

## **Authorised Economic Operator (AEO) and Supply Chain Security**

### **Introduction**

With supply chains expanding across the globe there is a continually increasing focus on supply chain security. The reasons for this are wide-ranging, cargo theft remains as one of the biggest issues affecting companies, while counterfeit products appearing on world markets are a major concern to the life-sciences, consumer electronics and apparel sectors. On the other hand Governments are charged with the responsibility of securing the supply chain from terrorist threat and the inherent risk to life and to trade.

In seeking to secure the supply chain the AEO concept introduces a standard framework under which business and customs can work.

### **Objective**

The AEO programme officially commenced operation in January 2008. The aim of the programme is to enhance supply chain security through granting recognition to reliable traders and encouraging best practise at all levels in the supply chain.

From customs perspective this means implementing consistent risk management principles, greater co-operation between customs administrations, harmonisation of electronic advance cargo information and definition of benefits that will accrue to businesses that achieve AEO recognition.

Business on the other hand must ensure the integrity of their goods, data, employee's, trading partners, service providers and security of their premises.

As more businesses gain acceptance to the programme this frees up customs resources to better target higher risk cargo and operators.

### **Benefit for Business**

Many commentators cite prohibitive costs as an impediment to engaging with supply chain security programmes such as the AEO. However if we consider the fact that all companies implement supply chain security measures to some degree, this introduces the possibility that implementation costs will be mitigated to some extent.

It is also important to consider the fact that the stated aims of programmes such as the AEO is to bring security measures within the supply chain up to a minimum set of standards. As similar standards are rolled out across the globe, these can only have a positive impact on the supply chain.

One of the key elements of the AEO is that of facilitating trade, an AEO as a recognised secure trader is assigned a lower risk category than a trader who remains outside the programme. AEO traders will be subject to fewer customs controls and can expect to see reduced delays in customs.

Our major trading partners are also in the process of implementing similar security measures; as a result of this an AEO accredited business will achieve similar status under these partner programmes through mutual recognition.

If we expand our view a little bit and consider what else is happening in customs related measures, we see the implementation of electronic pre-arrival and pre-departure declarations in July 2009. This will enhance customs risk assessment and communications capabilities. For business it opens up the possibility of achieving greater visibility in the supply chain, more accurately predicting lead-time and reducing supply chain disruption.

Achieving AEO accreditation is not just about supply chain security. It also has wider implications in your dealings with customs and the customs procedures that a business employs. Opportunities include simplification of the process of clearing goods through customs, single European authorisation for customs procedures, and ultimately a single electronic access point through which all information relating to EU trade will be transmitted.

### **Conclusions**

In the current marketplace business out of necessity has had to engage in a restructuring process to account for the new economic climate in which we do business. A key element of this process is aligning the business for future growth as markets recover from the current down turn. This presents the opportunity to make a positive strategic investment in the AEO so as to maximise the efficiency of the supply chain as markets expand.

### **Our Services**

Planning – By employing our extensive knowledge of customs legislation we can provide support in identifying the AEO requirements for your company.

Preparation – We can assist with the application process by providing guidance on meeting the requirements set down in the regulation.

Application – We are ready to support all stages of the application process up to and including granting of the AEO Certificate.

Review – Post implementation review to ensure that the requirements of the authorisation continue to be met.

For more information please contact.

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