



Mutual recognition of Trade Partnerships

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Overview

- C-TPAT and AEO in Context
- EU AEO Program – Key Elements
- The concept of Mutual Recognition
- EU – US Negotiations on Mutual Recognition
- The EU – US Mutual Recognition decision
- Implementation of the decision
- Benefits



EU-AEO in a nutshell

- **9/11/2001**
- **C-TPAT program (kick-off in Nov 2001)**
- World Customs Organization – **SAFE Framework of Standards 2005**
- EU adopted **security customs legislation** in 2005
- **AEO program development** from 2005 - 2007
- AEO became **operational in January 2008**



The EU AEO Key Elements

- **Focus on: Customs Simplifications and Security**
- Therefore three types of Certificates:
 - AEOC / Customs Simplifications
 - AEOS / Security and Safety
 - AEOF / Full (Customs Simplifications + Security and Safety)
- **Membership** covers the whole inbound and outbound international supply chain (manufacturers, exporters, **customs brokers, freight forwarders**, logistic providers, carriers, importers etc.)

Requirements

- appropriate **record of compliance** with customs requirements;
- satisfactory system of **managing commercial** and, where appropriate, transport **records**
- Proven financial solvency

and:

- **for AEO Safety and Security**, appropriate security and safety standards;

Benefits - AEO Customs simplifications

- Easier admittance to **customs simplifications**
- **Benefits with regards to fiscal controls:**
 - **Fewer** physical and document based **controls**
 - **Priority treatment** if selected for controls
 - Possibility to request a **specific place for such control**

Benefits – AEO Security and Safety

- **Reduced data set** for summary declaration
- Benefits with regards to **security controls**:
 - **Fewer** physical and document based **controls**
 - Possibility of **prior notification**
 - **Priority treatment** if selected for controls
 - Possibility to request a **specific place for such control**
- **Participation in Mutual Recognition**

AEO Membership Statistics (as of 10/03/2012)

- 11 901 AEO certificates issued since January 2008:
 - AEOC (customs simplification): 5 789
 - **AEOS+AEOF (security or full AEO, eligible for mutual recognition): 6 112**
 - **AEO (S+F) operators which have given consent for the transmission of their data: 4 910**
- *-> 80% (4910/6112) of eligible AEOs have opted to take part in mutual recognition.*

The concept of Mutual recognition (WCO SAFE)

Participating customs administrations

- Recognise the validations/authorisations of the other program

and

- Provide substantial, equal and reciprocal benefits to members of the other program



EU – US Mutual recognition – milestones

- **2004 – Amendment of EU / US CMAA**
- **Start of MR discussions in 2006**
- **AEO – US Pilot 2007**
- Transatlantic Economic Council (TEC) 2007:
Lighthouse project "Secure Trade"
- **2010/2011 Joint Validations** in 27 EU MS and the US

The Signature – 4 May 2012, Washington DC



EU – US JCCC Decision

- **Recognising** *that examination of the CTPAT and AEO programmes revealed that their qualification standards are compatible*
- **Deciding** *that the trade partnership programmes of the EU and the US are mutually recognised to be compatible*
- **Deciding** *that each customs authority treats operators holding a membership status under the other customs authority's programme in a manner comparable to the way it treats members in its own partnership programme*

"Phased-in" IT-implementation

Phase 1

- Interface Control document (ICD) signed in February 2012
- Transmission of AEO data by EU to USA on a daily basis in an automated fashion
- US Web-application on EORI/MID association
- Operational since July 2012

Phase 2

- Phase 2 Interface Control Document signed (ICD) on 30/8/2012
- Transmission of CTPAT data by USA to EU
- Will be operational from January 2013

The benefits of Mutual Recognition

- According to the decision, Section III/1:
"Each customs authority treats operators holding a membership status under the other customs authority's programme in a manner comparable to the way it treats members in its own partnership programme, to the extent practicable and possible and consistent with applicable law and policy"

Benefits

- **Reduced risk scores:** *This favourable treatment includes, in particular, taking favourably into account in its risk assessment, for the purpose of the conduct of inspections or controls, the respective membership status of an operator authorised by the other customs authority... .*
- Fewer controls, **shorter border crossing times**
- Benefits concerning (re-)validations (for CTPAT operators that are EU AEOs)



- **Recognition** as secure and safe business partner by **EU/US customs administrations**
- **Improved marketability in the EU and the US** and proven compatibility with AEO / CTPAT programme expected to enhance business opportunities as many companies are expected to require trusted trader status from their trading partners.

THANK YOU !

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