Maintaining the AEO Certificate
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Introduction

Comparison of AEO Status in Latina America and in the European Union

Objective of the presentation
“Partnership” is the cornerstone of the AEO concept

- **Customs-to-Business** partnership for customs facilitations and security-safety purposes.

- **Business-to-Business** partnership to maintain the development of the trade in a secured framework.

- **Customs-to-Customs** co-operation: their capacity building is strengthened in order to secure international flows of goods

- **Main goal for stakeholders:**
  - securing international flows of goods
  - facilitate legitimate trade
- WCO SAFE Framework of standards
- EU Regulation on Safety Amendment
- Codified until 30 April 2016 in the Community customs code and the implementing provision of the CCC
- Guidelines on the self-assessment audit (several version)
- From 1st May 2016: rules codified in Union Customs Code (UCC Art 38-39) and the Implementing Act (Art. 24-28).
- AEO Guidelines approved by the CCC-GEN (AEO subsection) on 11 March 2016

Customs Law Art. 100-A / Miscellaneous Customs Ruling. Rule 3.8.1 Section II- L

Mexican Customs Law stated that among other “low risk traders” those that implement security standards for supply chain, can be certified under Mexican AEO Program named NEEC

The AEO logo is copyrighted and the rights belong to the European Union. Any abuse will be pursued according to EU law.
Main differences between
Latin America (Mexico) & the European Union AEO status

- Certification (Accreditation further to the UCC) only granted to a legal entity having an economic independence NEVER GRANTED to a Group of companies

- Applicable to importations and exportations

- Mutual recognition agreement only applicable to AEOS

- Risk of revocation of the AEO status in case of violation of one of the criteria and any major change of situation not reported to the Customs authorities. New application for an AEO authorisation will not be accepted within three years from the date of revocation.

Argentina: SAOC (Customs System of Reliable Operators / 2006 / AFIP-Customs.
Bolivia: AEO / 2014 / Customs
Brazil: AEO / 2014 / Customs
Chile: AEO/ 2013/ Customs
Colombia: AEO / 2011/ Dian and OGAs
Costa Rica: PROFAC/ 2011 / Customs
Guatemala: AEO / 2008 / SAT-Customs
Dominican Rep: AEO/ 2012/ Customs
Peru: AEO / 2012 / SUNAT
Uruguay: OEC / 2013 / Customs
TWO MAIN GOALS:

- Identify those traders that represent a minor risk for international security.

- Improving competitiveness and implementing selection criteria to grant facilitation benefits.
✓ Demonstrate good standing on corporate matters.
✓ Demonstrate good standing on tax and customs burdens.
✓ Some times, government fees apply.
✓ File an application and attached security profile.
IMPLEMENTING A SECURITY PROFILE:

- Corporate commitment, internal compliance standards and policies.
- Documentation of all processes and procedures.
- Security at all premises involved for trade activities.
- Commercial partners.
- Human Resources /Security criteria.
- Security protocol for IT, documents and information.
- Security for vehicles and transportation.
- Risk analysis, research of security incidents.
- Training and continuous improvement
BENEFITS TRANSLATE IN TRADE FACILITATION:

- Express lanes.
- Less inspections at ports.
- Hand carrier benefits.
- Regularization of entries
- Longer terms of temporary stay for goods.
- Simplification of transferring of materials.
The AEO status can be granted to any economic operator meeting the following common criteria (Article 39 of the Union Customs Code (UCC)):

<table>
<thead>
<tr>
<th>Conditions &amp; criteria</th>
<th>AEOC Customs simplifications</th>
<th>AEOS Security Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance with customs legislation and taxation rules and absence of criminal offences related to the economic activity.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Appropriate record keeping.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Financial solvency.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Proven practical standards of competence or professional qualifications. NEW with the UCC !</strong></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Appropriate security and safety measures.</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

The AEO status granted by one Member State is recognised by the customs authorities in all Member States (Article 38 (4) UCC).
Benefits of the AEO Status in the European Union

**AEOC**

- Easier admittance to customs simplifications
- Fewer physical and document-based controls related to customs legislation
- Prior notification in case of selection for customs control (related to customs legislation)

**Indirect benefits:**
- Recognition as a secure and safe business partner, improved relations with Customs and other government authorities;
- Reduced theft and losses; Fewer delayed shipments; Improved planning; Improved customer service;
- Improved customer loyalty; Lower inspection costs of suppliers and increased co-operation etc)

**AEOS**

- Fewer physical and document-based controls related to security & safety
- Prior notification in case of selection for physical control (related to safety and security)
- Mutual Recognition with third countries

**Priority treatment if selected for control**

**Possibility to request a specific place for customs controls**
Mutual Recognition Agreements signed by the EU

Objectives of the Presentation

- Monitoring on a regular basis the certified company in order it still complies with the AEO criteria:
  - internally
  - with partners involved in the international supply chain
  - With Customs authorities.

- Being in a continuous improvement process

- Make your security profile a source of your companies culture.
Part I – In-House actions

A. Share Information & Communicate

B. Maintain a good knowledge on Customs International trade and Security key issues
A. Sharing views internally

1. **Maintaining an AEO Working group** to follow-up and to ensure that the AEO processes are maintained.

