

Confidential

ECR Debating Panel

Supply Chain Security: The Challenges Ahead

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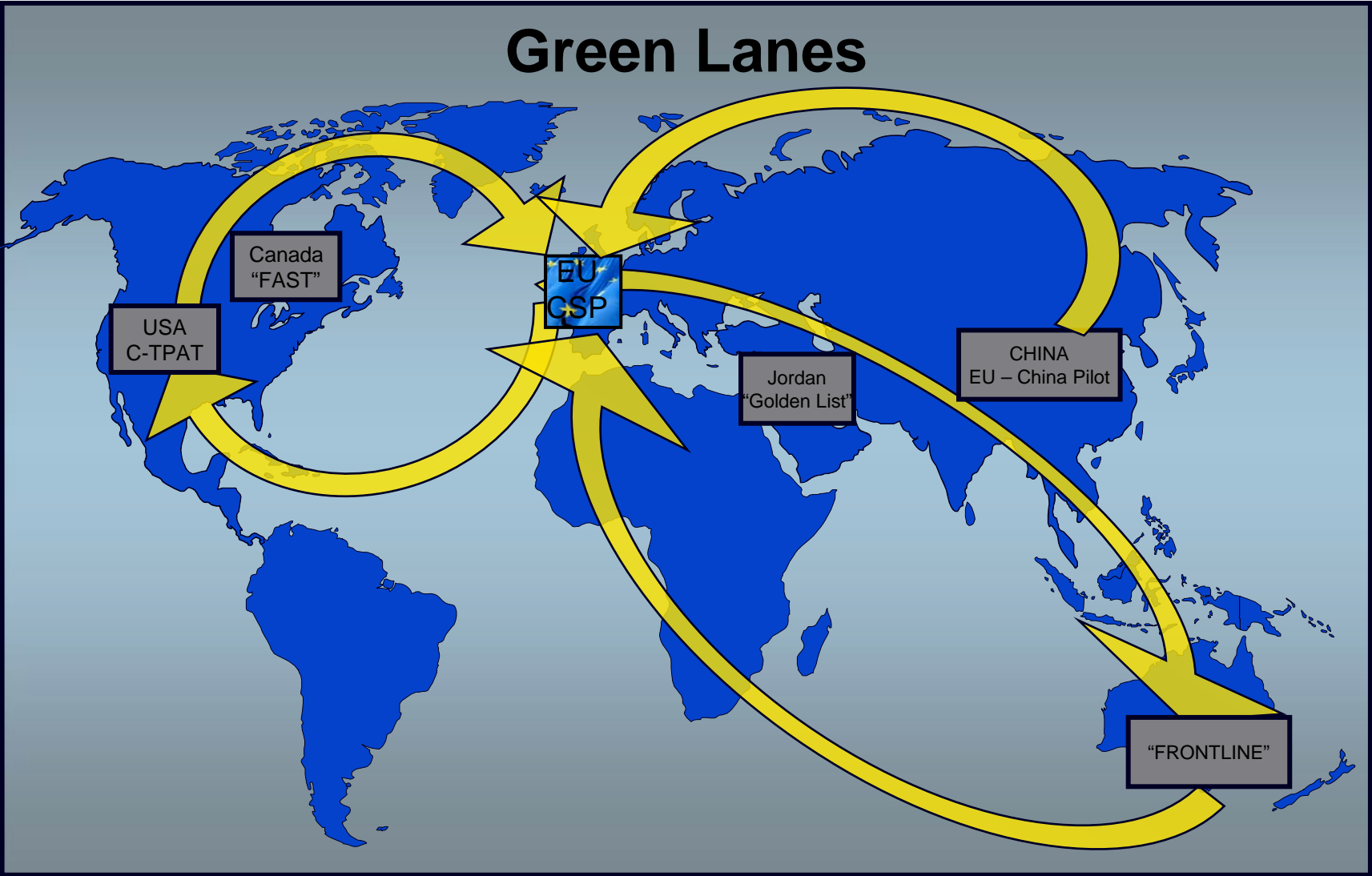
Introduction

- International trade supply chain security initiatives, driven by the revenue authorities began in the USA
- These initiatives were a response to 9/11 and the subsequent demand for increased border security

Securing Trade Globally

- World Customs Organisation
- Framework of Standards to secure and facilitate global trade – put forward proposals to improve global trade security and encourage customs jurisdictions to develop security programmes
- 149 countries signed the framework document which introduced the concept of Authorised Economic Operator (AEO) certification which has subsequently been developed by the European Commission
- Creating a ‘green lane’ of secure trade partners

