AEO Authorization and validation processes
Conditions and requirements

Knowledge Academy for Customs and Trade 2014

Why an AEO authorization and validation processes ?

SAFE Framework of Standards, Definitions

AEO (Annex 1, SAFE FoS, 2012 version**)**
'a party involved in the international movement of goods in whatever function that has been <u>approved by</u> or on behalf of <u>a national Customs administration as complying with WCO or equivalent supply chain security standards</u>.'...

Validation (Annex 3, SAFE FoS, 2012 version**)**
'procedures whereby the supply chain of an AEO, and all relevant process employed by them to reach that status, are subject to full and transparent review by a Customs administration...'

Authorization (Annex 3, SAFE FoS, 2012 version**)**

'recognition of AEO status in an AEO programme, based on a structured methodology that includes such processes as <u>review of an applicant's submitted documentation, physical worksite assets and security processes</u>, <u>in order to determine compliance with the core international standards of the SAFE Framework</u>.'

Role of Customs

1) **Customs role to verify whether an applicant complies with the requirements in SAFE, as are provided nationally**

2) **Line-by-line check of fulfillment of SAFE criteria A – M (Annex 3), through documents and physical visit of applicant's premises**
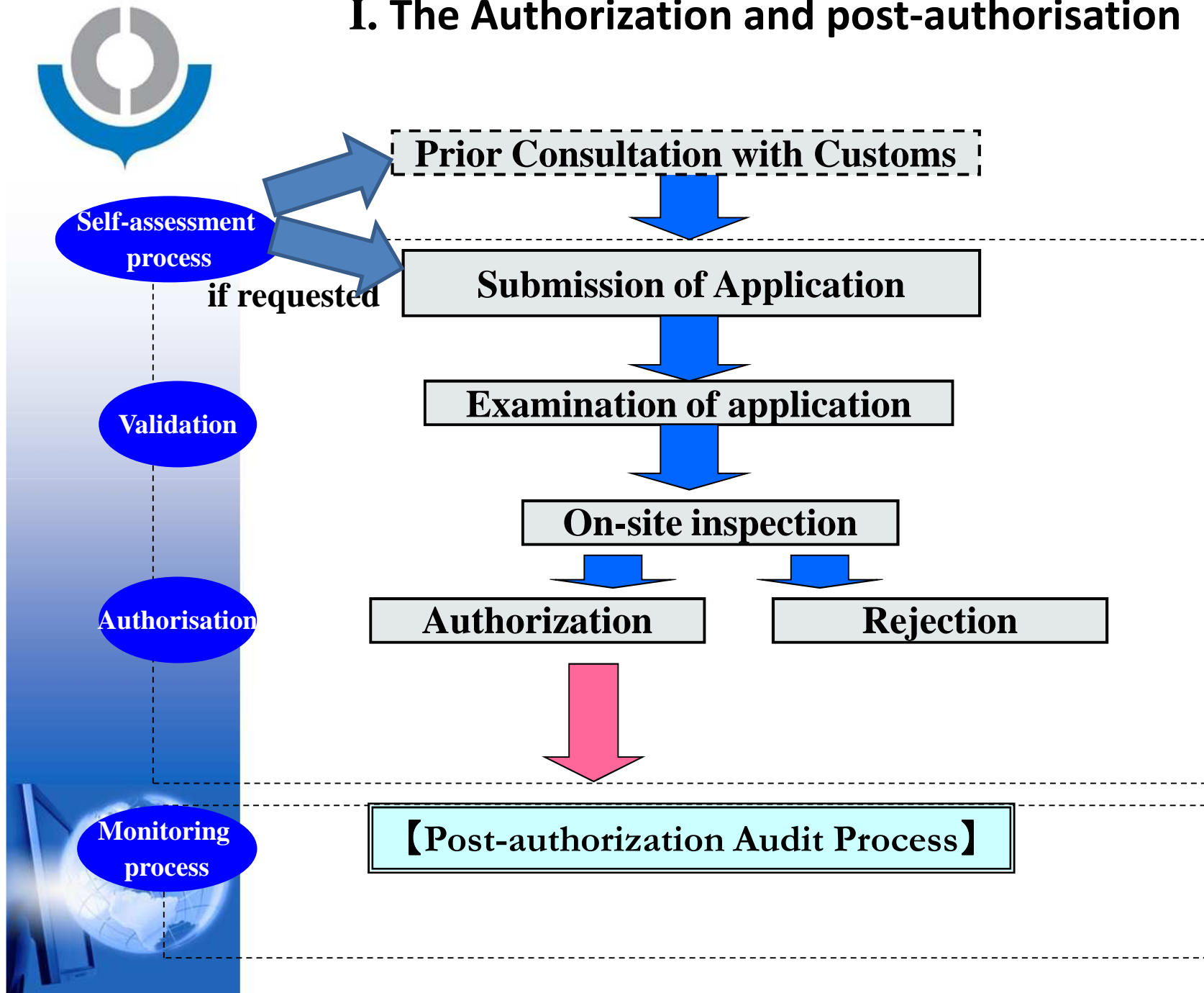
Who is entitled to apply ?

