



# European Union AEO

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- An AEO can be defined as an economic operator who is deemed reliable in the context of his customs related operations, and, therefore, is entitled to enjoy benefits throughout the EU.

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- 3 AEO:
  - AEO Security and Safety (AEOS)
  - AEO Customs Simplifications (AEOC)
  - AEO Customs Simplifications and Security and Safety (AEOF)

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- Stakeholders in an international supply chain:
  - a) Manufacturer
  - b) Exporter
  - c) Freight forwarder
  - d) Warehouse keepers and other storage facility operators
  - e) Customs agent
  - f) Carrier
  - g) Importer
  - h) Others (e.g. terminal operators, stevedores and cargo packers)

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- AEO Benefits:
  - Easier admittance to customs simplifications (AEOC, AEOF)
  - Prior notification (AEOS, AEOF)
  - Reduced data set for entry and exit summary declarations (AEOS, AEOF)
  - Fewer physical and document-based controls (AEOC, AEOS, AEOF)
  - Priority treatment of consignments if selected for control (AEOC, AEOS, AEOF)
  - Choice of the place of controls (AEOC, AEOS, AEOF)

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- AEO Indirect Benefits:
  - reduced theft and losses;
  - fewer delayed shipments;
  - improved planning;
  - improved customer service;
  - improved customer loyalty;
  - improved inventory management
  - improved employee commitment;
  - reduced security and safety incidents;
  - lower inspection costs of suppliers and increased co-operation;
  - reduced crime and vandalism;
  - improved security and communication between supply chain partners.

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- Other AEO benefits:
  - Recognised as a secure and safe business partner
  - Improved relations with Customs
  - Improved relations and acknowledgement by other government authorities
  - Mutual recognition

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- AEO Criterias:
  - record of compliance with customs requirements,
  - satisfactory system of managing commercial and, where appropriate, transport records, which allows appropriate customs controls,
  - proven financial solvency and,
  - where appropriate, security and safety standards.



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## Record of compliance with customs requirements

- No serious infringement or repeated infringements of customs rules in the last 3 years
- Infringement of negligible importance
- Repeated infringements
- Serious infringements

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## **Satisfactory system of managing commercial and, where appropriate, transport records, which allows appropriate customs controls**

- a) an accounting system which is consistent with the generally accepted accounting principles applied in the MS where the accounts are held and which will facilitate audit-based customs control
- b) allow the customs authority physical or electronic access to its customs and, where appropriate, transport records
- c) have a logistical system which distinguishes between Community and non-Community goods
- d) have an administrative organisation which corresponds to the type and size of business and which is suitable for the management of the flow of goods', and that he 'have internal controls capable of detecting illegal or irregular transactions
- e) have satisfactory procedures in place for the handling of licenses and authorisations connected to commercial policy measures or to trade in agricultural products
- f) have satisfactory procedures in place for the archiving of the company's records and information and for protection against the loss of information
- g) employees are made aware of the need to inform the customs authorities whenever compliance difficulties are discovered and to establish suitable contacts for the contact with the customs authorities
- h) to have appropriate information technology security measures in place

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## Proven financial solvency

- a) the applicant is not subject to insolvency proceedings
- b) payment of customs duties and all other duties, taxes and charges which are collected on or in connection with the importation or exportation of goods
- c) the applicant can demonstrate sufficient financial resources to meet his obligations
- d) the applicant has no negative net assets except where it can be proved that they can be covered

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## **Appropriate security and safety standards**

- a) Building security
- b) Appropriate access controls
- c) Cargo security
- d) Where applicable procedures for handling export/import licenses
- e) Business Partner Security
- f) Personnel security
- g) Security awareness programmes

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- AEO Criterias (Union Customs Code):
  - a) the absence of any serious infringement or repeated infringements of customs legislation and taxation rules, including no record of serious criminal offences relating to the economic activity of the applicant;
  - b) the demonstration by the applicant of a high level of control of his or her operations and of the flow of goods, by means of a system of managing commercial and, where appropriate, transport records, which allows appropriate customs controls;
  - c) financial solvency, which shall be deemed to be proven where the applicant has good financial standing, which enables him or her to fulfil his or her commitments, with due regard to the characteristics of the type of business activity concerned;
  - d) AEOC - AEOF: practical standards of competence or professional qualifications directly related to the activity carried out; and
  - e) AEOS – AEOF: appropriate security and safety standards, which shall be considered as fulfilled where the applicant demonstrates that he or she maintains appropriate measures to ensure the security and safety of the international supply chain including in the areas of physical integrity and access controls, logistical processes and handling of specific types of goods, personnel and identification of his or her business partners.

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## AEO and SMEs

SMEs represent 99% of all European businesses  
and 9 over 10 SMEs are micro enterprises with  
less than 10 employees!

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## AEO and SMEs

- Criteria « access to customs and transport records »: simplified and paper-based system of record-keeping
- Criteria « have a logistical system which distinguishes between Union and non-Union goods »: distinction between Union and non-Union goods can be done by a simple electronic file or paper records
- Criteria « building security »: sufficient to have a clear procedure for access control including responsibility
- Criteria « appropriate access control »: enclosed fence with an intercom to allow access to the site
- Criteria « cargo security »: visitors escorted systematically in the premises and have to sign a register at the entrance.

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## AEO Self-Assessment

- It is a questionnaire
- Provide customs information about you
- Not mandatory, but recommended
- To be submitted together with the application for the AEO status



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## AEO Self-Assessment

- Company information: address, shareholders, business activity, etc.
- Compliance records: do you have breaches of customs rules detected? Have you been refused authorisation/certificate?
- Accounting & logistical system: computer system used; where are located the computers; protection computer system

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## AEO Self-Assessment

- Financial solvency: any insolvency proceedings been initiated in last 3 years? Good financial standing?
- Security & safety requirements: do you have security instructions? Description on access premises, physical security, cargo units (containers, transportboxes), logistical process, non fiscal requirements (eg. Dual-use goods, import licences), incoming goods, storage of goods, production of goods, loading of goods, security requirements for business partners, personnel security, external services.

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## Management of the autorisation

- Monitoring the autorisation
- Re-assessment of the authorisation

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## Monitoring of the autorisation

- Regular monitoring (by company itself and by customs)
- Should be part of the internal control system of the company
- obligation to notify of any changes, eg.:
  - Business name
  - Legal status
  - changes related to the accounting or computer systems
  - significant changes in the financial standing

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## Re-assessment

- following major changes to EU legislation
- following reasonable indications that the relevant conditions and criteria are no longer met
  - Suspension of the certificate
  - Revocation of the certificate



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Thank you!