Securing Trade Globally



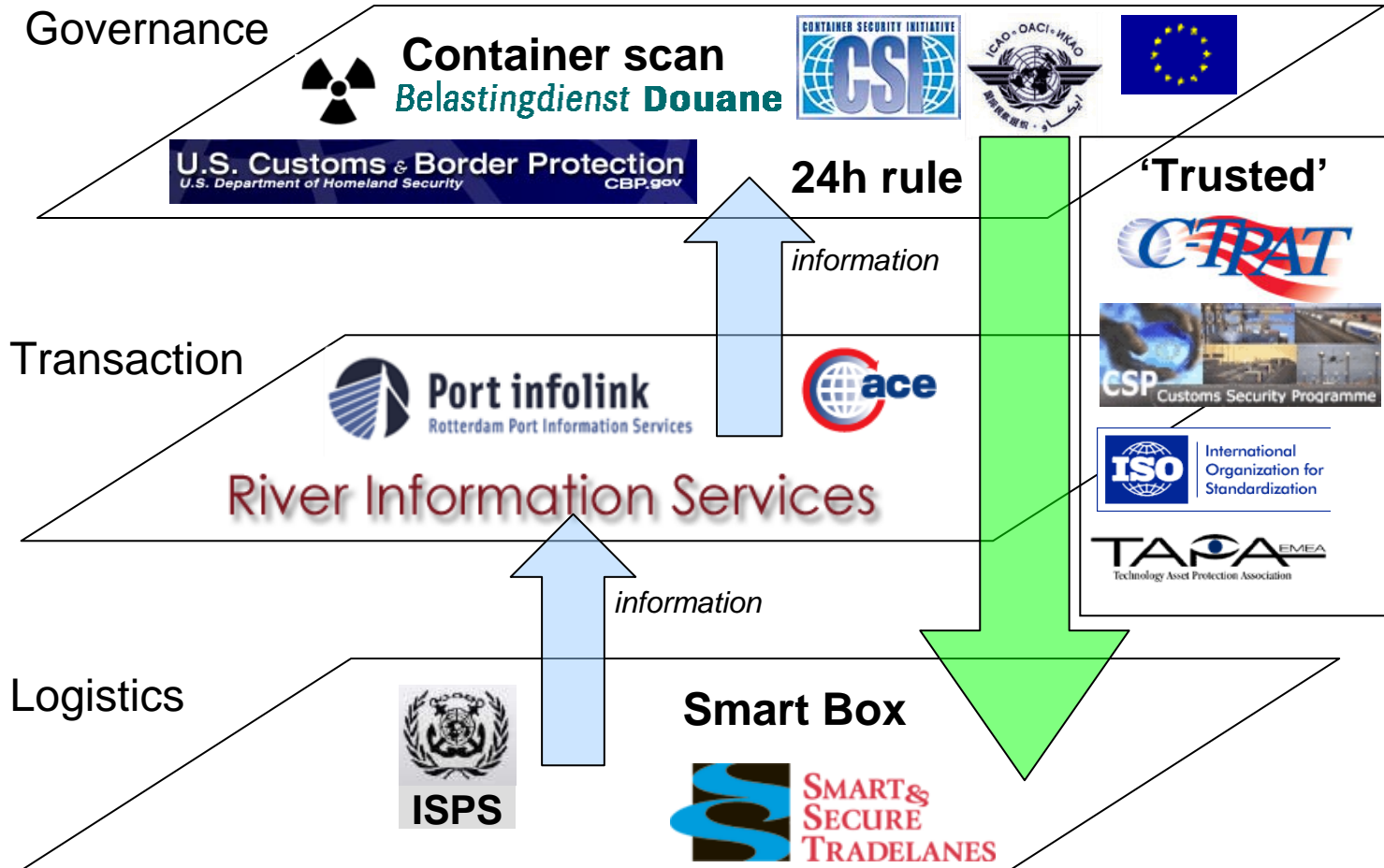
Objectives and Principles of the SAFE Framework

- Establish standards that provide supply chain security and facilitate certainty and predictability at global level
- Enhance the role, functions and capabilities of Customs to become more supply chain security focused in addition to traditional revenue protection role.
- Strengthen co-operation between Customs administrations to improve their capability to detect high-risk consignments.
- Promote the seamless movement of goods through secure international trade supply chains (“Green Lanes”).

