

6 September 2012

Benefits for the Authorised Economic Operator

KEY MESSAGES

- 1** The concept of an Authorised Economic Operator (AEO) is one of the major innovations in the reform of European customs legislation. However, at present the requirements to achieve that status completely outweigh the currently limited advantages that are granted subsequently.
- 2** AEO holders must be granted substantial advantages not only in the processing of both their export and import operations but for the full set of companies' customs procedures.
- 3** Advantages for AEO holders should be made legally binding through the Union Customs Code (UCC).

WHAT DOES BUSINESSEUROPE AIM FOR?

- *BUSINESSEUROPE supports the reform the EU customs regime (Union Customs Code – UCC) which should facilitate trade and global competitiveness of European businesses simultaneously ensuring safe and secure trade in the EU. Adaptation of customs legislation to fit and govern the electronic environment for customs and trade in a uniform manner in all EU member countries is a costly and extremely challenging endeavour. This underlines the importance of proper cost/benefit analysis before introduction of any new requirements which increase administrative burden and costs for European companies.*
- *The current economic situation makes financing of the necessary changes in the customs administration and IT systems difficult not only for European businesses but for the member states as well. The reform should not only make customs procedures easier, but also cut costs for customs and business.*
- *In particular a higher degree of simplifications and consistency must be envisaged for the so-called “Authorised Economic Operator” (AEO). The requirements expected for AEO status are disproportionate to the legally protected advantages presently offered in exchange. Therefore, the AEO needs to be given additional advantages in a number of import and export areas.*



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BENEFITS FOR THE AUTHORISED ECONOMIC OPERATOR

A NON-EXHAUSTIVE LIST OF FURTHER SIMPLIFICATIONS

I. Export

1. Waiver of pre departure declarations for exports

Global declarations through the AEO are to replace individual declarations. The AEO will only provide the number of his authorisation on an accompanying document. The number of the authorisation from the AEO helps the customs office of exit to note that it does not have to provide individual declarations but only global declarations. AEOs who have been allowed such simplifications are recorded in a customs data bank to which only the customs authorities have access. The AEO is naturally committed to allowing all controls at all times. Access to the AEO's system is not necessary.

Moreover, this strongest form of simplification for exports has already been referred to in a "Non-Paper" drawn up by the EU Commission in 2004 (author: Michael Lux). It is referred to on page 6 of the Non-Paper under Item II Authorized Economic Operators (AEO) ("The possibility of waiving the need to provide a customs summary declaration, for certain AEOs that meet the very highest standards, is not excluded").

Note: As the prior declaration for exports is generally provided together with the export declaration, this simplification would only be appropriate if it is linked to the waiver of individual declarations as described below.

2. Waiver of individual declarations for exports; Periodic multiple applications instead of individual declarations for exports

Online declaration of every individual operation is no longer necessary. The participants declare the data internally and at the end of a specific period of time (generally at the end of the month) submit the corresponding multiple application containing all operations during the period concerned, together with the necessary data to the customs authorities and the statistical authorities.

3. Authorized exporters also for "P&R" goods

Use of the simplified procedures (e.g. authorized exporter) through the AEO also for goods subject to the prohibitions and restrictions or export control requirements: here the AEO should be able to do the *processing* in-house (e.g. *subtract the value of the consignment from the allowed total value of the licence*) and only have to "inform" the customs authorities.

4. Authorized Exporters

Waiver of pre-departure declarations for critical countries.

II. Imports

1. Waiver of pre-arrival declarations for imports; Global declarations instead of individual declarations

Here as well (as under item I.1.) the possibility of a global declaration through the AEO instead of individual declarations should be made possible for imports. The carrier just provides the importers with the authorisation number issued within the framework of this simplification. With the help of a databank where the degree of simplification is authorised, with reference to the authorisation number and the company name, the customs office of entry can verify the accuracy of the data.

Note: The simplification would primarily affect the carrier, however secondarily the importer is also affected.