- See AEO definition (SAFE FoS Annex I) a party involved in the international movement of goods i.e
- manufacturers,
- importers,
- exporters,
- brokers,
- carriers,
- consolidators,
- intermediaries,
- ports,
- airports, terminal operators,
- integrated operators,
- warehouses,
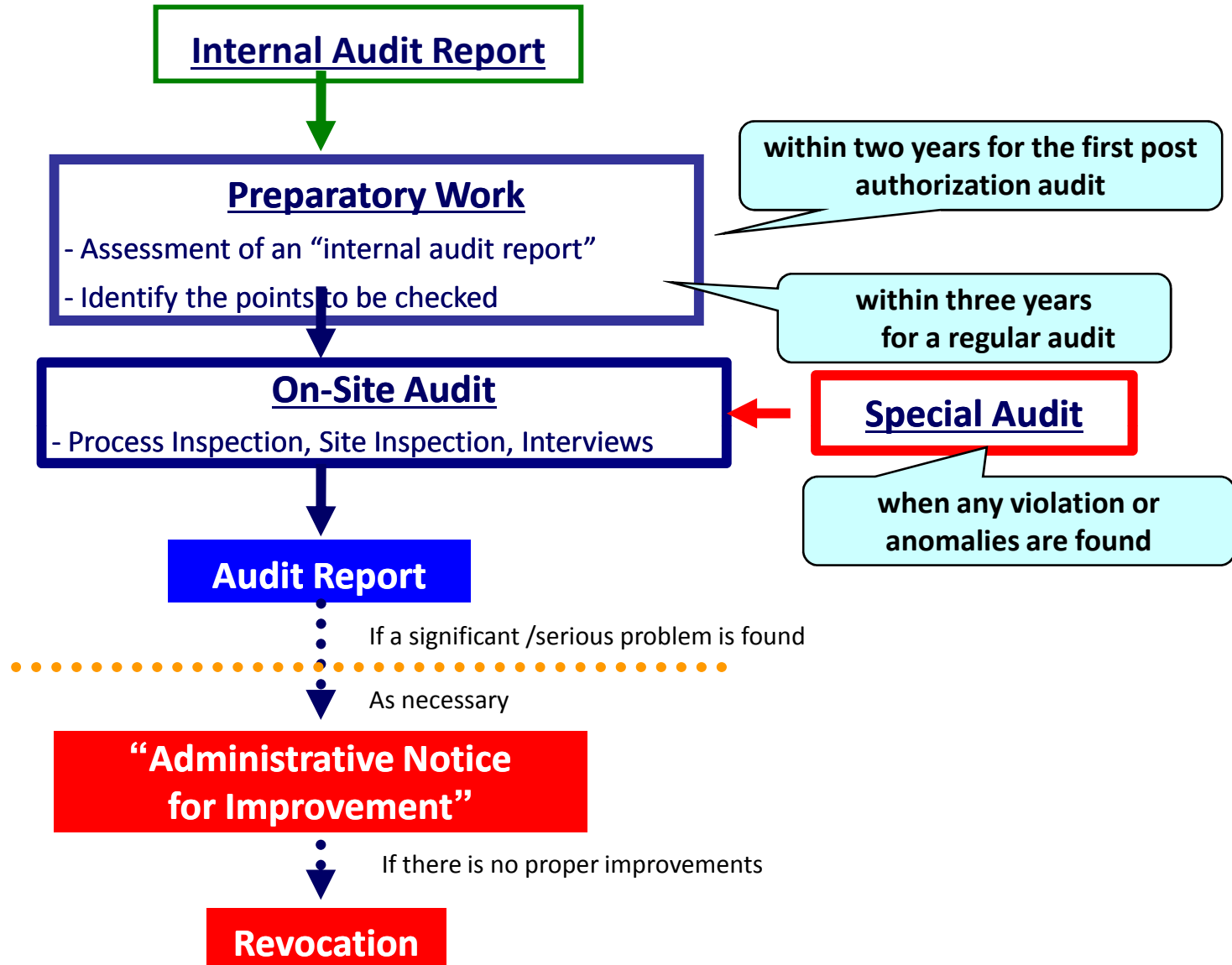- distributors and
- freight forwarders.

