AEO contributions to increase company competitiveness and national foreign trade

AEO

Authorized Economic Operator

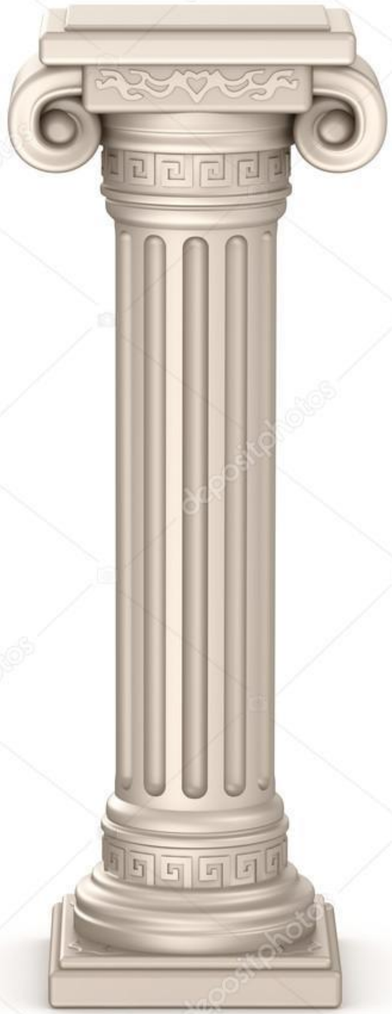
Programa Brasileiro de Operador Econômico Autorizado

Advantages

Being an authorized economic operator is to be in line with the best market practices and aligned with the expectations of the WCO, for meeting the SAFE pillars. The adoption of the SAFE framework will bring benefits to countries, governments and customs administrations and companies operating in international trade.

The SAFE Framework is a platform that will enhance international trade, ensuring security against terrorism and supporting the work of Customs, achieving economic and social successes of nations. In addition, it improves the ability to detect and control high-risk transactions, accelerating the traffic of those that are safe.

SAFE FRAMEWORK - PILLARS



Safe Framework - Pillars

- Customs - Customs
- Customs – Private Sector
- Customs – Regulatory Agencies

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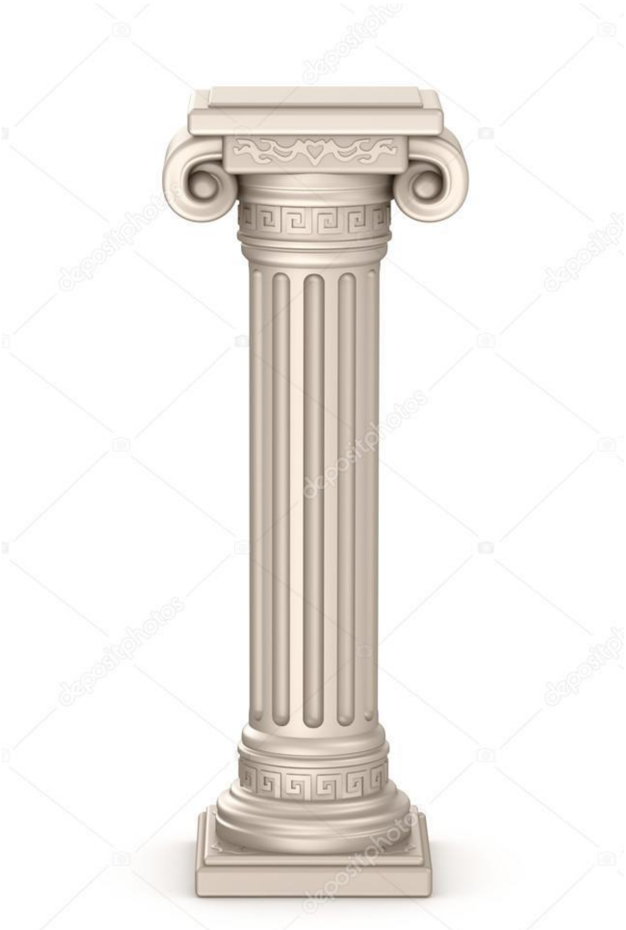
SAFE FRAMEWORK - PILLARS



Pillar 01

Customs - Customs

- Effective risk analysis due to the exchange between Customs
- Mutual benefits between Customs
- Safer business environment
- More integrated Customs
- Opening of new markets
- Information Technology (Challenge and Opportunity)
- De-bureaucratization of international trade (eliminates duplicity of data)