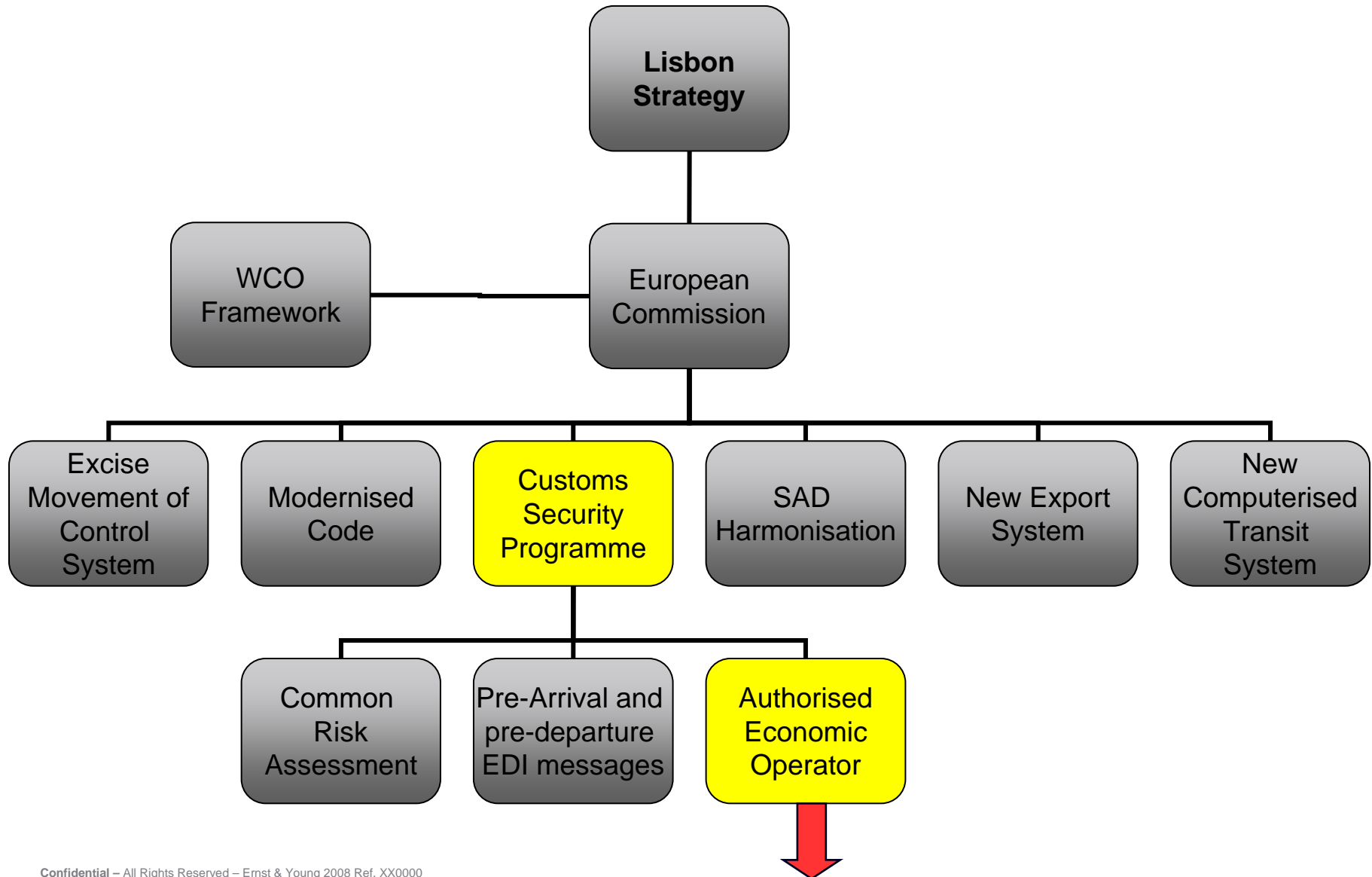
International Action on the Framework of Standards

- A number of supply chain security programmes both customs and commercially driven are being implemented based on the framework of standards.

International Security Initiatives



Significant Changes **in the European Union** Impacting International Trade



European Union: Customs Security Programme

Aims:

- “Increase international trade supply chain security to combat threat of terrorism and to further facilitate businesses who are trusted supply chain partners”.

Authorised Economic Operator (AEO) Certification

- Internationally recognised quality mark that identifies safe and secure supply chain partners
- Part of the wider EU Customs Security Programme (CSP) to fight global terrorism
- Voluntary government to business initiative.

AEO Certification

- What is an ‘Economic Operator’?

“....A person who, in the course of its business, is involved in activities covered by customs legislation.”



