



## **OBTAIN AEO STATUS USING THE TTA VALIDATOR**

Have your business partners requested that you obtain AEO certification? As from 2008, traders have been able to demonstrate their compliance by attaining the status of Authorized Economic Operator (AEO). Have you been delaying your application for AEO status owing to the work-load, time and costs it entails?

The TTA Validator now makes it possible to carry out the application process easily, cost-effectively and efficiently: this internet-based solution has been developed by the Trusted Trade Alliance (TTA) in order to prepare your company for the AEO project, guide you through the application process and provide support in maintaining and monitoring your AEO status. The TTA Validator enables you to reduce the demand on your company's resources, ensure the security of internal processes and save costs during the certification process.

Many companies are finding that their customers and business partners are insisting on AEO certification and, in the long term, it is expected that all companies involved in international trade will have to be AEO certified. At the same time, AEO status offers your company considerable competitive advantages. Take advantage of AEO status now!

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## A CORPORATE SEAL OF QUALITY

The globalization and interconnectivity of global trade increase fears that terrorists and criminals will exploit the international supply chain to advance their destructive agenda. Security concerns are therefore becoming increasingly important and have compelled the EU to introduce a new security strategy – the Authorized Economic Operator (AEO).

The AEO reflects international standards and is based on a common system of risk management. The application process requires a detailed

examination of company processes relating to security and compliance. AEO status proves that the company is a secure member of the supply chain and a trustworthy trade partner. Applicants must prove that they have an internal company organization which ensures compliance with legal requirements, the efficiency of logistical and operational processes, employees who recognize the importance of security, a detailed knowledge of customs legislation, and that they have implemented physical measures to secure the company against unauthorized access to its data and goods.

### ADVANTAGES OF AEO STATUS

- Easier admittance to customs simplifications
- Reduced data set for summary declarations
- Quicker customs clearance
- Fewer physical and document-based controls
- Priority treatment of consignments at customs controls
- Mutual recognition of security certificates
- Additional simplifications in the Modernized Customs Code
- Reduced theft and losses
- Fewer delayed shipments
- Improved relations with customs
- Increased employee awareness
- Improved security and communication between supply chain partners

Many companies are now applying for AEO certification in order to obtain the status of secure, compliant partners in the supply chain. They include manufacturers, warehouse owners, customs agents, exporters, freight forwarders, carriers and importers. AEO certification proves that the company in question satisfies rigorous security criteria and carries out effective controls on a regular basis. It is expected that the mutual recognition of security certificates at international level will accelerate, expand and secure market access.

AEO status serves to increase self-control and self-assessment and thereby improve the structure of company procedures. AEOs are entitled to use simplified customs procedures, thereby keeping clearance times for imports and exports to a minimum. They are also largely exempt from controls which results in faster and simplified customs clearance. By virtue of their positive risk assessment, AEOs enjoy a competitive advantage over non-certified companies in terms of clearance times which translates into considerable financial savings. AEO status is set to become an important corporate seal of quality that will be mandatory in dealings with customers and business partners in the near future.

## THE AEO PROJECT

The application for AEO status must be submitted to the company's competent main customs office. It revolves around a self-assessment by means of a comprehensive questionnaire.



Companies are required to describe, document and precisely assess all processes relevant to AEO status which far exceed those relating to customs and security. In order to complete the AEO project successfully, applicants must identify their weaknesses and adopt the necessary corrective measures in time. This, in turn, requires a thorough understanding of the AEO requirements as well as the company's internal structures and pervasive processes.

Companies must properly prepare for the AEO project. Responsibilities must be defined, qualified persons appointed and the appropriate authorizations issued. The self-assessment questionnaire covers not only the internal flow of materials but also the company's financial health, existing security measures, proven record of compliance with customs regulations and reliability on the basis of audits carried out by the customs authority.

Has the employee responsible for customs matters or the designated AEO contact partner been granted the necessary access authorization in order to ascertain the company's financial

status? Have human resources managers been notified of the fact that the personal data of employees is being inspected?

Do you have all valid licences ready to hand? Is your company partially or completely ISO certified? Have you ascertained whether the existing ISO certificates satisfy AEO-related criteria?

The employee responsible for AEO certification must be familiar with the questionnaire of the EU Commission as well as any additional questionnaires issued by national authorities.

### REQUIREMENTS

- Project leadership with wide-ranging powers
- Establishment of project phases
- Overview of relevant processes
- Identification and notification of all relevant company divisions
- Status analysis of customs processes
- Process optimization if weaknesses are discovered
- Preparation of documents and archives
- Effective inter-departmental notification procedures
- Effective communication with trade partners
- Effective communication with customs authorities
- Configuration and optimization of software applications

## THE ROAD TO AEO CERTIFICATION

Depending on your company's size and structure, the self-assessment stage of the AEO application can prove a time-consuming process and entail a heavy work-load which drains your departmental resources. The TTA Validator automatically evaluates your answers to the questionnaire and can display the results in the form of an internal report. This allows you to identify immediately those certification requirements which have not yet been met.