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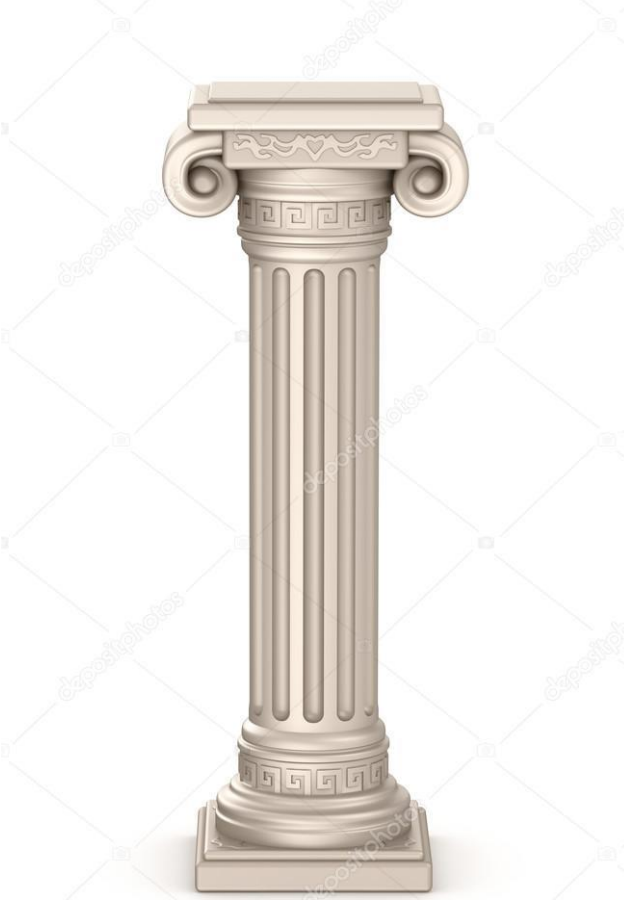
SAFE FRAMEWORK - PILLARS



Pillar 01

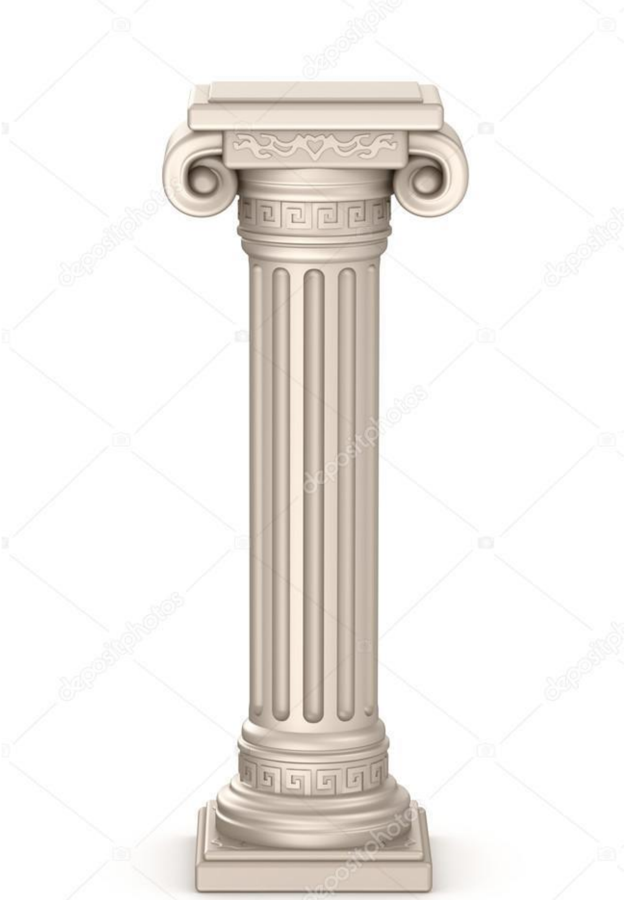
Customs - Customs

- Firmed Agreements.