2. Simplification for the local clearance procedure for imports

As regards imports the strongest form of simplification so far has been the release with entry in the records of the participants, without individual notification of the customs authorities in individual cases. This strongest form of simplification is bound to two criteria:

- a) Requirement based on the process (e.g. “just in time”)
- b) The range of goods only includes products for which a customs inspection is not required in principle

Regarding AEO, based on their trustworthiness, how well known the company is and its range of products etc. one has generally to assume that criterion b) has been met. Concerning AEOs there should be no need for a special examination of this criterion. It can be considered as met. Concerning access to the data, the possibility of local “control” would be adequate. IT access would not be absolutely essential.

3. Declaration of the customs procedure is no longer necessary in the Simplified Customs Declaration

Not all data has to be reported in the Simplified Customs Declaration. In addition to the data, not necessary within the framework of an incomplete notification, it should no longer be necessary to state the customs procedure. Whereas the goods can already be accessed after the declaration, it is not absolutely necessary to state the customs clearance procedure until the complementary declaration has to be provided, usually at the end of the month.

Thus in the case of a mistaken declaration, involving charges, no waiver or reimbursement of the charges would be necessary. Both the participants and the customs administration would spare themselves the effort involved in the reimbursement or waiver.



III. General

1. Central Clearance

Concerning AEOs it can generally be assumed that the prerequisites for granting the authorisation have been fulfilled.

2. Extension of deadlines for enquiry and payment order procedures

As regards enquiry as well as follow-up processes in relation with transit procedures extended deadlines should be granted on account of the AEO's trust status.

3. No suspension of simplified procedures

The AEO should be exempted from suspensions within the framework of simplifications (as opposed to holders of the authorisation without an AEO status).

4. Waiver of records in the customs warehouse

Currently the CCIP envisages in Article 515 the possibility of waiving stock records within the framework of the "customs procedures with economic impact", insofar as the customs authorities do not consider stock records necessary. Unfortunately such a regulation has not been included into the UCC. In our view the possibility to waive stock records within the framework of the customs procedures with economic impact is essential.

Naturally the use of this possibility can only refer to special cases. Such a special case would be, for example, if the participant has the status of an AEO, the risk that duties will incurred is in principle not given (e.g. through a corresponding securing of the customs warehouse) and an individual registration within the framework of a smooth process would not be possible. The latter is certainly always the case if it involves mass movement and, for example, the goods are only to remain in the EU temporarily.

5. Possibility of further simplifications within the framework of authorised consignee

The party concerned has access to all transit procedures intended for him. This is controlled by stating its customs number when opening the transit procedure.

When the consignment arrives, the party concerned collects the data via the MRN number, checks that the consignment complies with the data and only returns the "unloading comment". At the same time, under its identification number in its system an ATB number will automatically be generated which is reported together with the "unloading comment".

Thus the following notifications would no longer be necessary:

- Notification of receipt
- Unloading permission
- Feedback of ATB-Number



6. Opening of shipping procedures (further simplification for the “authorised consignor”)

The participant is allocated an identification number. At the moment of the beginning of the transit procedure this identification number is allocated a sequence number, from which the MRN is put together. The MRN number will thus no longer be provided by the customs authorities but produced by the participant himself. It will therefore no longer be necessary to report to the MRN from customs to the participant. The participants can start with the transit procedure without feedback from customs. The participant must of course meet the relevant requirements, which include in particular trustworthiness.

7. Central contacts by customs

There should be a “central contact partner” by customs, at least for dealing with large companies (following the example of the UK).

IV. Regulations that had already been envisaged within the MCCIP and whose entry into effect would be desirable at an earlier stage within the framework of the UCC

- 1. Reduced inspection intensity: Art. 123-02 and Art. 123-02a (MCCIP)**
- 2. A more positive classification as regards risk analysis: Art. 123-02 and Art. 123-02c (MCCIP)**
- 3. Exemption from guarantees; not AEO Status but “some of the prerequisites”: Art. 322-07 (MCCIP)**
