

AEO - CERTIFICATION

■ AEO quality and safety

In 2008, the European Union decided to implement a program for safety and quality across all member states. This was a response to the terror attacks on World Trade Center in 2001, which caused the tightening of rules and legislation. This program is called AEO (Authorised Economic Operator) and the purpose is to create a safe international supply chain with no room for smuggling or acts of terror.

To achieve AEO-standard is a long-term obligation that demands a long-term commitment. In return you are granted a status representing safety and quality throughout all of EU and globally.

■ Who is eligible to apply?

Essentially all parts of the international supply chain are eligible to apply, e.g. a forwarder transporting goods under transit or a manufacturer exporting products out of the European Union. Keep in mind that the applicant has to be one legal entity, you may not certify parts of your business.

■ Benefits of AEO

What benefits to profit from depends on which type of AEO-certification you possess. Since certifying one's business is such an extensive undertaking, it is important to understand the benefits of the different certificates. Especially important is knowing what benefits will profit your business.

■ Three certificates

There are three different types of AEO-certificates:

- Customs Simplifications Certificate (AEOC)
- Security and Safety Certificate (AEOS)
- Combined Customs Simplification & Security and Safety Certificate (AEOF)

■ Benefits - AEOC

● Easier admittance to customs simplifications

Bearers of AEOC gain easier admittance as they already fulfill the criteria for many of the customs simplifications. Customs authorities shall not re-examine conditions met when granting AEO-status. Additionally, certified businesses already have all routines documented, thus admittance for further simplifications will be easier as documentation is required for such permits.

● **Fewer physical and document-based controls**
Bearers of AEOC are subject to fewer physical and document-based controls by customs authorities.

● Priority treatment if selected for control

If a bearer of AEOC get their consignment selected for control, after the customs authorities performed a risk analysis, then the consignment shall be given priority to be inspected prior to that of other businesses' without AEO-status. As a result, control of goods from a bearer of AEOC will proceed faster.

● Choose where controls take place

Bearers of AEOC may request where an eventual inspection shall take place. This could result in more cost efficient controls and faster clearance of consignments.

■ Benefits - AEOS

● Prior notification

When a bearer of AEOS submit an entry/exit summary declaration in order to import to or export from the customs territory, the customs office concerned may give prior notification of physical control of the consignment. This benefits companies who needs to plan their business in terms of time, space and resources.

● Reduced data entry for summary declarations

Certain data are waived from the entry and exit summary declarations for bearers of AEOS. This allows for a simpler and faster procedure.

● Fewer physical and document-based controls

AEOS bearers are subject to fewer physical and document-based controls related to security and safety.

● Priority treatment if selected for control

If a bearer of AEOS get their consignment selected for control, after the customs authorities performed a risk analysis, then the consignment shall be given priority to be inspected prior to that of other businesses' without AEOE status. As a result, control of goods from a bearer of AEOS will proceed faster and combined with the prior notification it will allow for better planning of consignments.

● Choose where controls take place

Bearers of AEOS may request where an eventual inspection shall take place. This could result in more cost efficient controls and faster clearance of consignments.

■ Benefits - AEOF

As an AEOF-certificate is a combination of AEOC and AEOS, all benefits stated above applies.

■ Indirect benefits of AEO

Certifying your business does not only bring the aforementioned benefits, AEO entails many other indirect benefits that are equally important.

Possibly the most prominent benefit is the increased understanding of the business own supply chain and how customs handling affects the flow of goods as well as financial flows.

The certification process is meant to create transparency between physical flows of goods and financial flows.

This transparency combined with clear, documented routines gives great potential for process optimization within the business. Additionally, increased knowledge provide the company with the competence needed to utilize all opportunities that the legislation for international trade has to offer.

Besides all of this, certifying your company will improve your reputation as a safe and reliable business partner. Certified companies meets the highest standards and may use the AEO-logo as proof of competence and to show that it is beneficial to have you as a business partner.

■ Future benefits

AEO aims to always meet international standards in order to equate to similar programs for customs and safety across the globe. That way, existing benefits within the European Union may also be enjoyed outside of the community.

Today there are two existing mutual recognitions; with the US (C-TPAT) and Japan. However, benefits only applies for bearers of AEOS or AEOF. Mutual recognition implies that AEO-status granted within EU shall be recognized and taken into account while performing risk analyses outside of the European customs community. Thus, AEO is expected to reduce cost, allow for customs simplifications and provide more transparency even when dealing with other customs authorities.

Future aspirations entail adding to the list of mutual recognitions in order to spur international trade. Also, the new customs legislation, resulting from the application of UCC in May 2016, will emphasize AEO further.

■ How KGH Customs Services can help you obtain AEO-status

To achieve AEO-standard is a long-term obligation that demands a long-term commitment. In return you are granted a status that represents safety and quality throughout all of EU and globally.

AEO-certification demands documented routines for all company processes, IT-systems and demonstration of competence. Based upon our wide knowledge and experience within the field, KGH can offer the best possible support for you to reach your AEO-status.

KGH offers tailored solutions focusing on areas that are of importance for your business, ensuring that you reach AEO-status as efficiently as possible. Such solutions may entail, pilot studies with gap-analyses of your current status, as to compare with the custom authority's criteria. KGH also offers project management, review of routines, perform audits and function as a sounding-board for all questions you may have. KGH also have a Customs Academy, specialized in educating personnel concerning all customs matters. KGH Customs Academy ensures that all personnel concerned have the competency needed to obtain an AEO-certificate.

KGH also offer help and support to companies that has been selected by the American customs authorities to go through a C-TPAT audit.

We know the system, the demands and have knowledge about how customs authorities conduct their audits.

After the company has been granted AEO-status there will be continuous work maintaining and updating routines. Markets and legislation are subject to change and as that happens we offer continuous support to ensure that our clients maintain their AEO-status. If you feel hesitant as to whether or not you still meet the criteria, KGH can offer an after-control where your current status is audited and reviewed. After the control you will be presented with the necessary precautions.

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