

# **Frequently Asked Questions**

## **China-EU Authorised Economic Operators Mutual Recognition Decision**

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## **I. Background**

On May 16th, 2014, the People's Republic of China and the European Union (EU) signed a decision on the mutual recognition of their respective trade partnership programmes, namely the Measures on Classified Management of Enterprises (MCME) Programme in China and the Authorised Economic Operator (AEO) programme in the EU ([the Decision](#)).

The Decision was signed in Beijing by Yu Guangzhou, Minister of General Administration of Customs of China, and Algirdas Šemeta, European Commissioner for Taxation and Customs Union.

The Decision recognises compatibility between the People's Republic of China and the EU trade partnership programmes. Each customs authority will treat members of the other customs authority's programme in a manner comparable to the way it treats members of its own programme.

MCME (replaced with effect from 1 December 2014 by the Interim Measures of Customs Administration for Enterprise Credit Management - IMECM) is a partnership programme administered by GACC based on the World Customs Organisation (WCO) SAFE Framework of Standards (SAFE) and National Social Credit System requirements. It is used as a credit-management tool, applies the principle of providing facilitations to enterprises acting in good faith and in compliance with laws and penalising those losing creditworthiness and breaking laws, helps providing a common standard for trade security and facilitation, and allows for better transparency by providing closer collaboration with other related authorities of the State and the customs administrations of other countries or regions to promote mutual exchange of information, mutual recognition of supervision, and mutual assistance in law enforcement.

AEO is a partnership programme administered by the EU, based on the WCO SAFE, which is used as a risk-assessment tool, provides less redundancy and duplication of efforts, helps provide a common standard for trade facilitation, and allows for better transparency by providing closer collaboration among customs administrations and between customs administrations and members of their trade partnership programme.

The Mutual Recognition Decision entered into force on 3 November 2015.

## II. General Questions

### 1. What is mutual recognition of trade partnerships programmes?

Established by the WCO SAFE Mutual recognition (MR) is an agreement/arrangement by which a Customs administration that has an AEO programme in place recognises the compatibility of another Customs administration's trade partnership programme. Each party agrees to treat 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 trade partnership programme, to the extent practicable and possible. This 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 in order to facilitate trade and encourage the adoption of effective security-related measures. MR implementation requires the exchange of programme information between the customs authorities of the two parties.

By linking the various trade partnership programmes through MR, a unified and sustainable security structure is created that increases security of and facilitates global cargo trade.

The WCO SAFE identifies MR as a key element to strengthen and facilitate end-to-end security of international supply chains and as a useful tool to avoid duplication of security and compliance controls.

The People's Republic of China and the EU have entered into a number of Mutual Recognition Agreements/Arrangements (MRA) with key trading partners.

The EU has signed six MRAs with Japan, Switzerland, Norway, Andorra, the United States of America and China. See the [details of these MRAs](#).

The People's Republic of China has signed four MRAs with Singapore, Korea, Hong Kong, China and the EU by the end of 2014. See the [detailed information](#) on these MRAs.

### 2. Which economic operators benefit from the *China-EU AEO MR*?

#### a) In China

Holders of Advanced Certified Enterprise (ACE) certificates are eligible to benefit from the Decision.

#### b) In the EU

Holders of AEO authorisations with the safety and security component (AEOS or AEOC/AEOS) that have given their consent to the exchange of information with third countries for the purposes of mutual recognition are eligible to benefit from the Decision.

### 3. What kind of data will be automatically exchanged for the purpose of implementing this MRA?

Details to be automatically exchanged between the EU and China on AEOs/advanced certified enterprises include:

- (a) the name of the AEO concerned;
- (b) the address of the AEO concerned;
- (c) the status of the AEO concerned;
- (d) the validation or authorisation date;
- (e) suspensions and revocations;
- (f) the unique authorisation number (e.g. EORI or AEO numbers); and
- (g) other details that may be mutually determined between the Customs Authorities, subject, where applicable, to any necessary safeguards.

**4. How is the data exchanged and how is the security, confidentiality and intactness of the data exchanged ensured?**

Data is exchanged automatically every 24 hours through official government channels. Data is encrypted and the exchange mechanism put into place is protected by firewalls, security certificates, and other protective measures to ensure that the information is not compromised by anyone.

**5. Does the enterprise have the right to effective administrative and judicial redress, if it raises objections to the information exchanged?**

Yes. AEO enterprises or individuals regardless of their nationality and country of residence have the right to effective administrative and judicial redress, including in respect of any personal data which may be exchanged pursuant to the Decision. AEO enterprises or individuals can address the relevant authority seeking administrative and judicial redress in their resident country or the MR partner.

For the EU, the relevant data protection authorities are the [European Data Protection Supervisor](#) and the Member States' data protection authorities, and for China that authority is the General Administration of China Customs.

**6. Will there be any changes to the validation/audit process of the participants of both programmes?**

Each competent customs authority will continue to perform the checks (validations/audits and re-validations/assessments) on the companies that are located in its territory.