Urugu
ay

- In development

SAFE FRAMEWORK - PILLARS



Pillar 01

Customs - Customs

China

Russia

India

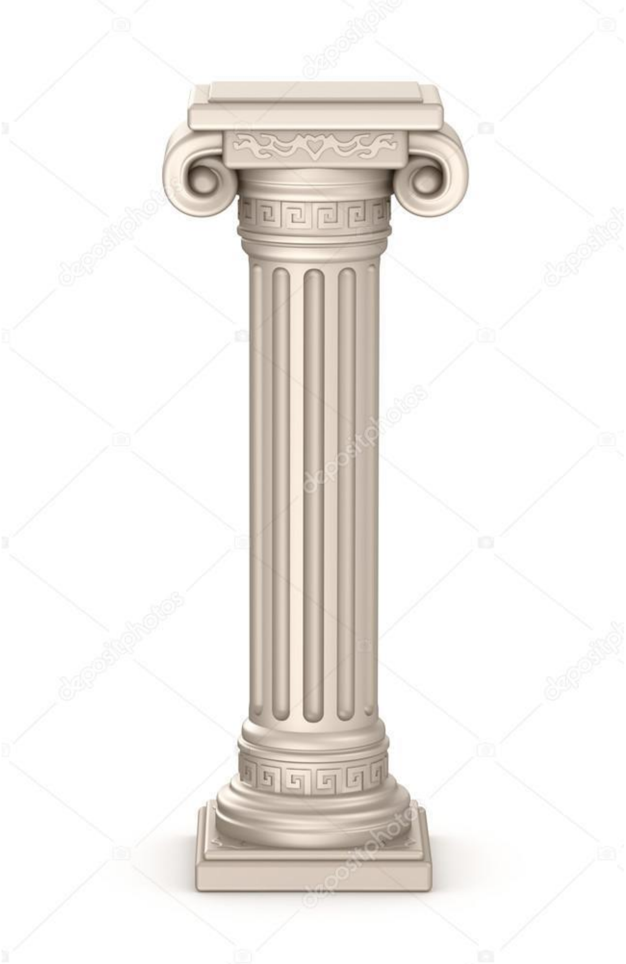
South Africa

Argentina

Mexico

South Koreia

SAFE FRAMEWORK - PILLARS

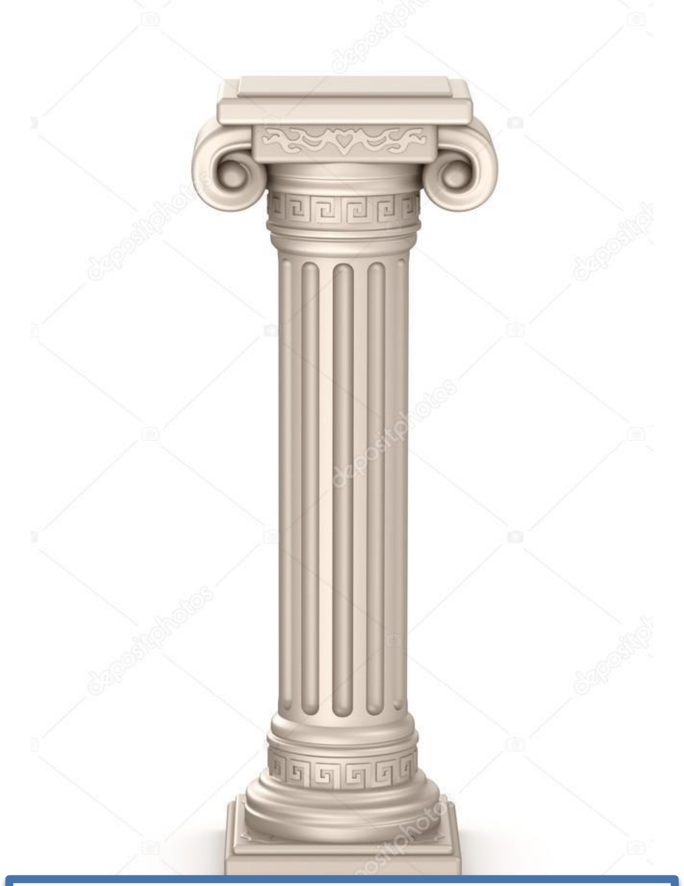


Pillar 02

Customs – Private Sector

- Mutual cooperation;
- Direct contact with Customs;
- Continuous process improvement;
- Strengthening the logistics chain;
- Minimum stock;
- Improvement in cash flow;
- More competitiveness.

SAFE FRAMEWORK - PILLARS

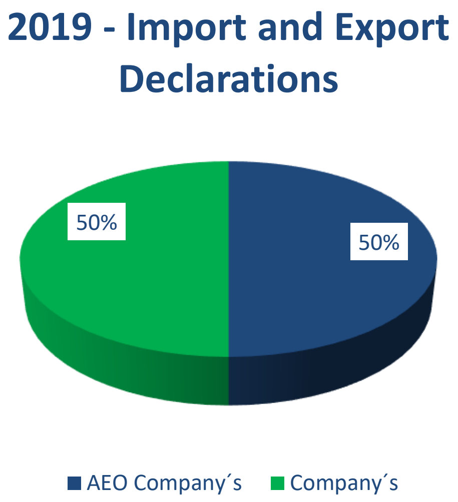


Pillar 03

Customs –
Regulatory Agencies

- Debureaucratization (cutting red tape)
- Predictability
- Single Portal Deployment
- Reduction of costs

