



European Commission /
Taxation and Customs Union

***European Union Customs Security update: New Security
Regulations including Progress Towards EU/US Mutual
Recognition***

**UNECE Multidisciplinary Inland Transport
Security Expert Group - 15 January 2009**

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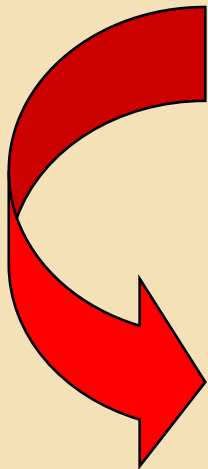
A changing environment & new challenges for customs in Europe

- Enlargement of the European Union in 2004 and 2007
length of the EU Eastern land border increased by 80%
(total length of EU external land border: 7750 miles)
- 1.600 million tonnes of seaborne cargo p.a.
- 11 million tonnes of airborne cargo p.a.





The EU Customs approach on security



CONTROL STANDARDS

Commonly agreed control standards and risk indicators

Close cooperation with other services and customs administrations of third countries

Objective:
Mutual recognition of security standards and control results

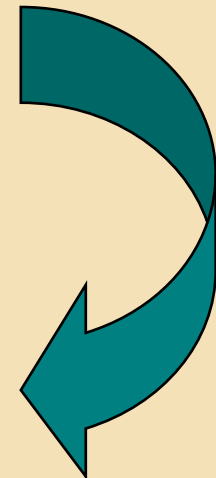
TRADE FACILITATION

Authorised Economic Operator (AEO) Programme

Simplified customs procedures

Facilitation on security requirements

Objective:
Mutual recognition of AEO status (benefits in the global supply chain)





The EU "Security Amendment"

Amendment to the European Community Customs
Code (Regulation n° 648/2005)

Implementing provisions (Regulation 1875/2006)

- introduce a mechanism for setting **uniform Community risk-selection criteria for controls**, supported by computerised systems (=Pillar I of WCO SAFE)
- provide reliable traders with **trade facilitation measures (AEO-concept)**(=Pillar II of WCO Safe)
- require traders to provide customs authorities with **information on goods prior to import to or export from the European Union** (=Pillar I of WCO SAFE)



The EU "Security Amendment"

The security provisions apply:

- **Risk-Management framework** as of December 2006
- **Authorized Economic Operator** as of 1 January 2008
- **Pre-arrival/ pre-departure declarations** and data elements as of 1 July 2009 – flexible options for delivery of declarations (e.g. NCTS, IRU TIR EPD, Trader access Systems)
- **Targeted transitional arrangements** to assist the Trade community



The EU Proposed Targeted Transitional Arrangements

Post 1 July 2009 to 31 December 2010:

- **Transitional period allows Trade time to develop and implement systems to meet the new pre-arrival/departure summary declaration requirements**
- **Submission of electronic entry summary declarations for safety and security encouraged but not obligatory**
- **Submission of electronic exit declarations for safety and security encouraged but not obligatory (electronic export declarations will however become mandatory)**
- **Risk analysis can be carried out by Customs at the latest upon presentation of the goods at arrival or exit**



The EU Proposed Targeted Transitional Arrangements

Post 31 December 2010:

- **Electronic entry and exit summary declarations will become a mandatory requirement**
- **Submission of summary declarations will have to be submitted at least within the timeframes foreseen in Annex 30A of the Customs Code implementing provisions**
- **Business continuity arrangements will be in place in case of unforeseen circumstances e.g. failure of Customs' or declarants' electronic systems**



Concept of security

- Identifying high risk consignments at an early stage to allow for timely controls of high risk consignments and quicker release of other consignments
- Identifying traders that offer a high degree of security guarantees in respect to their role in the supply chain
 - Concept pushes security of cargo back in the supply chain by involving the private sector and by requiring increased security at the point of origin and as the container moves through the supply chain



What is the EU's Authorized Economic Operator (AEO)?

