

Overview – Authorised Economic Operator (AEO) Programme

Introduction

Through the increase of International Trade countries seek to expand businesses by cross border activities. It has become necessary for Customs Administrations to facilitate trade but also ensure that supply chains are secure, to minimize the impact of risks associated with international trade.

The Authorised Economic Operator (AEO) Programme addresses these risks and vulnerabilities by streamlining the trade process using effective risk management techniques. These techniques separate importers into compliant and non-compliant categories, thereby allowing the Jamaica Customs Agency (JCA) to focus scarce resources on non-compliant companies and reward compliant ones.

Having introduced this Programme, the JCA expects:

1. Improved customer satisfaction
2. Compliance with revenue payments
3. Improved communication
4. Reports of suspicious transactions
5. Minimized corruption.
6. Reduced smuggling

The AEO programme is an international one certified by the World Customs Organization (WCO), and as such adds credibility to Jamaican importers, exporters, and all those along the supply chain.

Background

The AEO programme was developed by the WCO as a security, control, and monitoring measure for border and revenue protection. To ensure that these objectives are met, all companies joining must be certified in a manner determined by the National Customs Administration.

The essence of the AEO-concept can be found in Customs-to-Business partnerships. Operators can be accredited as AEOs when they prove to have high quality internal processes that will prevent goods in international trade from being tampered with. These companies will:

- Ensure the integrity of the information presented to the JCA
- Ensure the integrity of their employees; and
- Secure access to their premises

In April of 2014, the JCA revamped its trusted trader programme by implementing the security requirements making the Authorised Economic Operator System in Jamaica. It was the first English-speaking Caribbean country to implement this international system accepted by over 50 countries worldwide, including the United States of America, the United Kingdom and Canada.

The Programme was launched to reward compliant economic operators and focus resources on potentially unsafe and high-risk entities and individuals to protect the country's borders and revenue. Ultimately, this Programme allows the JCA to serve importing entities in a more professional and customer-oriented manner; and encourage tax compliance in all spheres of government.

Implementation

The Jamaica Customs Agency's implementation of the Jamaica AEO Programme involved the sensitization sessions with internal and external stakeholders as well as Other Government Authorities, external stakeholders included Medium and Small as well as larger companies and Customs Brokers Associations and Shipping Associations. Both Public and Private sector entities engaged in the reviews of the JCA's Procedures for the AEO Programme as well as the stages of the implementation and came to a consensus.

The implementation included a pilot project which included a total of 15 companies comprising 10 MSMEs and 5 large companies to test the ASYCUDA System in the processing of declarations.

The Implementation also included an AEO Committee to review applications' recommendations made from reports submitted. An Inter Agency Committee was also formed comprising the JCA and the Other Government Agencies. It was important to have feedback and recommendations with the Private sector and as such the AEO Private Sector Committee was formed, which included members of the private sector and the AEO companies whose scope included reviewing the AEO Programme and industry trends and making recommendations to the CEO/Commissioner through the AEO Committee on how best to improve the AEO Programme.

BENEFITS

The AEO status is prestigious and promotes confidence and security for the AEO and their business partners. It also gives access to certain simplifications, which in turn will make goods flow faster and more securely. There are trade, business, and international benefits associated with having the AEO status.

Trade Benefits

- Simplification of Customs processes
- Reduction in the inspection of cargo being imported and exported.
- The possibility of requesting a specific place for Customs inspection to be conducted.
- Easier access to authorizations and permits through the Public Sector
- Public Sector Inter Agency Committee (PSIAC)
- Post clearance documentary inspection
- Stronger strategic alliance with the Customs Agency
- Assignment of an Account Officer to each AEO
- Competitive advantage for the AEO compared to the non-AEO with regards to marketability: AEO status can lead to further business opportunities, as companies are considered secure and reliable traders

- Provides faster logistics handling
- Reduced costs because of the reduction in turn-around time on the ports
- Business Efficiency
- Smoother business flow and improved quality output because processes are well documented.
- Reduced contamination and pilferage of goods
- Improved planning
- International Benefits
- Mutual Recognition Agreements with other Customs Administrations having similar AEO programmes.
- Recognition as safe and secure business partners; thereby, opening the possibility of accessing previously inaccessible or difficult to penetrate markets
- Improved security and communication among the supply chain partners

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CRITERIA

The criteria for obtaining the AEO status include:

A. Record of compliance with Customs requirements and other regulatory bodies

1. The applicant's records of compliance with Customs and the Border Regulators Authority (BRA) will be examined for the three-year period prior to receipt of the application. Major violations of the respective BRA are taken into consideration.
2. The applicant should be tax compliant and should not have any breaches and liabilities with JCA or the BRAs.

B. Satisfactory system of Internal Control and their Documentation

1. The applicant must have procedures to control the documentation and movement of goods; internal controls for detecting illegal or irregular transactions; procedures for the handling of licenses, authorizations and documents relating to exports/imports; procedures to archive and retrieve records (records are to be kept for seven years), and also for protection against the loss of information; procedures for verifying the accuracy of Customs declarations; and appropriate information technology security to protect against unauthorized intrusions These will facilitate appropriate Customs controls.

C. Proven financial solvency

1. The applicant must be financially solvent for the three years preceding the date of application. Thus, the applicant should not be in liquidation or bankruptcy and should not have an outstanding claim against any guarantee in the last three (3) years. Further, there should be no delayed payment of due taxes. Only uncontested and undisputed claims will be treated as outstanding.
2. Financial statements should be prepared in accordance with International Accounting Standards applicable to Jamaica. AEO Account Officers will use the applicant's financial statements along with other supporting documents for the last three years preceding their application to establish solvency, along with information attained from the Post Clearance Audit Unit.

D. Appropriate security and safety standards

1. Internal controls and measures to secure the safety of the applicant's business and the supply chain will be considered, in addition to any specific legal requirements that may be applicable to the business. In order to satisfy the requirements of the AEO programme, the applicant will need to ensure business partner security; container and conveyance security; physical security; physical access control; personnel security; control of raw materials finished product and packaging; information technology security; and engage in security training and awareness of threats.

The AEO Process for Importing Entities has three steps:

STEP 1

Risk assessment

STEP 2

Onsite validation conducted (Walk through and review of policies and procedures)

STEP 3

Completion and review of report

STEP 4

Signing a Memorandum of Understanding (document outlining the rights and obligation of the Jamaica Customs Agency and the Economic Operator)

STEP 5

Assignment of Certificate

(Newly approved AEO's certified for 3 years)

(Recertified AEO Manufacturers certified for 5 years, and PIR certificate extended to expiry date of AEO certificate)

Requirements For the Jamaica Customs Agency

1. Perform less inspections on goods imported or exported by or via the AEO.

2. Expedited clearance
3. First-In-Line service
4. Fast track service for AEO documentation presented to customs
5. Document processing and clearance within 24 hours (provided that all relevant documentation is presented and is accurate as well as requisite permits, licenses etc.)
6. No Pre-clearance checks
7. SIIS status for compliant AEOs (starting December 2009, granted premises are approved for such conditions)

Ultimately, this program will allow the Agency to; serve the Importing Entities in a more professional and customer-oriented manner, encourage compliance in all spheres of government (Income tax, GCT and Customs), and focus on those importers who are noncompliant and those who appear to have no intention of becoming compliant. The AEO program will give our country's trade operations world class recognition and facilitate smooth transaction processing with all other AEO trading partners worldwide