



Frequently asked questions on: Supply Chain Security

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1. Will the implemented AEO measures be applied uniformly in the customs territory?

Yes, as far as the AEO authorisation is concerned, detailed AEO guidelines were elaborated to ensure uniform interpretation by all customs administrations. The AEO Authorisation will be given according to uniform criteria in all Member States and will be recognised in all Member States.

Furthermore, guidelines will also be developed for risk management. These will be destined only for customs and will contribute to a uniform approach as regards risk analysis in the EU - thus ensuring that the same risks are treated with the same measures in all Member States.

2. What are the advantages of getting an AEO authorisation?

Reliable and compliant traders will benefit from simplifications in the **customs procedures** and/or from facilitation with regard to customs controls relating to **safety and security**.

AEO authorisation may be informed that their consignment has been selected for controls and will get priority treatment for controls.

They are subject to fewer controls as they would be considered as secure partners by customs and as their compliance and reliability would have been thoroughly checked when the AEO Authorisation was given.

Authorisation The AEO status granted by one member State is recognised by the customs authorities in all Member States.

The AEO concept aims to enhance international supply chain security and to facilitate legitimate trade. The concept is strongly based on the partnership of customs with the economic operator. It will provide a competitive advantage to participating companies.

3. Does the Commission envisage mutual recognition of the AEO standards (security facilitation) with third countries?

Holders of AEO authorisations with the safety and security component (AEOS or AEOC/AEOS) are eligible to participate in Mutual Recognition. They have to provide their written consent to exchange company details with partner countries (e.g. name, address, identifier).

Mutual Recognition Agreements (MRA) have been concluded with a couple of the major trading partners of the EU.

The Community has concluded agreements with the US, China, Japan, Norway, Switzerland and is negotiating with Canada and Hong Kong customs.

The objective of this co-operation is to achieve mutual recognition of our security standards and of the AEO authorisation . .

4. Will the same criteria apply to all economic operators? Will it be possible for SMEs to get an AEO Authorisation?

The same criteria will apply to all economic operators wishing to get an AEO Authorisation. However, these criteria are flexible and will be implemented through different measures. This means that while a small company will have to implement the same criteria as a big company, it will implement it through different practical measures. A small company consisting of 15 employees working in a small building where it is visible who enters/leaves the building wouldn't need a video-camera or a security officer at the entrance. In a big company where 150 employees are working in three different buildings and where trucks regularly deliver and fetch goods, there is obviously a need for a

security officer at the entrance who checks identities of people/trucks entering and leaving the premises.

5. Who will be able to become Authorized Economic Operator?

Any economic operator involved in the supply chain who fulfils the AEO requirements and who is established in the customs territory of the Union will be able to become AEO. The system is flexible enough to allow manufacturers, warehouse keepers, customs agents, exporters, freight forwarders, carriers and importers complying with the set out criteria and becoming AEO. While there is no legal obligation to become AEO, the Commission expects that many economic operators will put some pressure on their providers and partners so that AEO would in the long term have interest to work with other AEOs. The more AEOs are involved in the supply chain, the more secure the supply chain is. The status of the AEO will thus become more and more attractive for economic operators.

6. Does the introduction of the AEO authorisation mean that someone who is not AEO will be in a disadvantageous situation in comparison with today?

No. The AEO authorisation grants benefits for AEO but will not take away advantages that economic operators have today outside the AEO status.

7. Does the Commission expect extra costs for traders to implement these measures?

This regulation is based on a balanced approach between security and trade facilitation. It requires economic operators to provide customs authorities with electronic information on goods prior to import into or to export from the EU, and at the same time, provides reliable traders with trade facilitation measures (Authorised Economic Operator concept). Prior information sent to customs before departure of the goods will allow the authorised economic operators to know in advance whether their goods will be checked by customs upon arrival or departure, thereby allowing them to gain time and money.

Traders wishing to benefit from the authorisation will not have to put in place a great number of additional measures, as most companies already have in place security requirements, for example to prevent illicit access to their premises or for insurance purposes. Furthermore, the security measures will depend on the features of the respective company.

8. What are the main benefits of the introduction of the export control system for traders?

Customs authorities will exchange electronic messages instead of paper based declarations: this would allow quicker certification of export for traders which will improve legal certainty with regard the 0% VAT rate applied on exports.