AEO Certification Criteria

"The criteria for granting the status of authorised economic operator shall include:

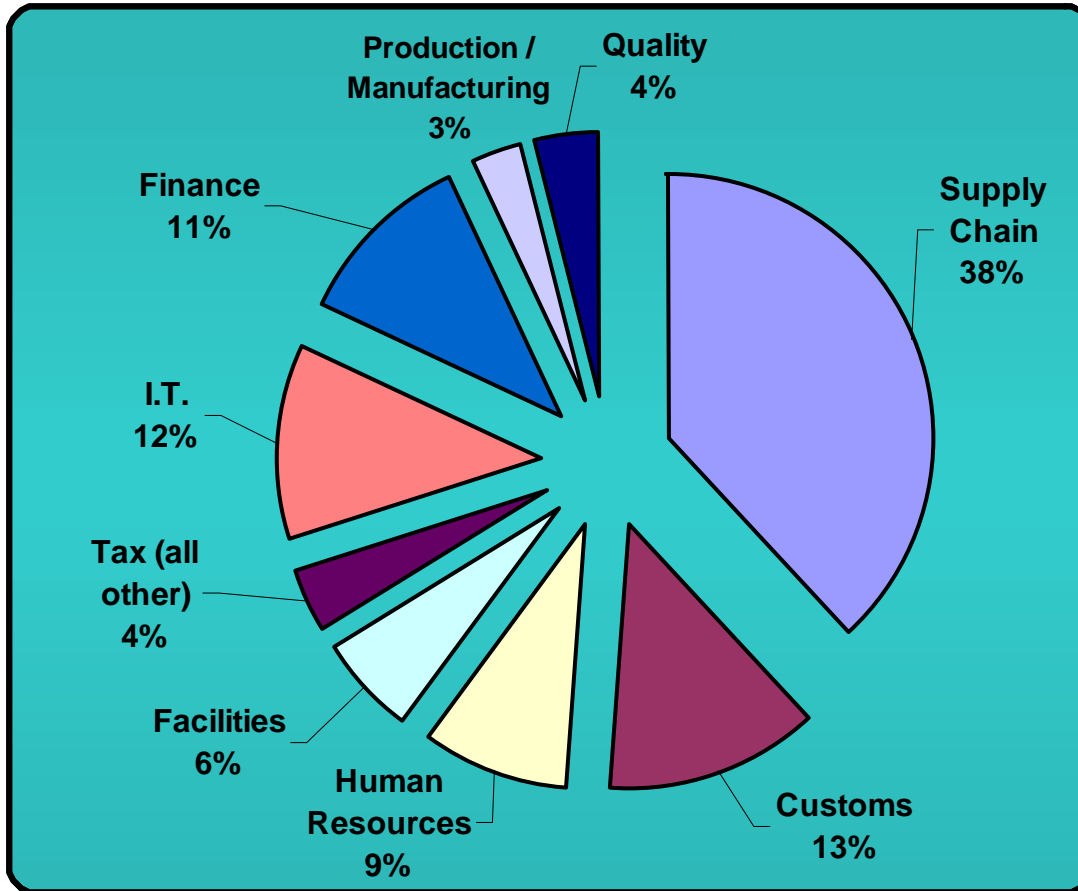
- an appropriate record of compliance with customs requirements*
- a satisfactory system of managing commercial and, where appropriate, transport records, which allows appropriate customs controls*
- where appropriate, proven financial solvency and*
- where applicable, appropriate security and safety standards."*

Authorised economic operators

Guidelines on standards and criteria

AEO Certification Criteria

Multi-Function Responsibilities



Criteria for assessment by the customs authorities covers a wide range of business activities

AEO Certification - Benefits

- Fewer physical and document-based controls
- Lower customs risk score leading to priority treatments of consignments if selected for control
- Improved internal control procedures
- Evaluation of Security and Safety standards on a regular basis
- Recognised as a safe and secure trade partner by both the authorities and business community
- Easier admittance to customs simplifications
- Development of an overall EU trade strategy
- Improved relationship with EU Customs authorities

Commercial Considerations

AEO certification will provide a competitive advantage to participating companies for the following reasons:

- AEO certified traders will benefit from simplifications in customs procedures and/or from facilitation with regard to customs controls relating to safety and security;
- The AEO concept should ensure a safer and more secure end-to-end supply chain [Trusted Supply Chain Partners];
- Being recognised as an AEO will constitute added value for the operator, as it demonstrates compliance with solid security criteria and controls.

Key Debate Topics

- Benefits of AEO, implications of being a non-AEO
- Features of an AEO project:
 - Challenges and Experiences
 - Timescales
 - Resources
 - Costs
 - Functional involvement
- Global significance, mutual recognition, Green Lane concept
- Consistent application of AEO regulation throughout EU Member State customs authorities
- Significance of AEO for various members of supply chain eg, shippers.
- The commercial pressures (given & received) to become AEO certified

Further Information & Assistance

For further information or assistance in relation to AEO certification for your business or in relation to this debate please contact:

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