The audit process will be facilitated as business partners holding a certificate or authorisation of the other party are accepted as secure business partners during the application process.

### III. Benefits

#### **7. What are the benefits the mutually recognised AEOs in China-EU AEO MRA can enjoy?**

The benefits are described in Article 4 of the Decision and include, in particular:

- (a) **Fewer security and safety related controls:** each Customs Authority takes the status of a Programme Member authorised by the other Customs Authority favourably into account in its risk assessment to reduce inspections or controls and in other security and safety-related measures;
- (b) **Recognition of business partners during the application process:** each Customs Authority takes the status of a Programme Member authorised by the other Customs Authority into account with a view to treating the Programme Member as secure and safe partner when assessing the business partners requirements for applicants under its own Programme;
- (c) **Priority treatment at customs clearance:** each Customs Authority takes the status of a Programme Member authorised by the other Customs Authority into account in ensuring priority treatment, expedited processing, simplified formalities and expedited release of the shipments where the Programme Member is involved;
- (d) **Business continuity mechanism:** both parties endeavour to establish a joint business continuity mechanism to respond to disruptions in trade flows due to increases in security alert levels, border closures and/or natural disasters, hazardous emergencies or other major incidents, where priority cargos related to Programme Members could be facilitated and expedited to the extent possible by the Customs Authorities.

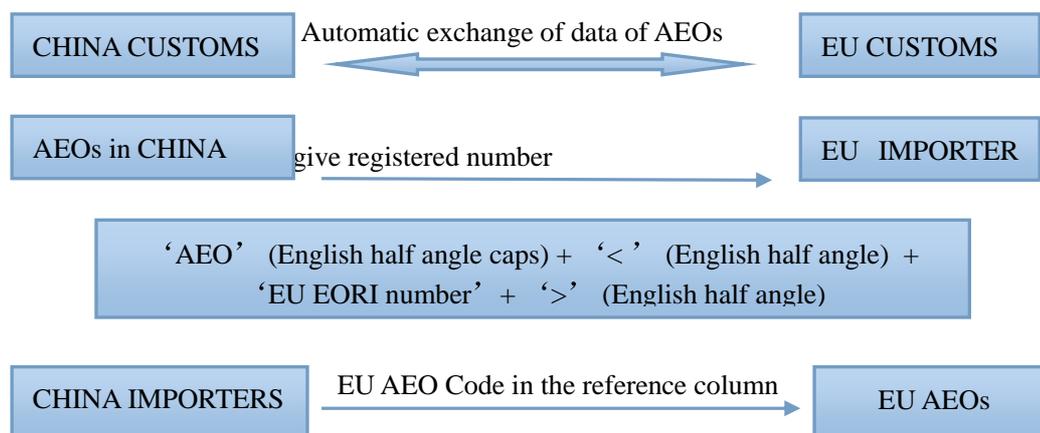
#### **8. My AEO authorisation or Advanced certified enterprise certificate has been suspended/revoked. Do I still get benefits under MRA?**

No. Only active AEOs or advanced certified enterprises with a valid status are eligible to receive any potential benefits out of a MRA.

#### **9. What does ‘unilateral suspension of benefits’ means?**

During the practical implementation of the Decision, each Customs Authority has the right to suspend for a certain period of time the benefits provided to Members of the other Customs Authority’s Programme.

## How to get benefits?



## Operators in the EU

### 10. I have not given my consent for the exchange of information with third countries; can I benefit from the Decision?

No. To comply with EU Data Protection legislation only the data of AEOs that have provided their written consent is exchanged with partner countries.

### 11. How can I provide my consent in order to benefit from the Decision?

Normally this consent is provided to the national customs administration at the time of submitting the application for an AEO authorisation. In any case, this consent can be provided or withdrawn at any time by the AEO applicant/holder. In order to provide/withdraw the consent you can contact the Member State where you applied for the AEO authorisation. You can find the list of AEO national contact points through the following link:

[http://ec.europa.eu/taxation\\_customs/resources/documents/customs/policy\\_issues/customs\\_security/aeo\\_contacts\\_for\\_traders\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/policy_issues/customs_security/aeo_contacts_for_traders_en.pdf)

### 12. I am a holder of an AEOC authorisation. Can I benefit from the Decision?

No. (See question 2)

### 13. How can an eligible EU AEO enterprise obtain fewer security and safety related controls and priority treatment at customs clearance by China Customs?

An AEO enterprise authorised by the EU and exporting directly to China can enjoy the facilitation benefits provided by China Customs. However, the Chinese importer shall

fill the **EU AEO code** (which is based on the EORI number, see below) in the reference column, when it files the declaration form to China Customs.

EU AEO companies which intend to make use of this benefit are requested to inform their Chinese importer about their EU EORI number accordingly.