The TTA Validator is far more than self-assessment tool. It leads you through a dynamic questionnaire which reflects the characteristics and activities of your company. The main body of the questionnaire consists of polar and multiple-choice questions, for which explanations have been provided by our customs experts. The questionnaire has been based on the AEO Guidelines issued by the European Commission and complemented by additional questions relating to the various processes.

The questions trace the internal flow of goods and reflect the standards governing processes relevant to the AEO. The TTA Validator also provides assistance in the documentation process by allowing appendices to be attached to any number of questions. The aim of the TTA Validator is to lead applicants through the self-assessment process without the need for third-party assistance.

The "user administration" function allows you to temporarily re-assign individual sections of the questionnaire to designated persons. This function simplifies the answering of questions aimed at entire sites or companies and thereby accelerates the certification process. The TTA Validator assists project leaders by allowing them to monitor the progress of self-assessment

and evaluation of answers centrally. This facility also ensures that the certification process is transparent. Once the self-assessment stage has been completed, the TTA Validator provides applicants with a detailed report. It displays any weaknesses in AEO-related processes which you can then resolve prior to submitting the application. With the TTA Validator, you can guide your project team quickly and efficiently through the certification process thereby reducing the demands on human resources.

The TTA Validator can display the company structures of your choice. As a result, you can manage an application involving a number of sites within one legal entity or several applications by affiliated company legal entities (as well as combinations of both).

By granting different access and process rights it is possible to create a hierarchy of users. The TTA Validator is a universal tool that seeks to accommodate the needs of all companies applying for AEO status. Both the application process and submission of evidence pertaining to continuous compliance with the authorization requirements can be directed centrally – regardless of the size and structure of the company concerned. This will lighten your work-load, save resources and allow your employees time to concentrate on their core responsibilities.

The TTA Validator is based on European law and can therefore be used throughout the European Community. The German customs administration has already recognized this application and has successfully used it to carry out AEO certification. In addition, the TTA Validator's interface can be configured for use with other security programmes outside the EU (e.g. the US-American C-TPAT Programme).

## MONITORING

The grant of AEO status means that companies have only cleared the first hurdle in the certification process. The status is not granted indefinitely and although AEOs do not undergo regular re-certification they must still prove their compliance on a continuous basis.

Accordingly, companies must regularly review data relevant to the AEO, particularly in relation to the internal flow of goods, staff responsibilities and security standards. AEOs are under a statutory obligation to notify the competent customs authorities of all changes to such data.

In order to satisfy their obligations relating to notification and control, AEOs must have an effective system of internal controls and reporting. For this purpose, customs authorities have developed the concept of monitoring which they have incorporated into their internal administrative instructions relating to the AEO. Accordingly, customs authorities require certified companies to notify them of any changes to relevant data at least once a year, if not earlier. It is therefore important that AEOs document relevant changes clearly.

The TTA Validator's integrated monitoring system allows companies to maintain and add to data collected during the application process. The monitoring process commences as soon as AEO certification has been granted. Using the individual monitoring questionnaire provided by the TTA Validator, you can check at any time whether your company still complies with AEO requirements. You can develop your own monitoring timetable and establish auditing periods on a sequential basis. The TTA Validator will record all your answers during the monitoring process, thereby allowing you to compare data collected over different time-spans.

You can use the TTA Validator to produce a report for customs at any time detailing the current status of your company. The application also allows you to easily incorporate all parts of your company within the monitoring process. Overall, the TTA Validator helps you comply with AEO certification requirements on a continuous basis and will therefore form an important component of your quality management system.

### YOUR BENEFITS

- Quicker and easier AEO certification
- Continuous support in maintaining / monitoring AEO status
- Control over the customs and security-related processes
- Recognition by customs authorities
- Uniform certification in all EU Member States
- Integration of additional security programmes
- Reduced costs
- Time savings
- Reduced demands on human resources
- Effective compliance management
- Internal audit and review tool

## THE TRUSTED TRADE ALLIANCE

The Trusted Trade Alliance (TTA) provides consultancy services to companies aiming to improve their global supply chain security. The TTA consists of acknowledged leaders in the fields of trade compliance and supply chain management. The members of the TTA provide advisory and advocacy services as a team and divide their tasks according to geographical location and specialization.



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## TRUSTED TRADE ALLIANCE EUROPE

TTA Europe is the contact partner for companies preparing to apply for the status of Authorized Economic Operator (AEO) in one or more of the EU's 27 Member States. As the European representative of the Trusted Trade Alliance it is responsible for the Validator's distribution and operations. TTA Europe offers access to the Validator and provides user support services.



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## AWB TAX CONSULTANCY

The AWB Tax Consultancy assisted in the development of the TTA Validator and offers expert consultancy services relating to the AEO application process. The AWB offers competent and practical advice, tailored to your needs, on a wide range of subjects including international VAT law, regulatory requirements concerning the import and export of goods and services as well as customs-related topics. The AWB offers direct contact to its consultants and cutting edge information on demand.

# AWB

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