AEO is a status that is granted to reliable traders that comply with certain criteria and offer a high degree of security in respect to their role in the supply chain. The status gives access to:

- **Simplifications** provided for under customs rules and/or
- **Facilitation** with regard to customs controls relating to security and safety



The EU Authorized Economic Operator (AEO)

EU combines new security compliance with traditional simplifications for reliable traders (e.g. deferred payment, guarantee waiver, local clearance)

EU AEO candidate can choose to benefit from lower risk score and/or from simplifications like guarantee waiver - depending on his choice, he has to comply with appropriate criteria

Mutual recognition is only for the secure AEO



The EU Authorized Economic Operator (AEO) - Security

Main security criteria to obtain authorised status as a security partner:

Threat assessment, security plan, procedural measures to prevent irregular goods entering the supply chain, employee screening, physical security of buildings, etc...

Compliance with existing security plans should be taken into account



The EU Authorized Economic Operator (AEO) - Security

Benefits for AEO-security:

- Recognition as safe and secure partner in international trade
- Lower risk score for risk analysis for safety and security purposes
- Less data to be provided for pre-arrival/pre-departure declarations
- Priority treatment for controls
- Notice that cargo is selected for control
- **Perspective for mutual recognition through international agreements**



The EU Authorized Economic Operator (AEO) - Security

Benefits for customs:

- Customs will be able to focus on traffic outside the secure supply chain with an increase in detecting prohibited, restricted or miss-described consignments
- Better use of resources, streamlined internal processes, more accurate and timely information
- Less port congestion
- Better relations between trade and customs



AEO state of play 6 January '09

- +/- 2,200 AEO applications to date
- 10,000 estimated potential applications
- Assessment of applications in 90 to 120 days
-> first AEO certificates issued in early April
- SMEs form more than 2/3rd of applicants
- All components of the supply-chain represented
- Most applications (90%) for facilitation and simplification AEO



Multilayered Approach to Risk Management

- More control of the supply chain
 - More trade involvement
 - Enhanced targeting
 - Deployment of resources to areas of highest risk
 - Targeted use of scanning equipment & other technical aids
- = INCREASED SECURITY
&
TRADE FACILITATION**
- US proposals for 100% scanning cannot be achieved for technical reasons. Principle relies too heavily on one tool and creates a false sense of security. Recent progress being made on alternatives.



Expected results of security amendments

- More reliable and more timely information
- Pre-determined data requirements
- Better risk management
- Improved controls, in particular on export

**INCREASED SECURITY
&
TRADE FACILITATION**



The transatlantic marketplace

- EU and US account for 58% of global GDP
- EU and US account for 40% of world trade
- \$3Bn daily transatlantic trade



The transatlantic partnership is the largest, most integrated and longest-lasting economic relationship in the world



EC-U.S. CUSTOMS COOPERATION ON SECURITY

- Agreement on expanded customs co-operation, 22 April 2004
- Implementation of recommendations and broadening of cooperation via EC-U.S. Action Plan on transatlantic supply chain security

Objective: Reciprocity and Mutual Recognition

- Based on shared responsibilities and commonly agreed control standards and business partnership programs



The path towards mutual recognition of C-TPAT and AEO

- Main steps:
 - Initial evaluation by EU/US joint customs cooperation committee : The AEO program will lead to equivalent results compared to C-TPAT
 - Side by side comparison of AEO and C-TPAT programs : near 100% match between programs
 - Pilot project : Export Component in C-TPAT



The path towards mutual recognition of C-TPAT and AEO

- 2007 US/EU Summit adopted a Framework for Advancing Transatlantic Economic Integration, aimed at removing remaining trade barriers
- Transatlantic Economic Council identifies “Secure Trade” as priority project
- 9 November 2007 – meeting of the Transatlantic Economic Council in Washington DC
- 6 March 2008: adoption of a joint roadmap towards mutual recognition of C-TPAT and AEO
- November 2008: Revision of the roadmap
- February 2009: Publication of abridged version of roadmap for Trade
- 2009: Target for Implementation of Mutual Recognition



Other mutual recognition of secure trader programs under Consideration or discussion

- China – awaiting outcome of container project
- Japan – negotiations underway – target date 2010
- Norway - negotiations underway – target date July 2009
- Switzerland - negotiations underway – target July 2009
- Second tier of countries under consideration



EU Security Initiatives

Result :

**A secure end-to-end supply chain
with secure trading partners and
without weak links**





European Commission
Taxation and Customs Union

***THANK YOU
FOR YOUR ATTENTION***

For further information
visit the **EUROPA** website:

http://ec.europa.eu/taxation_customs/customs

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