



JAMAICA CUSTOMS DEPARTMENT The Authorised Economic Operator (AEO) System

OVERVIEW

The AEO system is designed 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. Also, the implementation of this system will allow for operators to have a working partnership with Customs which will improve Customs-to-client relationship, customer service and the business processes of the Jamaica Customs Department.

The AEO concept provides for a framework that could lead to mutual recognition at a global level. If this programme is certified in Jamaica by the WCO, then our importers and exporters will be able to enjoy the same privileges in the member countries of the WCO. Many countries now use an AEO system – these include the 27 Member States within the EU e.g. the UK, Sweden and The Netherlands

Other countries include:

- [APEC](#) -**Asia-Pacific Economic Cooperation (APEC)** is a forum for 21 [Pacific Rim](#) countries e.g. Australia, Japan, Mexico, Chile, Peru & Canada
- [United States](#) – C-TPAT programme
- [New Zealand](#), under the name of Secure Export Scheme (SES)
- [Singapore](#), under the name of Secure Trade Partnership (STP)

DEFINITIONS

The Authorised Economic Operator System is a World Customs Organization (WCO) system designed to encourage compliance and hence reduce security risks by certifying all relevant personnel within the importation and exportation chain. According to the WCO an AEO is *“a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. Authorized Economic Operators include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors.”*

IMPLEMENTATION

The Jamaica Customs Department is focusing on importers and is currently engaged in a programme of sensitisation for importing entities. In short we see it as certifying importers who are compliant and treating them differently (not like crooks). This is not just about trusting them to be on their honour. It is the use of risk analysis and a review of

documented behaviour of their history of compliance with all tax requirements to determine those importers who believe that doing the correct thing is good business practice and rewarding them with a fast lane for the processing of their documents and cargo.

Sensitization began with the various associations, such as Private Sector Organisation of Jamaica (PSOJ), Customs Brokers and Freight Forwarders Association (CBFFAJ), Jamaica Chamber of Commerce and Jamaica Manufacturers' Association. The support from the associations has been tremendous and the importers are eager and ready for the new system to commence.

Preparations are now being put in place to sensitize the staff of the "New AEO Initiative" and the changes that will be made to allow for a smooth implementation process.

The date of implementation is October 5, 2009.

FEATURES OF THE AEO

- Currently all importing entities considered compliant by the Department's Risk Management Unit will become an AEO.
- Customs will trust the operator and perform less or no inspections on goods imported or exported by or via the AEO. This will benefit the movement of the goods as goods will be available more quickly, which means lower transport costs. Customs benefits as scarce inspection capacity can be targeted better at cargo of unknown and potentially unsafe operators.
- All AEOs are required to sign a memorandum of understanding (MOU) agreeing to certain terms and conditions and fulfilling certain obligations.
- AEOs are required to maintain specific accounting books and records and related import documentation to facilitate the post-clearance audits conducted by the Jamaica Customs Department; provide requested records and documents upon demand and abide by the terms under the Memorandum of Understanding. All of these procedures are currently required by Customs for all importers but even more so for importers who are on the Selective Importation Inspection System (SIIS).
- This system is designed to combine a number of systems that currently operate independently at Customs namely - Fast Track Brokers, E-payment, and SIIS. When fully implemented this system will allow for an authorized importer to submit an entry and it is passed immediately (Modified Fast Track), E-pay the duty immediately or at the cashier and have the shipment released from the ports within a day. Invoices would be accepted on face for value, inspection and stripping foregone (SIIS) as this is a trusted importer. The importers who currently enjoy Site Inspection of containers and SIIS will automatically qualify for this programme as these persons have already been audited and scrutinized prior to obtaining this status.

REQUIREMENTS FOR AUTHORISED ECONOMIC OPERATORS

ALL PERSONS OBTAINING AEO STATUS ARE REQUIRED TO

1. Declare Accurate Values
2. Secure their Business Premises
3. Comply With Revenue Payments
4. Comply With All Governmental Agencies
5. Provide Documents To Customs And Access To Premises When Required
6. Work with Post Clearance Audit to create a level playing field

The AEO Process for Importing Entities has three steps:

✦ STEP 1

Signing a Memorandum of Understanding (MOU). The MOU for Authorised Economic Operators (AEOs) is a document that will be signed by companies and individuals to become an Authorised Economic Operator (AEO) and enjoy certain privileges as a result.

✦ STEP 2

Making accounting books and records available to the Post Audit team to conduct verification activities which involve determining compliance and whether these companies are auditable. Completing a questionnaire about the company's operational activities as it relates to imports. Accounting books and records required includes (but not limited to:

1. Audited Financial Statements
 - Balance Sheets
 - Profit and Loss Accounts/ Income Statements
 - Cash Flow Statements
2. Trial Balances
 - These are schedules of year end balances of the various accounts contained in the General Ledger
3. General Ledger Accounts/ extracts
4. Bank reconciliation statements. These should be accompanied by bank statements and cheque stubs.
5. Contracts and Agreements between importers and suppliers of imported goods
6. Contracts and Agreements between importers and freight forwarders/ freight consolidators

➤ **STEP 3**

Final decision presides with the Commissioner of Customs

REQUIREMENTS FOR THE JAMAICA CUSTOMS DEPARTMENT

- PERFORM LESS OR NO INSPECTIONS ON GOODS IMPORTED OR EXPORTED BY OR VIA THE AEO.
- EXPEDITED CLEARANCE
- FIRST-IN-LINE SERVICE
- FAST TRACK SERVICE FOR AEO DOCUMENTATION PRESENTED TO CUSTOMS
- DOCUMENT PROCESSING AND CLEARANCE WITHIN 24 HOURS (provided that all relevant documentation is presented and is accurate as well as requisite permits, licenses etc.)
- NO PRE-CLEARANCE CHECKS
- SIIS STATUS FOR COMPLIANT AEOs (starting December 2009, granted premises are approved for such conditions)
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The Department has recently made several other changes to facilitate the smooth implementation of the Authorized Economic Operator System. There has been an introduction of the Tier 1 Broker¹ System which now replaces the Fast Track System

The goal of the AEO service when fully functional and when a Tier1 broker is utilized is to have cargo arrive and delivered on the same day

Ultimately, this program will allow the Department 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 non-compliant 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.

¹ Listing of Tier1 brokers can be found on the Jamaica Customs website - <http://www.jacustoms.gov.jm>