I. The Authorization and post-authorisation

Self-assessment process

Prior Consultation with Customs

if requested

Submission of Application

Examination of application

Validation

On-site inspection

Authorisation

Authorization

Rejection

Monitoring process

【Post-authorization Audit Process】

II. Post-authorization process

SAFE guidance

Monitoring process

Suspension

Revocation

Internal Audit Report

Preparatory Work

- Assessment of an "internal audit report"
- Identify the points to be checked

within two years for the first post authorization audit

within three years for a regular audit

On-Site Audit

- Process Inspection, Site Inspection, Interviews

Special Audit

when any violation or anomalies are found

Audit Report

If a significant /serious problem is found

As necessary

"Administrative Notice for Improvement"

If there is no proper improvements

Revocation

III. AEO requirements in SAFE

- What are they ?

- How to assess them ?

AEO requirements in SAFE

Conditions and Requirements for Customs and the AEO (Annex 3, SAFE FoS, 2012 version)

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

1st AEO requirement in SAFE (A)

Demonstrated Compliance with Customs requirements	Key aspects
Requirements specified for the AEO and taken into account when customs considers qualifications of an applicant	- No (serious) infringement /offence over certain period

2nd AEO requirement in SAFE (B)

Satisfactory System for Management of Commercial Records	Key aspects
Recognises the importance of maintaining accurate commercial records by and AEO an their ready availability to customs	- Record of import/export - Give customs full access - Adequate information technology security measures

3nd AEO requirement in SAFE (C)

Financial Visibility (Solvency)	Key aspects
Recognises the critical role to be filled by good financial standing in allowing an AEO to fulfill its commitments under the SAFE Framework	- Have good financial standing

4th AEO requirement in SAFE (D)

Consultation, Co-operation and Communication	Key aspects
Establishes measures for both customs and the AEO aimed at fostering mutually beneficial working relationships	- Point of contact - Notify customs of unusual/suspicious cargo documentation/ abnormal request for information - Notify customs of illegal, suspicious or unaccounted cargo

5th AEO requirement in SAFE (E)

Education, Training and Awareness	Key aspects
Recognises the importance of reinforcing in employees the necessity of learning proper procedures and dealing with anomalous situations	- Educate personnel and trading partners - Keep record of education - Awareness of employees of procedures in place

6th AEO requirement in SAFE (F)

Information Exchange, Access and Confidentiality	Key aspects
Provisions to secure information and to prevent its misuse or unauthorised alteration	- Ensure all information be legible, complete, accurate and protected against exchange, loss or introduction of erroneous information - Documented information security policy and procedures (firewall, password, etc.) - Back-up capabilities

