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EVOLVING CHALLENGES AND COMPREHENSIVE RESPONSES



ABSTRACT

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**European Union Authorized Economic Operator (EU AEO) Program –
Lessons Learnt during the First Six Months**

The European Union Authorized Economic Operator, the EU AEO –program, came into force in January 2008, as the European response for the US C-TPAT-program and the WCO SAFE Framework of Standards, to “secure and facilitate the global trade”. The EU AEO program covers import, transit and export of internationally traded and transported goods; it has five sections of requirements, where the fifth one focuses on safety and security aspects of the supply chain, with 13 sub-sections of questions / requirements. At the moment (June 9th, 2008), less than 1500 companies Europe wide have applied to become AEO certified, which is way below the projections created in 2007. One of the key reasons for the low submission rate appears to be the non-clarity of business benefits for the first movers, besides the somewhat heavy administrative work load in filling the application forms. Besides showing the actual status for EU AEO applications per country (applied vs. granted), this presentation aims to bring some answers to following questions surrounding the program: (i) What are the main motivations for the first movers to have applied already? (ii) How does the full application process look like at few case companies? (iii) Which departments / functions have been involved in the process? (iv) What kind of inter-company requests / requirements have been “floating around”, particularly towards the logistics sector? (v) How does the readiness of various industry sectors differ, based on their “traditional levels of security”? (vi) Which types of additional modeling and management tools have the case companies been exploiting during the process? (viii) What are the estimated costs for EU AEO certification processes? Finally, in order to drill deeper into somewhat controversy AEO benefit area, a new study is launched in the beginning of July to explore and rank the preferred benefits for EU AEO.