

# The Authorized Economic Operator (AEO) regime in Switzerland



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International trade is one of the key drivers of economic growth. The expected increase in global trade volumes, combined with the vulnerability of global trade to internal and external threats, such as fraud and terrorist activities, have prompted a variety of measures aimed at controlling the global supply chain. In particular, customs authorities have embarked on a new risk-based approach to customs supervision and inspection.

In Switzerland, the cornerstone of facilitating trade is the Authorized Economic Operator (AEO) regime, which entered into force on 1 April 2011. Since then, an increasing number of companies have applied for the status.

The AEO regime is a risk-based approach to customs supervision and inspection that makes global trade more secure. Swiss organizations obtaining AEO status can manage their compliance and trade processes in a more effective and secure manner by being eligible for priority treatment by the customs authorities.

## What are the main benefits of AEO status?

Among other things, AEO status gives you the following benefits:

- ▶ In the international business arena, AEO certified companies are recognized as safe, secure and compliant trade partners.

- ▶ AEO certified companies are given a more favourable risk profile by the customs authorities, resulting in fewer physical inspections and a faster supply chain.
- ▶ Where physical inspections are conducted, companies with AEO status are given priority treatment.
- ▶ Mutual recognition of the AEO status between Switzerland and, currently, the EU. Agreements with Norway, Japan, China and the US are expected to follow shortly. These agreements allow AEO certified organizations to move their goods between countries with only minor restrictions.
- ▶ AEO status increases a company's control over its internal processes (customs, process and controls, information security, safety and security).

## EY's integrated approach

### What does it take to become Swiss AEO certified?

Becoming AEO certified requires support from your entire organization.

This means your organization:

- 1 must have a good track record with respect to compliance with customs requirements;
- 2 must have a sound accounting and logistics system in place that allows appropriate customs controls;
- 3 must submit proof of solvency; and

4 must have appropriate security and safety measures in place with regard to logistics, personnel, IT and physical access.

The road to certification depends on your corporate culture as well as your progress with regard to the items listed above.

## How EY can help you become compliant

There are certain procedures that need to be implemented before AEO status can be obtained and, given the complexities of the rules, it is essential that you understand all the implications for your business.

Questions that could arise may include: What is the impact on the existing processes and compliance framework? What are the benefits? What resources will be required? How much time will it take? What will be the return on my investment? What exactly do I need to do?

EY can offer you an integrated governance, risk and compliance framework that will accelerate the achievement of your goals with respect to service, processes and internal control and speed up your AEO certification.





**What?**

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|--|---|--|--|--|
| <ul style="list-style-type: none"> <li>▶ Understanding of business requirements<br/>Definition of:             <ul style="list-style-type: none"> <li>▶ International trade profile</li> <li>▶ Certification strategy</li> <li>▶ Key deliverables</li> <li>▶ Critical success factors</li> <li>▶ Project team and timelines</li> <li>▶ Costs involved</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▶ Review current state responses</li> <li>▶ Identification of gaps</li> <li>▶ Validation and prioritization of gaps</li> <li>▶ Remediation design</li> </ul> | <ul style="list-style-type: none"> <li>▶ Advise on remediation of weaknesses in customs and security processes</li> <li>▶ Assist with addressing compliance history issues</li> <li>▶ Assist with AEO required processes</li> <li>▶ Assist with documenting compliant processes and testing</li> </ul> | <ul style="list-style-type: none"> <li>▶ Preparation of AEO application file</li> <li>▶ Develop supporting documentation file</li> </ul> | <ul style="list-style-type: none"> <li>▶ Ongoing review of business processes</li> <li>▶ Updating SOPs to reflect changing processes</li> <li>▶ Training of (new) employees</li> </ul> |
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**How?**

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|--|---|---|--|---|
| <ul style="list-style-type: none"> <li>▶ AEO workshop with key stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>▶ In depth interviews and workshops</li> <li>▶ Process mapping and audit trail review</li> <li>▶ Readiness assessment</li> </ul> | <ul style="list-style-type: none"> <li>▶ Assist to build internal expertise to implement standard operating procedures (SOPs)</li> <li>▶ Test and evaluate</li> </ul> | <ul style="list-style-type: none"> <li>▶ Liaison with the relevant customs authorities</li> <li>▶ Completion of customs audit process</li> </ul> | <ul style="list-style-type: none"> <li>▶ Develop a KPI based operational model</li> <li>▶ Install a clear reporting line</li> </ul> |
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**Deliverable**

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| <ul style="list-style-type: none"> <li>▶ High level scope definition and resource planning</li> <li>▶ Board paper</li> </ul> | <ul style="list-style-type: none"> <li>▶ Current state analysis</li> <li>▶ Gap analysis and remediation design</li> <li>▶ Definition of the «to be» operating model</li> </ul> | <ul style="list-style-type: none"> <li>▶ Our advice on high standard compliant processes and procedures</li> </ul> | <ul style="list-style-type: none"> <li>▶ Submission of AEO application in the name of respective entities</li> </ul> | <ul style="list-style-type: none"> <li>▶ An operational model providing for SOP updates, KPI review and reporting</li> </ul> |
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# Contacts

To learn more contact your local EY office for more information on how EY can help you meet your global trade challenges and improve your supply chain processes. For more information concerning this topic and how we can help our clients address this important issue, please contact:



Dr. Lars Henschel  
Executive Director,  
Indirect Tax Services  
Global Trade, Berne  
Tel. +41 58 286 63 12  
lars.henschel@ch.ey.com



Oliver Hulliger  
Manager,  
Indirect Tax Services  
Global Trade, Zurich  
Tel. +41 58 286 33 88  
oliver.hulliger@ch.ey.com

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SRE 1408-292  
ED None

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