BRAZIL – A new perspective

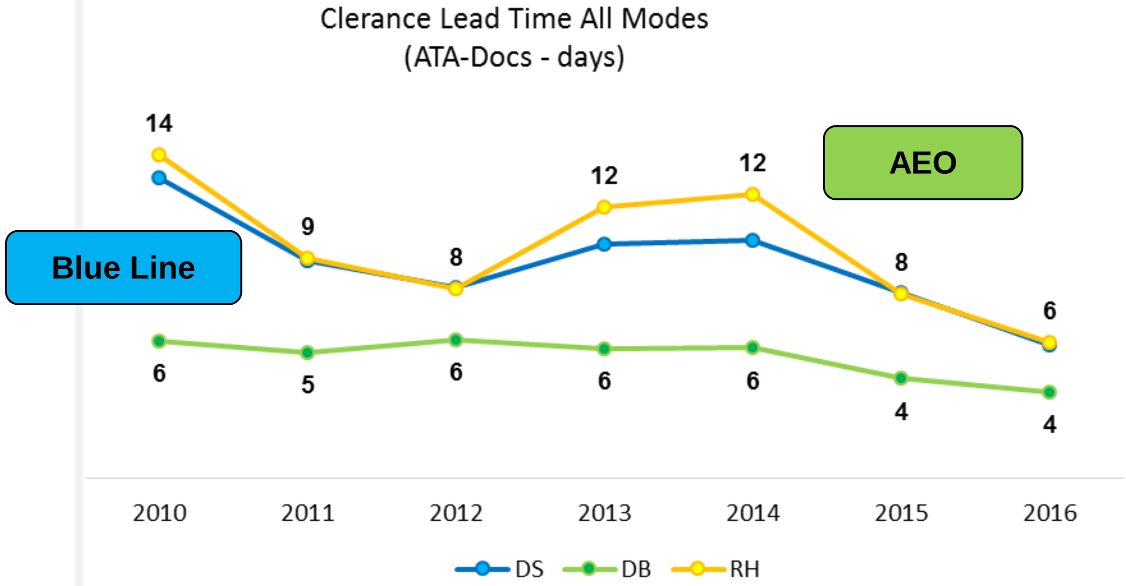


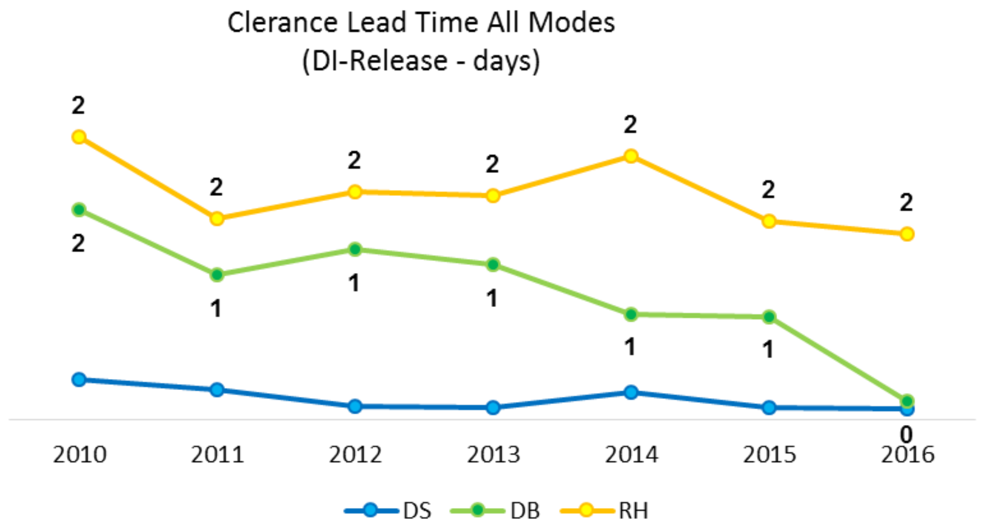
Integrated AEO

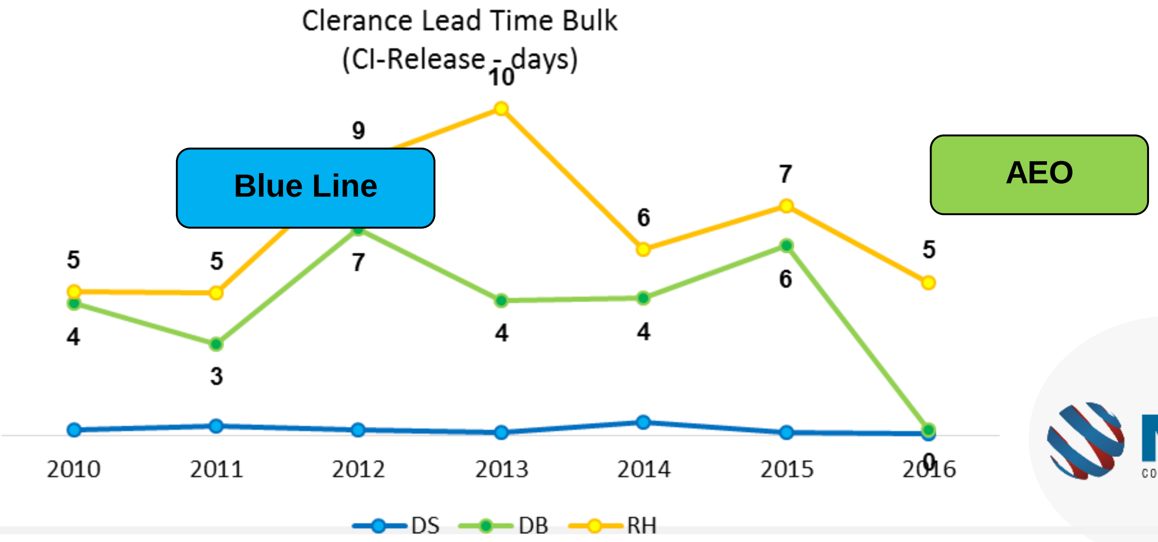
