



Brexit and the rise of the Authorised Economic Operator

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In 2005, the World Customs Organisation (WCO) initiated the SAFE Framework of Standards which were designed to facilitate global trade.

The WCO is an international intergovernmental organisation which focuses solely on customs matters. The aim of the SAFE Framework was to enhance supply chain security and efficiency by moving away from the traditional customs approach to goods undertaken at the point of entry into a country.

The SAFE Framework encouraged:

- The use of advanced electronic information to get goods approved for entry into another country before the goods left the country of origin
- An outbound inspection from the point of departure
- The use of Authorised Economic Operators (AEOs) in different countries who included manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders.
- The AEOs were to be vetted by a national customs administration as complying with WCO or equivalent supply chain security standards and they were to be given preferential treatment moving through cross border customs.

On the world stage, the use of Customs Mutual Assistance Agreements, which recognises the SAFE Framework of Standards in different countries, has flourished with China signing 36 mutual recognition agreements with various countries. The European community appears to be less enthusiastic with only 6 Mutual Assistance Agreements signed with various countries.

In 2008, the European Union introduced its own AEO programme for businesses established in the territory of an EU member state regardless of their size. Of the 130,000 possible companies who could apply for AEO status in the UK, the actual uptake has been less than 700 companies since that date. This is a familiar story across the 28 European countries, with the exception of Germany where the uptake of the AEO status has risen to over 6,000 companies.

With Brexit on the horizon, there is now a big push at Government level to encourage UK companies to apply for AEO status, not only for the purposes of future relations with European countries but also with half an eye on the world stage, post-Brexit.

How to become an AEO?

- You need to be in possession of an EORI number to trade goods outside of the EC
- You need to meet the compliance standards set down by the governments
- You need to keep records HMRC can check
- You need to be financially solvent and be able to prove that has been the case for at least three years

Under the current European Union's rules, there are two types of AEOs. The first is an AEOC which is a security and safety AEO certificate, the second is an AEOF which is a combined customs simplifications/security and safety AEO certificate. Whichever certificate is obtained, the aim of the "kite mark" intended benefits are:

- A lower risk score used by custom authorities to determine the frequency of custom physical and documentary checks
- Consignments may be fast-tracked through customs control
- Reduced requirements for mandatory pre-arrival/pre-departure Entry Summary Declarations (ENS) or Exit Summary Declarations (EXS) which carriers need to make.

Post Brexit

On the world stage, potentially the ability to take benefits from any future mutual recognition agreements the UK enters into after leaving the EU under the WCO Framework Agreement.

Further advice

If you need further advice on becoming an Advanced Economic Operator or have concerns over Brexit, contact [Linda](#) on the above information.

