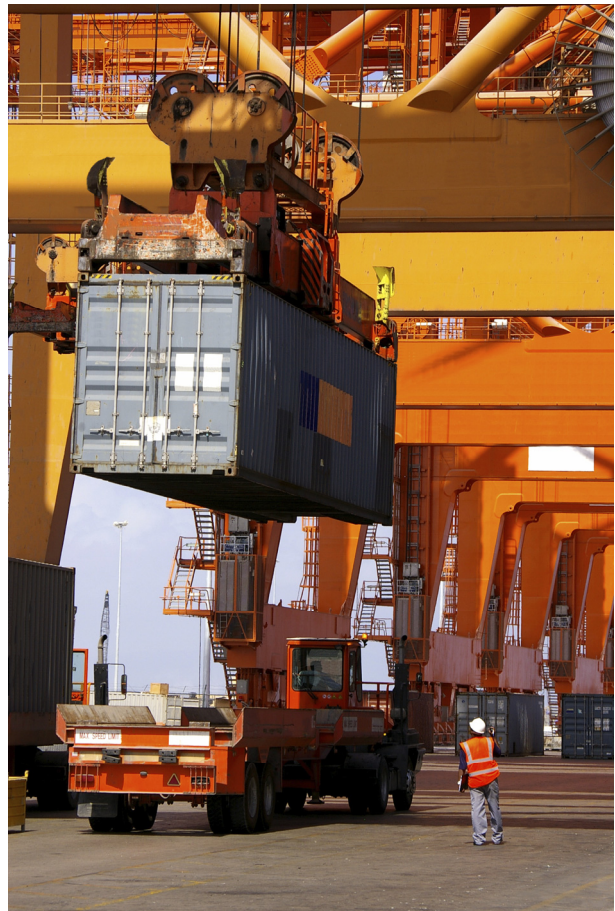
There are three types of certificate available:

- > Customs simplifications (AEOC)
- > Security and safety (AEOS)
- > Combined customs simplifications/security and safety (AEOF)

Applicants will need to demonstrate customs compliance, suitable accounting and logistical record keeping, proven financial solvency and (if applying for the security or combined certificate) adequate security and safety standards.

Who is eligible?

The AEO status is applicable to any company which carries out activities covered by customs legislation that forms part of the international supply chain. This could cover importers, exporters, manufacturers, warehouse keepers, carriers, freight forwarders, customs agents and indeed any other player within the supply chain.



Customs Benefits

Once AEO status has been awarded, businesses are entitled to a number of customs benefits, both in the short and longer term:

Short term benefits

- > Easier access to Customs simplifications;
- > Fewer physical and documentary controls;
- > Priority treatment if selected for controls over non AEOs;
- > Choice of place for the control;
- > Leading to reduced time and cost in Customs related activities.

And if applying for the security or combined certificate...

- > Possible prior notification of control;
- > Reduced data set for customs declarations;
- > Lower Customs risk score leading to fewer overall controls.

Future benefits

- > Reduced data requirements when mandatory pre-arrival/departure Customs declarations are introduced (planned July 2009);
- > Easier access to centralised clearance throughout the EU;
- > Restricted access to simplifications/facilitations for non AEO entities;
- > Possible mutual recognition of AEO status with other equivalent international programmes (planned 2009). *But potentially only for those companies with the security or combined certificates.*

Commercial Benefits

As well as the customs advantages, there are also many additional commercial benefits that can be realised from implementing the standards and processes needed to achieve compliance, particularly in the areas of security and safety. These include:

- > Reduced theft and losses;
- > Fewer disruptions to the supply chain;
- > Fewer delayed shipments;
- > Improved security and safety leading to fewer incidents;
- > Greater visibility and control over the supply chain;
- > Improved planning;
- > Competitive advantage for partner selection.

Key Dates

Jan 2008	EU AEO framework came into force
Feb 2009	50% cargo screening on US inbound passenger flights
Jul 2009	EU introduces mandatory pre-arrival and pre-departure declarations Mutual recognition (planned) between AEO, Switzerland and Norway
2009	Mutual recognition (planned) between AEO and C-TPAT
Sep 2010	100% cargo screening on US inbound passenger flights
2010	Mutual recognition (planned) between AEO, China & Japan
2010 - 2012	AEO access to future simplifications through modernised customs code including centralised clearance, guarantee waivers and single community authorisations
2012	100% scanning for all US inbound maritime cargo

Why Act Now?

Businesses should be proactive in seeking certification, and should not wait until the market pressures them into compliance. There is a significant amount of preparation required before submitting an application.

You may already meet much of the compliance criteria, and it is essential to know this in order to build an effective business case.

If improvements are required, then they will need to be properly budgeted and implemented.

Once submitted, Customs are expected to require on average 120 days from application to certificate. This will vary according to the size of company, the number of sites and the level of assessment and audit required.



How to Speed up the Process

There are a number of things you can do prior to submitting an application to ensure that the process runs as smoothly and quickly as possible.

- > Carry out a detailed assessment prior to submitting your application. The more thorough the assessment, the easier it will be for Customs to audit.
- > If applying for the security element, ensure a proper threat assessment and risk analysis has also been carried out and documented, and that appropriate countermeasures have been implemented.
- > Include any expert conclusions or independent reviews.
- > Review guidelines against any of the following standards or memberships that you might already have in place. For example:
 - Existing customs simplifications and trade facilitations in place;
 - European security or safety certificates e.g.
 - International Ship and Port-Facility Security (ISPS) code (maritime);
 - Regulated Agent or Known Consignor (air);
 - Any relevant International standards. e.g.
 - ISO 9001, 14001, 11712, 17799, 20858, 27001, 28000, 28001 or 28004;
 - Technology Asset Protection Association (TAPA) certificate.

None of the above will give blanket coverage of all AEO criteria, but there will be areas in each that can be used against specific AEO criteria as evidence of compliance.

How can Cotecna Help?

Cotecna can provide a high level rapid review or a more detailed needs analysis of your current state of compliance against the AEO criteria to determine your eligibility and the scope of the work required to achieve AEO certification.

If you decide to pursue AEO certification, we can support you at any or all stages of the preparation and application process, and beyond.

- > From carrying out detailed audits and security threat and vulnerability assessments;
- > By providing expert independent assistance in implementing the controls needed to meet AEO requirements, which can assist in speeding up the process of approval;
- > By delivering tailor made security awareness and training programmes;
- > By helping you prepare your application and self-assessment;
- > Right through to offering ongoing monitoring and support of your compliance, and reviews of your supply chain partners if required.

Our supply chain, customs and security expertise can help you achieve and maintain compliance in the most efficient and cost effective way possible, without diverting valuable resources away from your core business.



If you would like to find out more about AEO, or how Cotecna can help you achieve certification, then please visit our website at www.cotecna.com/AEO and download our brochure and info sheet.

Alternatively, you can contact us at aeo@cotecna.com or call us on +41 22 849 69 00 and ask for the COSEC department.

Glossary

AEO Authorised Economic Operator

C-TPAT US Customs-Trade Partnership Against Terrorism

HMRC HM Revenue & Customs (UK)

ISO International Organisation for Standardisation

SME Small to Medium Enterprise

TAXUD EC Taxation and Customs Union