Real Cases

Real Cases

Performance – All Channels





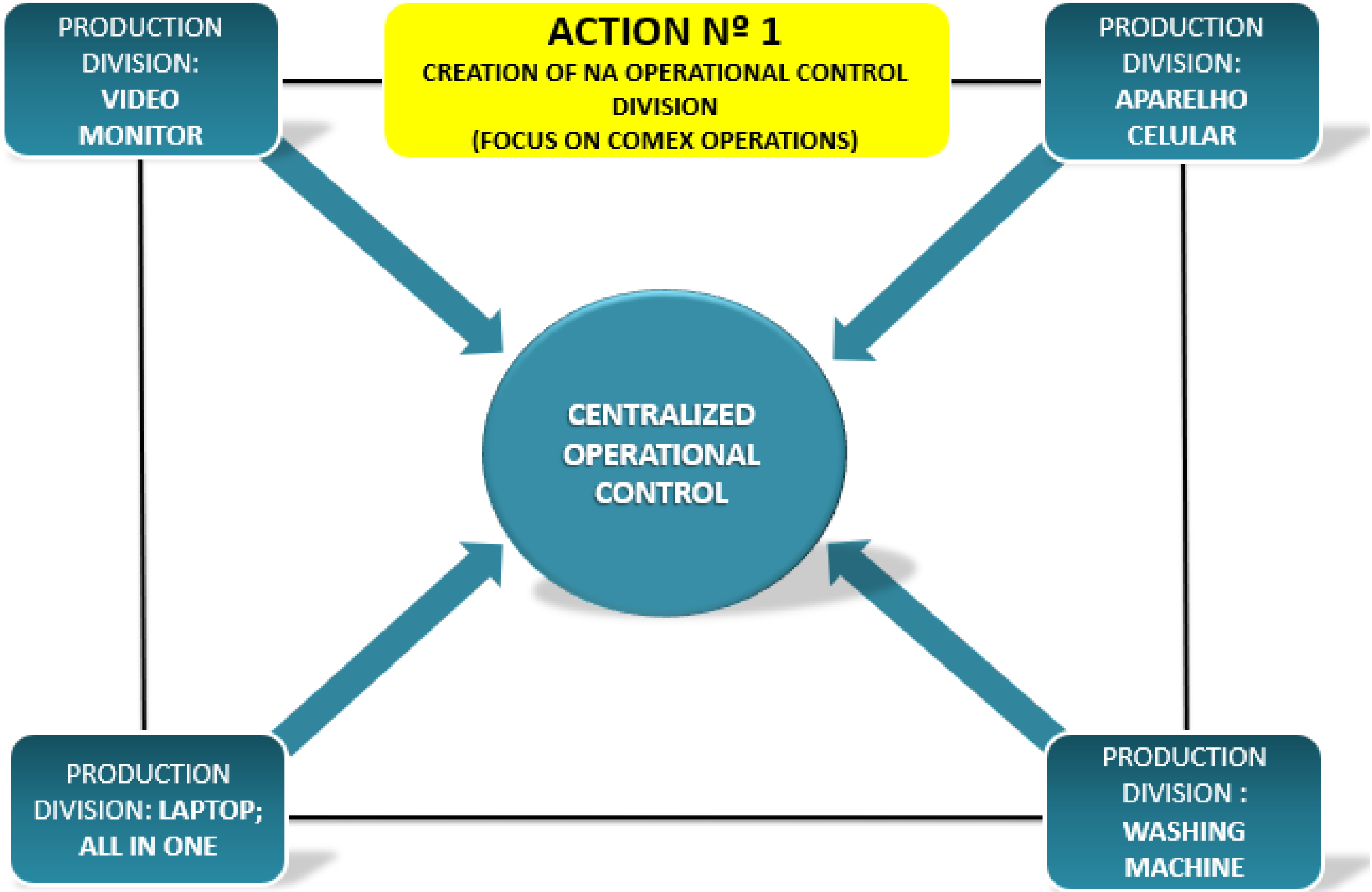


Import process: 7,500/year
FOB: US$ 820 MM/year
