

AEO - the penny drops at last

Companies are finally beginning to see reasons to go to the expense and effort of becoming AEO-accredited, argues **Conor Anderson**, senior partner customs and compliance for EMEA at freight finance specialist, EnVista.

The local clearance procedure under Customs Freight Simplified Procedures (CFSP) and the National Export System (NES) are two of the immediate benefits, along with simplifications for regular shipping services.

The guarantee waiver scheme will provide a full waiver on the need for security for potential debt (IP, warehousing or transit). There is also a possible reduction to 30% on actual debt (deferred account) as well as substantial savings in costs of providing security for customs procedures.

Other benefits are the ability to apply for a single community authorisation to use simplified declaration procedures across the EU and for a special procedures authorisation involving more than one member state.

The recognition of AEO by the EU and the other major countries such as Japan, China and the US who have awarded Mutual recognition of AEO status is also key element to strengthen and assist end-to-end security of supply chain and to multiply benefits for traders.

The objective of mutual recognition of AEO status is that one customs administration in one country recognises the AEO authorisation issued under the other programme and agrees to provide substantial, comparable

and, where possible, reciprocal benefits/facilitations to the mutually recognised AEOs.

However, the uptake in the UK and Ireland has been poor, so far, EnVista adds. As of early March, the UK had 399 accredited companies and Ireland 123 - compared with Germany's 5,738,

the Netherlands with 1,474 and France's 1,297.

AEO will never be mandatory and when a forwarder has an option to do nothing and things remain the same, then invariably it will do nothing. This may change with the new UCC but while people may believe or

hope that it will be deferred, it seems unlikely at this stage.

The World Customs Organisation adds: "It is worth pointing out what is at stake for companies: those which do not have AEO status will have to justify their competence and their relationship of trust with the Customs administration by other means, which are inevitably less reliable and less relevant. Conversely, AEO operators will benefit de facto from such trust,

and will be able to clear goods through Customs on behalf of others without any additional constraints. Inevitably, all this will lead to a 'levelling up' of the profession, and those who cannot adapt will be subject to natural selection - and will disappear."

Strong words indeed and worth noting for anybody considering the ostrich approach of doing nothing and hoping there will be no changes.