**The EU AEO code** has to be written in this pattern:

‘AEO’ (English half angle caps) + ‘<’ (English half angle) + ‘EUEORI number’ + ‘>’ (English half angle), for example, the EU EORI number FR123456789012345 should be written as AEO<FR123456789012345>.

The screenshot shows a customs declaration form with various fields. The 'Remarks' field (备注) contains the text 'AEO<FR123456789012345>', which is circled in red. Other fields include 'Import Origin' (申报地海关) set to 'Shenzhen' (深圳), 'Contract No.' (合同协议号) '2014HWSGX03', and 'Trade Terms' (成交方式) 'FOB'. The 'Goods List' (商品列表) table shows one item with 'HS Code' (商品编号) '85371090' and 'Quantity' (数量) '4'. The 'Declaration Type' (报关单类型) is '有纸报关' (Paper Declaration).

China Customs will check the code with the information exchanged from EU, and if it is identical, the facilitation benefits will be granted during the import or export clearance procedure.

Legal basis: Article 4 (a) and (c) of the Decision

#### 14. How can an eligible EU AEO benefit from the recognition of business partners during the application process ?

EU companies applying for AEO status in the EU may indicate the AEO number of any business partner they may have which is a Chinese advanced **certified** enterprise (name, address, AEO number] in the AEO Self-assessment questionnaire under section 5.11.

When a company applies for AEOS or AEOC/AEOS status in the EU and have business

partners who are class advanced **certified** enterprises, these business partners are considered safe and secure and generally no additional requirements (security declaration etc.) will be asked from them.

Legal basis: Article 4 (b) of the Decision

## **Operators in China**

### **15. How can a Chinese advanced certified enterprise obtain facilitation benefits regarding fewer security and safety related controls and priority treatment at customs clearance in the EU?**

In order to enjoy the benefits, advanced certified enterprises will have to be recognized in the particular declaration concerned in the EU . This is done through the declaring of their AEO number (issued by GACC) in the respective data fields.

The following possibilities exist:

(a) goods brought into the customs territory of the EU from China:

- entry summary declaration - ‘consignor’ field; ‘carrier’ field ‘notify party’ field;
- customs declaration for free circulation – ‘consignor’ field; ‘carrier’ field;
- transit customs declaration - ‘TRADER Consignor-security TIN’ field; ‘TRADER Carrier TIN’ field.

(b) goods leaving the customs territory of the EU to China:

- export customs declaration – ‘TRADER Consignee TIN’ field;
- transit customs declaration – ‘TRADER Consignee-security TIN’ field;
- exit summary declaration – ‘TRADER Consignee TIN’ field.

These declarations are lodged in the EU, so the China advanced certified enterprises have to provide their AEO number (issued by GACC) to their business partners in the EU, so that they can declare them in the particular declaration concerned.

Legal basis: Article 4 (a) and (c) of the Decision

### **16. How can an eligible Chinese advanced certified enterprise benefit from the recognition of business partners during the application process?**

Chinese companies which apply for advanced certified enterprise membership in China can indicate any EU business partners they may have that are AEOS or AEOC/AEOS to China Customs.

Legal basis: Article 4 (b) of the Decision

**17. Will there be more benefits in the future?**

Under the consultation of both sides' Customs Authorities, each may provide further facilitation benefits, including streamlining processes and increasing the predictability of cargo release, to the extent possible, in cooperation with other government authorities.

**18. I am a holder of a general certified enterprise certificate. Can I benefit from the Decision?**

No. (See question 2)

## **IV. Help Desks / Contact Points**

### **European Union**

[European Commission/Authorised Economic Operator](#)

[EU Member States' contact points](#)

[Competent Customs Authorities Query](#)

### **China**

General Administration of Customs of the People's Republic of China

Website: <http://www.customs.gov.cn>

— <http://credit.customs.gov.cn>

E-mail: [aeo@customs.gov.cn](mailto:aeo@customs.gov.cn)

Helpline: 12360

## V. Table of Abbreviations

AAE	Advanced Authorised Enterprise
AEO	Authorised Economic Operator
AEOC	AEO authorisation – Customs Simplifications
AEOS	AEO authorisation – Security and Safety
ENS	Entry Summary Declaration
EORI	Economic Operator Registration Identification
EU	European Union
GACC	General Administration of Customs of the People's Republic of China
IMECM	Interim Measures of the General Administration of Customs of the People's Republic of China for Enterprise Credit Management
MCME	Measures of the General Administration of Customs of the People's Republic of China on Classified Management of Enterprises
MR	Mutual Recognition
MRA	Mutual Recognition Agreement/Arrangement
MS	Member State of the EU. The 28 MS are:  Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy, Latvia, Lithuania, Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden; and the United Kingdom.
TAXUD	European Commission, Directorate-General Taxation and Customs Union
WCO	World Customs Organisation
WCO SAFE	World Customs Organisation's <i>Framework of Standards to Secure and Facilitate Global Trade</i>

Document developed by China Customs and the European Commission's Directorate General Taxation and Customs Union, October 2015