7th AEO requirement in SAFE (G)

Cargo Security	key aspects
Seeks to ensure that cargo integrity and access controls are maintained at the highest levels	- Develop security policy manual - Written procedures to properly seal and maintain integrity of shipment/conveyance - ISO standard seal - Designated personnel to distribute seal - Inspection procedures for conveyance (7 point inspection) - No access for unauthorized persons to cargo - Verify identity of the carrier - Procedure to secure cargo during transport, loading and unloading

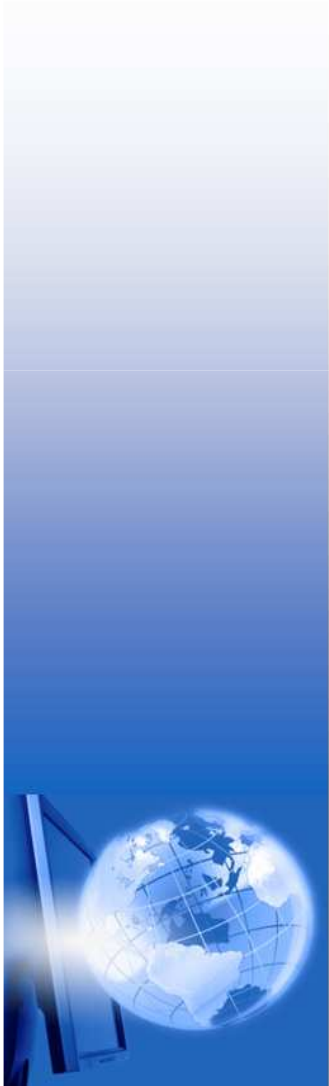| Conveyance Security	Key aspects
Secure and maintain transport conveyances	- When left unattended, check for security breach - Report actual/ suspicious incident

9th AEO requirement in SAFE (I)

Premises Security	Key aspects
Requirements to implement programmes to secure buildings and to control and monitor perimeters	- Building with materials which resist unlawful entry - Periodic inspection and repair of structure - Windows, gates, fences with locking devices - Control issuance of keys and locks - Adequate lighting - Gates manned, monitored or otherwise controlled - Parking in approved areas - Identified and authorised persons, vehicles and goods only - Peripheral and perimeter barriers - Procedures to challenge unauthorised persons - Security system e.g. alarm, access control system

10th AEO requirement in SAFE (J)

Personnel Security	Key aspects
Elements regarding recruitment, security checks and personnel procedures	- Precautions taken when recruiting new staff - Periodic background check on employees - Employee identification - Photo identification and sign-in registers for visitors and vendors - Remove identification, access to premise and IT for employees leaving the company

11th AEO requirement in SAFE (K)

Trading Partner Security	Key aspects
Encourage AEO to conclude contractual provisions with partners in the supply chain to bolster their level of security commitment	- Language in contractual agreements to ensure meeting requirements

12th AEO requirement in SAFE (L)

Crisis Management and Incident Recovery	Key aspects
Encourages advance contingency planning for recovery from adverse incidents	- Contingency plan for emergency security situation/ disaster/ terrorist incident - Periodic training of employees

13th AEO requirement in SAFE (M)

Management, Analysis and Improvement	Key aspects
Seeks to foster consistency, security integrity and the identification of security system requirements	- Assessments of security risks - Regular self-assessments

Requirements to Customs during the AEO validation and authorization process

Customs shall

- not require that non AEOs participate (voluntary programme)

- respond to an application within a reasonable time

- ensure that personnel designated to carry out the validation procedure are trained and qualified

- preserve confidentiality of any information obtained in the course of the validation procedure

- Keep the authorization valid until suspended , revoked or withdrawn for failure to abide by the condtions of the authorization

- Make possible means of appeal against decisions regarding the AEO authorization

Thank you for your

attention

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