

## **CUSTOMS INFORMATION PAPER (09) 83**

### **Authorised Economic Operators**

<b>Who should read:</b>	All AEOs and businesses interested in applying for AEO status
<b>What is it about:</b>	<ol style="list-style-type: none"><li>1. An update on implementation of AEO in the EU and UK and progress towards mutual recognition with Japan and the USA</li><li>2. Changes to the time limits for HMRC to issue a decision</li><li>3. Guidance on the use of the reduced data set for AEOs</li></ol>
<b>When effective:</b>	Date of issue
<b>Extant until/ Expires</b>	Until further notice

#### **1. Background**

Authorised Economic Operator (AEO) status was introduced by Council Regulation 648/2005 and implemented by Commission Regulation 1875/2006 which took legal effect on 1 January 2008. The two year transitional period for AEO is due to end on 31 December 2009 and new time limits for HMRC to issue decisions on applications will apply from 1 January 2010.

Previous papers issued on this subject are JCCC Papers (07)25, (07)46 and Customs Information Papers (08)21, (08)29, (08)80 and (09)53.

#### **2. Update on implementation in the EU**

At 10 November over 3570 AEO applications have been made across the EU and 1760 AEO certificates have been issued. The overwhelming majority of applications have been for a full AEO certificate and have been made in Germany, the Netherlands, Sweden, Italy, France and the UK. Applications have now been received in all of the 27 member states. These figures reflect a significant increase over the last six months, as awareness of AEO has increased and businesses anticipate the benefits that will be available once mutual recognition with non-EU countries is agreed.

#### **3. Implementation within the UK**

Within the UK 260 applications have been registered and 123 certificates have been issued. On average it is taking HMRC 125 days to process an application, assess the AEO criteria and issue a decision from receipt of all the relevant information to the date of the decision. However, the timeline in individual cases varies according to the size and complexity of the applicant business and the quality of evidence and preparation. In several cases HMRC has, with the agreement of the applicant, stopped the assurance process to give the applicant time to implement specific improvements to their safety and

security systems. Applicants should be aware of these timeframes when making business decisions on when to apply for AEO.

#### **4. Mutual recognition**

Progress is continuing towards reaching mutual recognition agreements with Japan, USA and China. After reaching agreement in principle with Japan at a meeting in Tokyo in September, the legal text of the agreement is currently being drafted with the intention of it being ratified at the next meeting in January 2010. We therefore expect the EU-Japan agreement to be the first mutual recognition agreement entered into by the EU beyond Europe.

Work is also continuing with the USA. Representatives from the US Customs and Border Protection (CBP) attended 3 regional workshops in the EU during October and November where they had the opportunity to meet and question representatives from all 27 Member States. The EU is currently awaiting the official findings from the US CBP before discussing the next steps towards mutual recognition. However initial feedback has been extremely positive.

#### **5. End of the two year transitional period and changes to the time limits for HMRC to issue a decision**

The two year transitional period for AEO ends on 31 December 2009. From 1 January 2010 new time limits will apply for HMRC to issue a decision on an AEO application. At the General Legislation Meeting on 26 October it was agreed the new time limit should be set at 120 calendar days, from the date of receipt of all the complete information. This period can be extended by HMRC by a further period of 60 calendar days in duly justified circumstances, for example where the application is complex and requires an examination of the AEO criteria at a number of different sites.

#### **6. Use of the reduced data set for AEOs**

Under Article 14b paragraph 3 holders of a safety and security AEO certificate (AEOS) or a full AEO certificate (AEOF) are entitled to lodge an exit summary declaration with reduced data elements. Where the exit summary declaration can be used as an export declaration, the reduced data elements for AEO can also be used for the export declaration.

To use this simplification for export declarations the specific circumstance indicator E should be inserted as an AI statement code in Box 44 of the declaration. However the simplification can only be used if the declarant and all exporters declared on the export declaration hold an AEOS or AEOF certificate. Therefore the Y022 code must also be declared at header level on the entry. Similarly, if the declaration is submitted by a representative, the representative and all exporters/consignors declared in the declaration must hold an AEOS or AEOF certificate. In this case the Y025 code must be declared at header level in addition to code Y022.

A reduced data set for entry summary declarations and import declarations will also be available for these AEOs when ICS is implemented in 2010.

#### **7. Contacts**

If you require further information please contact:

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AEO Web page:

[Link to AEO web page](#)

Issued on the **15 December 2009** by the [JCCC Secretary](#) HMRC, Excise, Customs Stamps & Money Directorate.

If you have a question about the content of this paper please use the details provided in the Contacts section. For general HMRC queries speak to the VAT, Excise & Customs Helpline on Tel 0845 010 9000.

For comprehensive guidance on international trade regulation, as well as advice on market information and business growth visit the [Business Link website](#).