The paper-based document (Copy No 3 of the Single Administrative Document) certifying the exit of the goods will be replaced by an electronic message, so that the risk of lost documents (and thus the risk of not being relieved from VAT) will be reduced significantly.

9. What are the time limits for traders to provide information before the goods entering or leaving the EU customs territory?

The EC tried to align the time-limits with the ones set out in the World Customs Organisation (WCO) SAFE Framework of Standards. The WCO time-limits were adapted where necessary to take the geographic situation of Europe into consideration (for example short sea shipping between Morocco and Spain).

There are different time limits for different means of transport. They vary between 24 hours before loading (container sea cargo in certain cases) and 30 minutes prior to departure (air traffic).

Shorter time-limits will apply between neighbouring countries with which mutual recognition of control results and security measures will be agreed. Agreements could foresee that the risk assessment is carried out by the country of export, in which case the time-limit for transmission of data could be reduced to zero (for example vis-à-vis Norway, Switzerland and Andorra).

The time-limits are set at the shortest time possible to allow for effective risk analysis by customs and take account of the various types of trade and modes of transport and of international agreements.

10. Won't pre-departure declarations impose additional burdens on EU traders, particularly exporters, and have a negative effect on their competitiveness?

No. The impact upon traders is likely to be minimal. In the vast majority of cases, pre-departure declaration will be by the use of the customs export declaration itself, which will add no additional burden on Community exporters at the actual time of export. Except where the two are the same place, exporters already normally present their export declaration at the office of export long before the goods arrive at the customs office of exit. Even in those cases where summary declarations will now be required for goods leaving the Community, the declarations required will never involve more onerous obligations than those imposed by many third countries, for example the declaration required 24 hours before shipment by the United States. In fact, if the Community can assure the safety of its own exports then its trading partners will have less need to impose increased controls at import, which should provide a competitive benefit to EU exporters.

11. Why does the Regulation provide for pre-departure declarations for all exports from the Community?

The Community needs to ensure a global approach to security and safety for exports to all countries. The Community's commitment is to protect not only its own trade and citizens, but those of its trading partners as well. The Community has therefore looked beyond measures restricted to purely reciprocal arrangements and to the control of imports and looks to promote international standards founded upon risk-based controls of exports as well. This global approach is widely supported by Member States and by trade organisations. The aim is to ensure a proper balance between customs controls and the facilitation of legitimate trade.

12. What data will be needed for these prior declarations?

The data is set down in the implementing provisions that support the Regulation. The data sets are the minimum required for effective risk analysis and do not vary greatly from that which is currently required for export customs declarations. A large amount of additional data is not required, even though this is to some extent an inescapable consequence of the safety and security concerns that have led to these measures.

13. How will the Regulation benefit traders?

Prior declarations will improve risk-analysis, particularly when combined with uniform Community risk-selection criteria for controls that are supported by computerised systems and the exchange of information between customs administrations and other relevant authorities such as police and veterinary services, and open the way for total pre-selection for controls. It will be possible for customs resources to be better deployed and this will result not only in better security but also in the instant release of all legitimate goods upon their arrival at offices of entry and exit. This speeding up of border processing will benefit Community traders and will counterbalance, if not even outweigh, any cost or disadvantage of having to provide information earlier than is currently required and electronically rather than on paper.

14. Have traders been consulted about the Regulation?

Yes. Consultation with trade representative groups and other stakeholders has been a key part of the deliberations and their views and concerns have been fully considered. This is reflected in the fact that the Regulation incorporates many amendments to the original text which ensure greater clarity, such as in the definition of the role of customs offices, and more flexible and less burdensome legislation, such as that for goods leaving the Community the customs declaration is treated as the pre-departure notice. The general provision for the accreditation of authorised economic operators was also introduced as a result of these trade consultations.

The Commission has also undertaken to involve businesses in drawing up the provisions that will implement various elements of the Regulation.

15. Is the safety and security of goods crossing Community borders mainly a matter for customs authorities?

Within the EU, the Member States themselves designate the competent authorities for this purpose and the police may also be involved. But the fact that customs operate at international borders give them an essential role in this area. The EU's Council of Ministers in November 2003 adopted conclusions acknowledging the important role of customs at the EU's external borders.