2. Organizing every **15-days or monthly AEOC/S Group meetings**:
   - raising difficulties,
   - finding solutions,
   - stressing the best practices
3. Setting up with the **Management** a **monthly steering committee**:

   a) Resume of the meeting of AEO Group: refreshing on the AEO criteria, stressing the pending point in priority, listing difficulties and enhancing the best practices

   b) **Raising questions on any project that may impact the AEO certificate** (change of legal entity, tax & logistics & customs restructuring, change of logistics platform under bound, change of Importer of record in the Group)

   c) Listing difficulties / Requesting for validation of major corrective actions, Submitting needs (more Human resources, more investment in security, additional trainings, …)

4. **Yearly reporting to the hierarchy** (Finances or General Director or CFO/CEO)

5. **Communication**:
   a) on the Intranet of the company
   b) Soft communication on the Internet website of the company
Part I – In-House actions

A. Sharing views

B. Maintaining a good knowledge on Customs International trade and Security key issues

1. Creating, Developing and Strengthening the professional trainings on Customs & International trade + Security issues.

   *Nota Bene of the UCC: new criteria Proven practical standards of competence or professional qualifications.*

   1. Involving all the teams/departments impacting in the supply chain the international flows of goods and bonded storage of goods, transportation via transit procedure.

   2. Updating the documented processes (data sheets, data base, etc.).

   3. Monitoring & Testing: performing a yearly AEO audit based on the Self-assessment Questionnaire
Part II – Relationship with Stakeholders

1. Business-to-Business relationship

2. Relationship between Customs and with Customs Authorities
1. Feedback on your proper actions
Who are they?

- Suppliers
- Sub-contractors
- Security Service providers
- Customers
- Customs agents
- Transportation
- Bank
- Any Stakeholder
- Security Service providers
- Sub-contractors
- Customers
- Customs agents
- Transportation
- Bank
- Any Stakeholder
AEO status: an essential prerequisite in the European Union

To be or not to be AEO with the UCC:

• AEO accreditation becomes an essential prerequisite.

• The UCC strongly encourages companies to become AEO accredited, in order to keep or maintain specific customs related facilitations and simplified procedures.

• Some facilitations still do not require AEO accreditation … but they do require that almost all AEO criteria are met. The applicant for a ”centralized clearance” or a ”self-assessment” have to pass on the self-assessment audit used to be AEO accredited.

• Two types of AEO licenses under the UCC: ”Customs simplifications” and ”Security and safety.” A new criterion for AEO applicants is the requirement to have ”practical standards of competence or professional qualifications.”
Part II – Relationship with Stakeholders

A. Business-to-Business relationship

2. Audits organized in some partners’ premises:

   a) stressing good practices

   b) identifying risks and requesting or participating to corrective actions

   c) action plan with deadlines
RISK ANALYSIS

- Continuous evaluation of critical situation.
- Evaluate threats inside and outside the company.
- Keep your personnel safe.
- Create a direct contact with authorities involved in security matters along your logistic routes.
B. Authorities

1. How are they organized in the Customs Union? (example of France):

- DGDDI (E3 Office Task Force)
- Regional Directorate
- SRA (AEO audit)

EU

- Council & Parliament
- Commission

FRANCE

WCO

- SAFE FRAMEWORK
- difficulties

SRA performs audits based on Self-assessment questionnaire (SAQ)

SRE (Investigation Regional Service) in charge of collecting duties and taxes for EU and French Budgets
B. Authorities

1. Sharing best practices with its local customs key contact on AEO status

2. Raising difficulties: implementation of a process, lack of Mutual recognition with another country

3. Sharing views with the SAT / Local central office in the EU and also the EU Commission (TAXUD Directorate)

4. Co-operation between Countries notably on Security actions and Safety measures at the worldwide level
Information to be shared with customs authorities

“The holder of the decision shall inform the customs authorities without delay of any factor arising after the decision was taken, which may influence its continuation or content” (Article 23 (2) UCC).

The Guidelines lists a number of indicative (non comprehensive) situations, which may have both an impact on the content of the AEO authorization and / or on the criteria they have to fulfil according to Article 39 UCC.

- Change in the company management or structure, for instance:
  - new owner,
  - new person in charge of the applicant or controlling its management or new employee(s) in charge of customs matters

Compliance (Article 39 (a) UCC + Article 24 UCC IA)

Any serious or repeated infringement of customs legislation, taxation rules or serious criminal offences relating to the economic activity (e.g. being convicted of deception, bribery, corruption) by:

- the applicant,
- the person in charge of the applicant company or exercising control over its management,
- the employee in charge of the applicant's customs matters.
Conclusions:

- **What do you expect** (representative of the authorities / Private sector repres.) from?
  - the management of the AEO certified company
  - the customs / tax authorities
  - the SAT authorities
  - other foreign customs authorities within the context of Mutual Recognition Agreement
  - the WCO

- **What else?** Any questions

- **Summary of a proposal of action plan by Speakers**
Contact details of Speakers

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