



SECURITY AND FACILITATION IN THE INTERNATIONAL TRADE SUPPLY CHAIN - SECURITY ACQUIS

Susanne Aigner
European Commission





Changing environment & New challenges for customs

- **Increasing globalisation of trade and crime**
- **Increasing threat of terrorist acts**
- **Increasing interconnectivity and interdependency of countries**



CHANGING ROLE FOR CUSTOMS

- **Traditional approach: primary concern of customs are fiscal matters and revenue collection**
- **New tasks and new challenges due to increasing concerns for safety and security**



CHALLENGE FOR CUSTOMS

In the light of the new tasks, customs have to ensure, among other:

- Protection of citizens and their interests while facilitating legitimate trade**
- Interoperable IT systems as a means to fight fraud and increase security while not hindering trade**



EC CUSTOMS APPROACH ON SECURITY

- **Integration of security aspects in customs controls and authorisations for traders**
 - ◆ **ensure that responsibilities are specified**
 - ◆ **integration of security aspects in customs controls**
 - ◆ **increased emphasis on export controls**
 - ◆ **ensure that data can be electronically exchanged**
 - ◆ **support a single window concept**
 - ◆ **integration of security aspects in authorisations for simplified procedures**



EC Customs approach on security



CONTROL STANDARDS

- ◆ Commonly agreed control standards and risk indicators
- ◆ Close cooperation with other services and customs administrations of third countries

TRADE FACILITATION

- ◆ Authorised economic operator program
 - ◆ simplified customs procedures
 - ◆ facilitation on security requirements



EC Customs approach on security



CONTROL STANDARDS

- ◆ New Challenge for customs and trade
- ◆ Measures go beyond normal customs controls

TRADE FACILITATION

- ◆ AEO: Current simplifications
- ◆ AEO security: new benefits in area of security



EC Customs approach on security



CONTROL STANDARDS

- ◆ Objective: Mutual recognition of security standards and control results
- ◆ Result: green lanes

TRADE FACILITATION

- ◆ Objective: Mutual recognition of authorised economic operators
- ◆ Result: AEO benefits from facilitations in third countries



EC Customs Security Initiatives

- **Amendments to the Community Customs Code – Regulation n° 648/2005**
 - ◆ **require traders to provide customs authorities with information on goods prior to import to or export from the European Union (Articles 36a/182a)**
 - ◆ **provide reliable traders with trade facilitation measures (AEO-concept, Article 5a)**
 - ◆ **introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerised systems (Article 13)**



EC Security Initiatives - Customs

- **Pre-arrival – Pre-departure Information**
 - ◆ **requires traders to provide customs authorities with information on goods prior to import to or export from the European Union**
 - ◆ **enables customs to carry out risk analysis before goods arrive in the customs territory**
 - ◆ **enables customs to focus on high risk consignments due to availability of risk-information at early stage**

Result: allows for more efficient controls and thus better use of resources



EC Security Initiatives - Customs

- **Pre-arrival – Pre-departure Information**
 - ◆ **necessity to provide customs with security-related data within certain time-limits to allow for timely risk analysis prior to arrival or departure of goods**
 - ◆ **specific solutions for specific areas (for example express carriers, delivery of spare parts)**
 - ◆ **necessity to take international developments into consideration (f.ex. WCO Framework of Standards; standards developed by major trading partners like US, NZ)**



EC Security Initiatives - Customs

- **Development of authorised economic operator concept (AEO)**
 - ◆ **Benefits for compliant and reliable economic operators**
 - **Simplifications provided for under customs rules (f. ex. local clearance, guarantee waiver)**
 - **Facilitation with regard to customs controls relating to safety and security (f. ex. lower risk score)**

Result: aims at securing the supply chain by having safe and secure trading partners



The Authorised Economic Operator

3 majors areas:

- **Criteria that have to be complied with**
- **Authorisation procedure**
- **Benefits in the area of facilitation and simplifications for customs procedures**



The Authorised Economic Operator

- **Authorisation**
- **Status is recognised in all Member States**
- **Status attributed according to uniform criteria in all Member States**
- **Facilitations for security granted in all Member States on basis of status as AEO**
- **Simplifications granted in individual Member State but conditions that have already been checked for the AEO status need not to be checked again**



The Authorised Economic Operator

- **Criteria:**
- appropriate record of compliance
- satisfactory system of managing commercial and where appropriate, transport records, which allow appropriate Customs controls
- proven financial solvency
- where applicable, appropriate security and safety standards



The Authorised Economic Operator

- **Criteria:**
- **criteria are the same in all Member States**
- **criteria are however different depending on the type of the company (freight forwarder, importer, manufacturer etc) and also depending on the size of the company**
- **A small company consisting of 2 family members will have to comply with other security criteria than a company with 500 employees**



The Authorised Economic Operator

➤ Security Criteria:

- ◆ buildings constructed of materials, which resist unlawful entry and provide protection against unlawful intrusion;
- ◆ appropriate access control measures are in place to prevent unauthorised access to shipping areas, loading docks and cargo areas;
- ◆ measures for the handling of goods shall include protection against the introduction, exchange or loss of any material and tampering with cargo units;
- ◆ where applicable, procedures are in place for the handling of import and/or export licenses;
- ◆ appropriate measures are in place to distinguish goods subject to import or export restrictions from other goods;



The Authorised Economic Operator

- **Security Criteria continued**
 - ◆ the economic operator implements measures allowing a clear identification of his trading partners in order to secure the international supply chain;
 - ◆ the economic operator conducts, in so far as legislation permits, security screening on employees working in security sensitive positions and interviewing of prospective employees; and includes application verifications and periodic background checks;
 - ◆ active participation in security awareness programmes of the employees concerned.



The Authorised Economic Operator

➤ Suspension

- In case of an irregularity or non-compliance
- For 30 days to enable the AEO to re-dress the situation

➤ Withdrawal

- either if after the delay of suspension, the situation was not corrected
- or, in case of serious irregularity.
- It has to be noted that customs informs the operator before suspending the status to give him the possibility to redress the situation!



The Authorised Economic Operator

- **Benefits linked with security:**
- **Lower risk score related to risk analysis for safety and security purposes**
- **Recognition as safe and secure partner in international trade – status as quality criterion**
- **Less data to be provided for pre-arrival/pre-departure declarations**
- **AEO will have priority treatment for controls**
- **Mutual recognition through international agreements as major benefit and incentive**



The Authorised Economic Operator

- **Simplifications for customs procedures:**
- **All that are currently available – no need to become AEO to benefit from simplifications**
- **Advantage for AEO:**
- **Recognition of status in all MS – customs has to check only those conditions that have not yet been examined by another authority**
- **Under Reg. 648/2005, it is not possible to reserve certain simplifications for the AEO, this will only be possible under the Modernised Customs Code**



Risk Management framework

- **A mechanism for setting uniform EC risk selection criteria for controls is introduced, supported by IT systems**
 - ◆ allows for the application of harmonised risk criteria by all Member States
 - ◆ enables customs to exchange risk-related information by electronic means
 - ◆ enables customs to focus on high risk consignments due to availability of risk-information at early stage

Result: allows for more efficient controls and thus better use of resources



IMPLEMENTATION

The security measures will be implemented through:

- **Reg. 648/2005 – Amendment to CC**
- **Customs Code Implementing Provisions that are currently under discussion in Customs Code Committee (entry into force autumn 2006)**
- **Guidelines in order to ensure uniform application in all MS**
- **Database for the AEO**



FUTURE DEVELOPMENTS

Further developments are expected through the Modernised Customs Code:

- **Reservation of some simplifications for AEOs**
- **Further simplification of customs procedures**



Expected results

The combination of the measures introduced will lead to:

- Availability of more reliable information
- Data requirements are adapted and responsibilities clearly defined
- Better risk management
- Improved controls, including on export

**INCREASED SECURITY
&
TRADE FACILITATION**



International Context

- **Security measures have to be seen against the international background:**
 - ◆ **WCO Framework of Standards**
 - ◆ **Security measures of our trading partners like for ex. US, Canada, New Zealand etc**
- **Objective: Mutual recognition of controls, standards and authorised economic operators through international agreements in view of achieving green lanes and thus facilitation for trade**



International Customs Co-operation

- **Strengthen customs co-operation in view of improving security and facilitating trade**
- **Promote the use of best practices**
- **Share reliable data for risk analysis**
- **Aim at reciprocal systems and at mutual recognition through international agreements**



EC-US CUSTOMS CO-OPERATION on TRANSPORT SECURITY

- **Agreement on expanded customs co-operation, 22 April 2004**
- **10 recommendations adopted by the EC-US Joint Customs Co-operation Committee, 15 November 2004**
 - ◆ **Objective: reciprocity and mutual recognition**
 - ◆ **Based on shared responsibilities and commonly agreed control standards and business partnership programs**
 - ◆ **Extendable to other trading partners**



EC-US Customs Co-operation Recommendations of the expert groups

SECURITY STANDARDS GROUP

- **CSI minimum requirements**
- **Minimum control standards**
- **Joint Threat Assessment**
- **Joint Risk Rules**
- **Common list of advanced cargo data elements**
- **Transshipment pilot**
- **Exchange of information**
- **Posting of EU liaison officers at NTC**



EC-US Customs Co-operation Recommendations of the expert groups

TRADE PARTNERSHIP GROUP

- **Study on trade partnership programs**
- **Research and development co-operation**



THANK YOU FOR YOUR ATTENTION

**For up-to-date information about the
Customs Security Program, the Security
Amendments of the Customs Code
and International Co-operation
visit our website:**

**[http://europa.eu.int/comm/taxation_customs/index
_en.htm](http://europa.eu.int/comm/taxation_customs/index_en.htm)**