Volume: 3,5 millions MT/year
TEUS: 170 k/year

5% SAVING

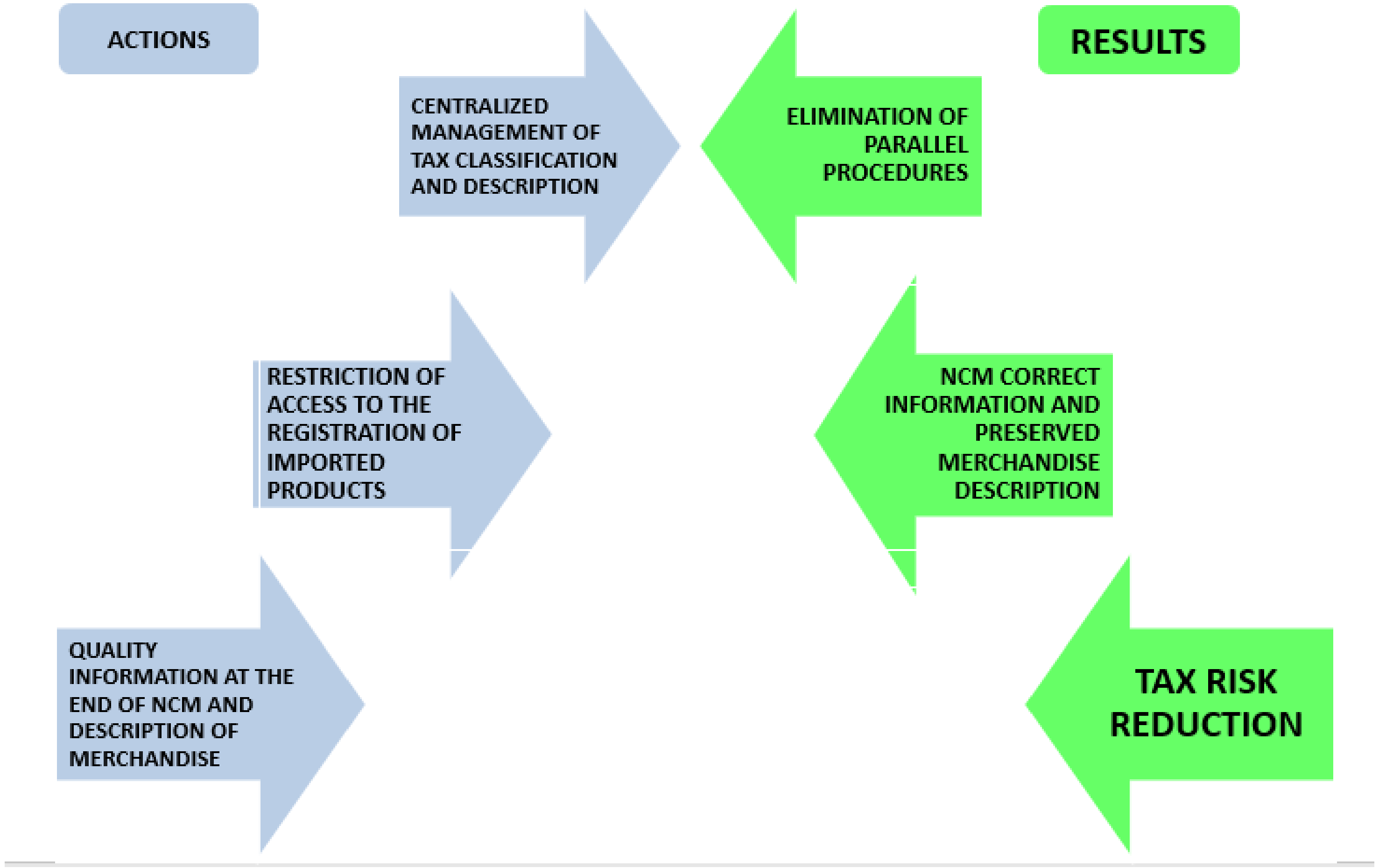
IN IMPORT COSTS (WORKING CAPITAL: COSTS OF CONTAINER, ETC)

