



# TRADE BEAT

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## Jamaica Customs Authorized Economic Operator Procedures and Concepts

### The JCA AEO Application Process

#### 1. Prequalification Questionnaire

This process is the first step towards becoming an authorized economic operator, where an assessment of the applicant's eligibility to obtain the AEO status is initiated. The application process is conducted electronically and an automated response is generated, informing the applicant of his eligibility to apply.

#### 2. Application and Self Assessment Questionnaire

If all requirements of the prequalification questionnaire are met then the applicant will be prompted to complete the Application and Self Assessment questionnaire. The questionnaire covers security and safety, statistics on Customs matters, compliance record, accounting systems and internal controls. The questionnaire requires general information about the company and allows for a self assessment of compliance with the requirements of the AEO programme.



#### 3. Receipt of Application

Once the application is submitted, the system will generate an automatic response acknowledging receipt and an AEO account manager will be designated, who will serve as the contact point between the JCA and the company in matters relating to the programme. The AEO account manager is responsible for verifying the validity of information received and recommending whether or not a candidate should be accepted into the programme. Once recommended, a validation visit is arranged and the AEO will be periodically monitored as it relates to compliance of trade and security standards. The AEO must appoint a responsible employee of the entity, with appropriate levels of autonomy to serve as a point of contact (POC) to coordinate all issues relating to the AEO programme. The Appointee must be indicated on the application form detailing their job title and contact information to facilitate communication with the AEO account manager.



## 4. Review and analysis of application

Within 5 days of receipt of an AEO application, the assigned manager will do a risk assessment of the last 12 months preceding the application date by examining:

- The applicants Customs declaration (including an analysis of the type of commodities and the associated risks)
  - The applicant's contribution to the revenue
  - Their choice of Customs brokers
  - The applicant's history of amendments
  - The applicants breach history
  - Customs penalties
  - Customs penalty appeals
  - Other issues such as changes in classification or value of the applicants goods
  - Additional information received from the Risk Management Unit (RMU) within 10 days of the Account Managers request in writing
- **Additional Checks:**
  - Prior criminal violations resulting in a legal conviction in the past 5 years
  - Compliance with the Customs Law, cooperation with Customs to perform post release audits of applicants records, papers, registers, documents, and instruments related to Customs operations within a period of up to three years after release of the goods
  - Evidence of steps taken to resolve and/or address the Customs administrations violations



### Notification to Trade & Tax Entities

All government agencies involved in international trade and constituting the Public Sector Inter-Institutional Committee (PSIIC) as well as Tax Administration Jamaica (TAJ) will receive in writing, a notification from the AEO account manager of an applicant's interest in joining the programme within 5 days of receiving the application. If the applicant has a parent company or associated companies in countries other than Jamaica, the JCA will consult and collaborate with the Customs Administrations of these countries to gather information on the applicant. Through the collaborative efforts of the trade regulating agencies of the Government of Jamaica, the PSIIC represents a platform of experts who advise on trade related AEO and was formed to ensure the efficient coordination of the AEO programme. The agencies are given 10 calendar days to respond to the notification indicating any objections to the applicant's status being accorded. If prejudicial information on a specific application is found, then the applicant will be made aware in writing by the AEO account manager who would generate a risk assessment report based on the findings.

## 5. Validation Visit

The validation visit is set in consultation with the potential AEO to ensure that the basic security requirements of the programme are met and will capture information relating to the WCO criteria for AEO entities. The purpose of the validation visit is to ensure that the trade and security profile of the potential AEO corresponds with their trade compliance and supply chain security measures and that recommendations by their account managers have been implemented and are being followed.



The Validation visit is conducted on the premises of the potential AEO and examines documented procedures as well as evidence of implementation of the specific business processes being assessed. The company’s procedures and policies with regard to risk assessment, business partners, conveyance security inspection, physical access controls, physical security, personnel security, procedural security, security awareness training and information technology, are examined and assessed to determine and

validate compliance. If the security and trade compliance criteria have been fully met with supporting evidence through the validation exercise, the account manager will generate a report to submit to the AEO committee recommending the entity for approval of AEO status. However if deficiencies are identified, recommendations will be made where the applicant is informed in writing and has up to 90 days to take corrective measures in line with the required standards. If AEO status is denied, a validation report will be sent to the applicant stating the reason for denial and conveying their right to appeal.

### The AEO Committee

The applicant’s case for admission is presented to the AEO Committee by the AEO manager to determine the applicant’s acceptance or denial to the AEO programme. The Manager then briefs the Committee as to why the recommendation was made and a final decision is taken by the Committee that formally accepts or rejects the application. If approval is granted by the AEO committee, the applicant will be informed in writing by the Commissioner of Customs of the acceptance to the Programme at which point a Memorandum of Understanding should be completed and signed.

**AEO status will not be accorded when:**

- The Applicant does not have a history of actively importing into Jamaica and does not have a history of active importation for at least 2 years prior to application
- The Applicant is not a registered Importer
- The Applicant is a Broker
- The Applicant is a Carrier or Freight Forwarder
- The Applicant is a Courier/express Company

## Memorandum of Understanding (MOU)

The MOU outlines the modus operandi between the potential AEO and the JCA and must be signed in order for benefits to accrue. Failure to sign the MOU within 30 calendar days of the official notification will result in a withdrawal of the AEO status. The MOU must be signed by the owner, senior director or partner of the organization and must be certified by a Justice of the Peace (JP), prior to submitting the MOU to the JCA. The original MOU must be submitted for signing by the JCA Commissioner and a copy returned to the AEO.



**The MOU outlines the terms and conditions under which both parties will abide and includes:**

1. Declaring accurate values
2. Securing business premises
3. Compliance with revenue payments
4. Compliance with all governmental agencies
5. Providing documents to customs and access to premises when required
6. Strategic Alliances with Customs
7. Declaring excess goods and paying the difference
8. Accepting liability for short-shipped goods

## Suspension/Withdrawal/Revocation of AEO Status

If there are any contraventions to the principles set forth in the national AEO programme, then all privileges granted may be suspended, withdrawn or revoked by the JCA Commissioner. Suspension of AEO privileges can range for a period of three to six months dependent on the severity of the offense. An AEO may be suspended inter alia, if a breach of any conditions specified in the MOU is committed. Revocation of the status indicates that the AEO will be removed from the programme indefinitely. Revocation may occur if the AEO status was obtained by unfair means such as deceit, threats or bribery of a public officer. If an AEO is withdrawn from the programme, this means that they will be removed from the programme with an option to reapply at the end of one year, subject to final approval by the AEO Committee. An AEO certificate may be withdrawn in cases such as a change in policy by the JCA, as it relates to the importation or exportation of certain items, disruptions in any particular industry which may raise concerns for goods leaving or entering the country and where an operator requests that a certificate be suspended and the necessary steps have not been taken to have the suspension lifted within the agreed time .

## Private Sector Association (PSA)

The PSA represents the interests of AEOs through a single unified body where effective consultation and communication can be established with the JCA. The PSA along with the PSIC and the AEO committee meets biannually to exchange non-classified information and take decisions geared towards the continuous improvement of the Programme for all stakeholders.



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