

SDV Bernard AEO Certification

SDV Bernard is proud to announce that it is among the first companies in Europe to have received Authorised Economic Operators certification in Customs Simplification and Security & Safety. Our certificate number is GB/AEOF/00002/07.

The Authorised Economic Operators (AEO) assessment criteria confirms a company's ability to operate in a highly prescribed, customs compliant and secure manner.

By satisfying the rigorous AEO criteria, we have proven that our physical security, operational controls, processes and procedures are robust and that we can support the European Union objective of securing international supply chains.

What does this mean for us?

Obtaining AEO status for security and safety enables us to benefit from certain facilitations of customs controls at the entry of the goods into the customs territory of the European Community, or when goods leave the customs territory of the Community.

These benefits include:

- ▷ a lower risk score which will be incorporated into customs' risk management systems and be used to determine the frequency of customs physical and documentary checks
- ▷ consignments may be fast tracked through customs controls. However if selected for examination, an AEO's consignment will receive priority over non AEOs
- ▷ when the requirement to make pre-arrival / pre-departure summary declarations is introduced in July 2009, AEOs will be able to omit certain data elements from the declaration
- ▷ recognised status across the EC

- ▷ an industry quality mark and useful marketing tool
- ▷ potential for future reciprocal arrangements and mutual recognition with countries outside the EC e.g. USA or trading partners that adopt the WCO SAFE framework.

Additionally, as we have also obtained AEO customs simplifications status, we stand to benefit from a number of future facilitations. When the EU Modernised Customs Code is agreed and implemented, possibly in 2010, a number of additional measures will require the same criteria as a customs simplification AEO certificate.

These are likely to include:

- ▷ guarantee waivers
- ▷ centralised clearance where more than one Member State is involved
- ▷ accreditation should we wish to operate in more than one Member State
- ▷ the ability to apply for a single community authorisation to use simplified declaration procedures across the EC.

What does this mean for our customers?

If you intend to obtain AEO status in your own right:

In order for you to receive the advantages of your status, you will need to ensure that logistics providers handling transactions within your supply chain are also AEO compliant. If they are not compliant, your customs risk score will be negatively affected. As part of the secure supply chain you will need to use AEO compliant suppliers if you wish your status to be mutually recognised by

US Customs' Trade Partnership Against Terrorism regime (C-TPAT) and other countries adopting the World Customs Organisation SAFE programme.

If you do not intend to obtain the status:

- ▷ you will not directly benefit in terms of customs formalities and simplifications.

Attached is an information update issued by HM Revenue & Customs detailing the implementation of AEO in the EC. As you will see, momentum is gathering and the number of applications is expected to escalate rapidly.

SDV Bernard has an expert team available and proven processes in place that enable us to assist you in deciding whether you should become AEO certified. If you are interested in finding out more about the AEO regime and how we can help you obtain certification, please contact:

Roger Blacklock / Mark Taylor
SDV Bernard Ltd
0208 559 9911
roger.blacklock@sdvbernard.co.uk
mark.taylor@sdvbernard.co.uk.

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Authorised Economic Operators – update on implementation

Who should read:	All businesses interested in the development of AEO status
What is it about:	An information update on the implementation of AEO in the EC and the development of mutual recognition with third countries
When effective:	Date of issue
Extant until	Customs aim to provide a further update in 6 months

1. Background

Authorised Economic Operator (AEO) status was introduced by Council Regulation 648/2005 and implemented by Commission Regulation 1875/2006 which took legal effect on 1 January 2008.

Previous papers issued on this subject are JCCC Papers 07/25 and 07/46

2. Implementation in the UK

HMRC have now received over 100 AEO applications in the UK. As expected the vast majority of the applications are for a combined customs simplification and safety and security AEO certificate and have been received from a wide range of businesses, including importers, exporters and freight agents.

HMRC are extremely pleased to announce that the first applications have completed the authorisation process and AEO certificates have been issued to the successful applicants.

HMRC expect the number of applications to grow during the course of 2008 particularly once the first successful applicants are published on the AEO database. We currently estimate no more than 2000 applications being submitted in the UK during the course of the 2008/9 financial year.

3. Implementation in other EC member states

At the AEO Network meeting on 9 April the European Commission provided an update on implementation in other member states. As at 3rd April they reported about 900 applications throughout the EC with the majority being received in the Netherlands, Sweden, UK & Germany. 12 certificates have been issued in 3 member states, UK, Germany & Denmark.

Based on the available information, the Commission project about 4600-5300 applications being submitted across the EC during the course of 2008.

4. Mutual recognition with third countries

It is expected the benefits of AEO status will substantially increase once mutual recognition agreements are in place between the EC system and equivalent AEO systems being developed in third countries. The European Commission is currently in negotiation with a number of third countries, with the United States and China taking priority because of the volumes of trade involved. Norway & Switzerland are also taking priority due to their shared border with the EC.

The European Commission expects the first mutual recognition agreements to be in place during the course of 2009 and also expects these first agreements to act as a model for future negotiations with other countries such as Japan and India.

5. Monitoring visits to ensure consistency across the EC

In developing the AEO system in the EC, the European Commission, customs authorities and trade representatives have all expressed the importance of consistency across member States. The AEO Guidelines published in June 2007 are intended to help the consistent application of AEO rules.

To help share best practice and emerging experiences of AEO the European Commission are also sponsoring a series of monitoring visits to member states between May 2008 and January 2009. Each member state will receive a visit from a team consisting of the Commission and two other member states. The UK will receive a visit from Denmark & Finland in June 2008. The lessons learnt and best practices will be shared with other member states via the AEO Network group in Brussels.

6. Contacts

If you require any further information please contact:

AEO Team
Portcullis House
27 Victoria Avenue
Southend-on-Sea
SS2 6AL
Email: aeoteam@hmrc.gsi.gov.uk

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