Real Cases



SOURCE: **LG ELECTRONICS DO BRASIL – IMPEX TEAM** and

Real Cases


ACTIONS
RESULTS
CENTRALIZED MANAGEMENT OF TAX CLASSIFICATION AND DESCRIPTION
ELIMINATION OF PARALLEL PROCEDURES
RESTRICTION OF ACCESS TO THE REGISTRATION OF IMPORTED PRODUCTS
NCM CORRECT INFORMATION AND PRESERVED MERCHANDISE DESCRIPTION
QUALITY INFORMATION AT THE END OF NCM AND DESCRIPTION OF MERCHANDISE
TAX RISK REDUCTION

Real Cases

LG
Life's Good

91% REDUCTION IN GENERAL FINES APPLIED BY IRS TO IMPORTS

From 2011 to 2016

Target: Reduce 100%

95% REDUCTION IN FINES APPLIED BY IRS DUE TO MISTAKE IN NCM REGISTRY AND / OR DESCRIPTION OF GOODS

From 2011 to 2016

Target: Reduce 100%

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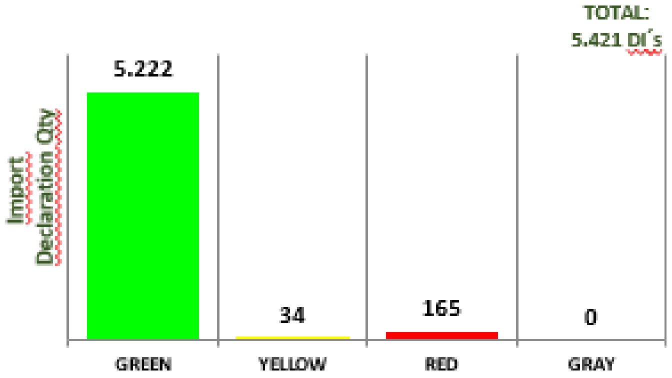
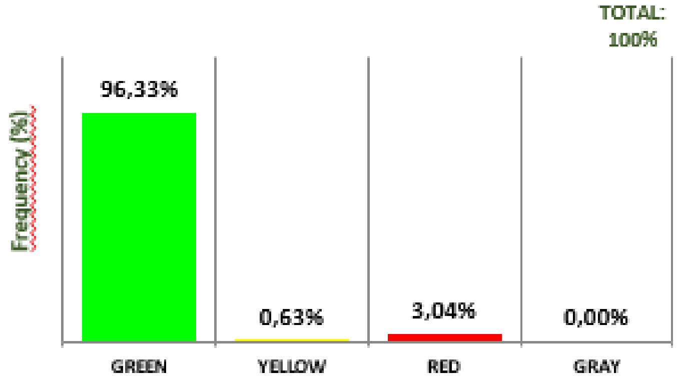
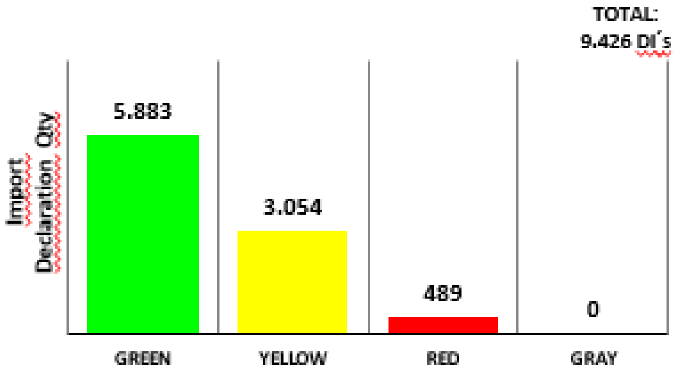
Real Cases

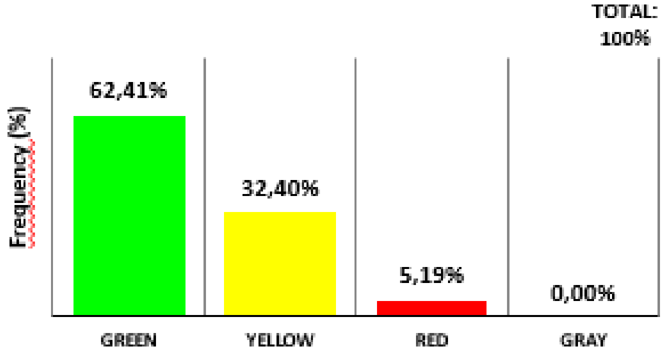
DISTRIBUTION OF CUSTOMS CHANNELS JAN ~ SET 2016
(UNDER AEO-CONFORMITY-LEVEL II COMPANY CONDITION)





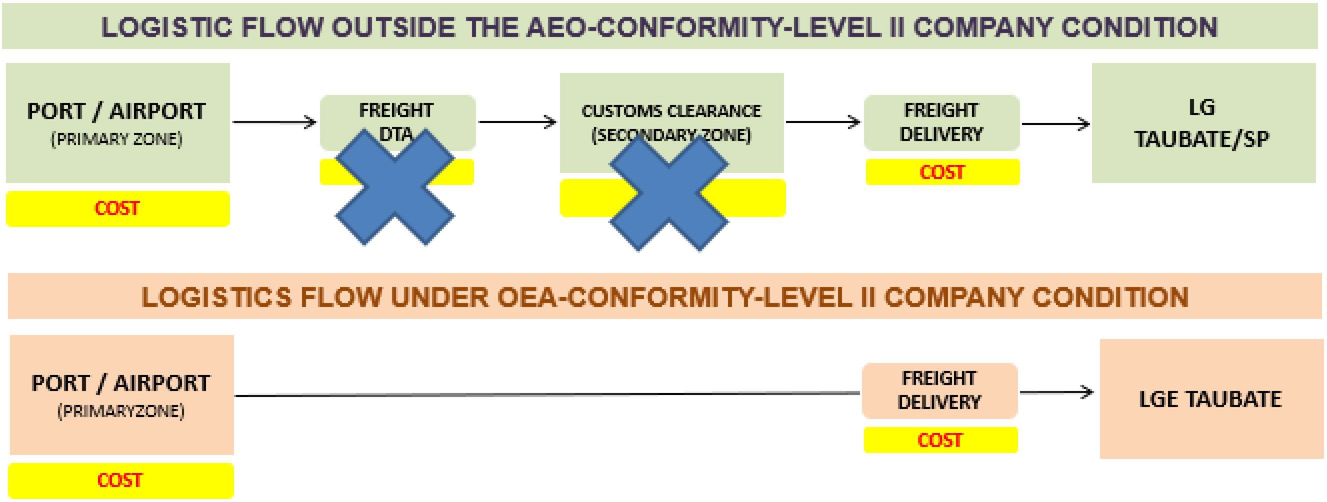
DISTRIBUTION OF CUSTOMS CHANNELS JAN ~ DEC 2015
(OUTSIDE THE AEO-CONFORMITY-LEVEL II COMPANY CONDITION)





SOURCE: **LG ELECTRONICS DO BRASIL – IMPEX TEAM** and

Real Cases



STORAGE (PORT/AIRPORT)

- 96% ESTIMATED REDUCTION IN 2016-2017
- REDUCTION OF U$$ 3.989 MILLION

ROAD FREIGHT DTA

- 100% REDUCTION IN 2016-2017
- REDUCTION OF U$$ 1.025 MILLION

STORAGE SECONDARY ZONE

- 100% REDUCTION IN 2016-2017
- REDUCTION OF U$$ 764,63 MILLION

U$$ 5.779 MILLION EXPECTED IN REDUCTION OF IMPORTATION OPERATIONAL EXPENSES

SOURCE: **LG ELECTRONICS DO BRASIL – IMPEX TEAM** and **ALL RIGHTS RESERVED – LG ELECTRONICS DO BRASIL LTDA**

Conclusion

AEO is a support tool for business used to improve process, corporate governance and competitiveness.

AEO
Authorized Economic Operator
Programa Brasileiro de Operador Econômico Autorizado

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Thanks!

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