1. The Executive Director presents his compliments and wishes to inform Members that the European Commission has adopted Commission Regulation (EC) No. 1875/2006 of 18 December 2006 aimed at increased security for shipments entering or leaving the EU and providing greater facilitation for compliant operators. The Regulation was published in the Official Journal of the European Union (L360) on 19 December 2006. Annex 1 contains a copy of a press release on this matter.

2. The Regulation implements four measures for which the details of entry into force are given below:

   - A risk management framework ensuring that customs control of goods crossing the EU borders will have immediate effect;
   - An Authorized Economic Operator (AEO) Certificate will be granted to reliable economic operators: from 1 January 2008;
   - Traders will have to supply customs authorities with advance information on goods brought into, or out of, the EC: from 1 July 2009;
   - Customs authorities will be required to exchange information electronically on exports between the customs offices involved in the procedure (export control system): by 30 June 2007.

3. A copy of the Regulation can be downloaded from the following link:

4. Further information on the security aspects of the Customs Code, including a factsheet, Frequently Asked Questions, and a Working Document containing Guidelines on Standards and Criteria for authorized Economic operators can be downloaded from the following link:
Commission reinforces the security of the EU supply chain while facilitating international trade
(see MEMO/06/495)

The European Commission has adopted a regulation\(^1\) aiming at increased security for shipments entering or leaving the EU and providing greater facilitation for compliant operators. It introduces a framework for better risk analysis of goods crossing EU borders. From 1 January 2008, reliable traders (Authorised Economic Operators) respecting high standard security criteria will benefit from trade facilitation measures and from 1 July 2009 the electronic exchange of advance information between traders and customs authorities on all goods entering or leaving the EU, will be introduced. The regulation also requires customs authorities to exchange information electronically on exports in order to speed up export procedures.

"Customs today also plays a vital role in the fight against terrorism. However, taking into account the continuously growing global trade, we have to follow a balanced approach between security and trade facilitation" said László Kovács, the Commissioner responsible for Taxation and Customs. "Reliable traders must benefit from sufficiently far-reaching trade facilitation measures".

The measures introduced aim at increasing the level of protection offered by customs controls for goods entering or leaving the European Community.

These measures should produce faster and better targeted customs controls that facilitate legitimate trade but tighten minimum security and safety requirements. They consist of the introduction of a new risk management framework; granting the status of authorised economic operator to reliable traders; introducing the requirement for pre-arrival and pre-departure information to be given to the customs authorities on all goods brought into or out of the customs territory of the Community; facilitating information exchange between customs administrations.

New risk management framework

Customs expertise in controlling goods, backed up by the use of modern IT systems and an efficient risk assessment, is vital to detect illegal goods crossing the EU borders such as drugs, explosive materials or nuclear and chemical weapons.

The new regulation introduces a better risk information sharing mechanism and setting uniform Community risk-selection criteria for controls, supported by computerised systems.

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\(^1\) This regulation ensures the implementation of the amendments to the Community Customs Code introduced by the Parliament and the Council in 2005 (IP/05/209).
**Authorized Economic Operator**

Reliable and compliant traders will benefit from simplifications in the customs procedures and/or from facilitation with regard to customs controls relating to safety and security under the Authorised Economic Operator (AEO) Certification scheme.

The AEO concept should ensure a safer and more secure end-to-end supply chain. Being recognised as an AEO will constitute an added value for the operator, as it demonstrates compliance with solid security criteria and controls. This will provide a competitive advantage to participating companies.

**Information on goods prior leaving or entering the EU territory.**

Traders will have to supply customs authorities with advance information on goods brought into, or out of, the European Community (entry and exit summary declarations).

This will enable customs authorities to carry out better risk analysis, e.g. before goods arrive in the customs territory, and to focus on high risk cargo due to the availability of risk-information at an early stage.

It will also allow quicker processing and release upon arrival, resulting in a benefit for traders.

**Export control system**

Customs authorities will be required to exchange information electronically on exports between the customs offices involved in the procedure. This constitutes the first step in the full computerisation of the EU customs; the so-called electronic customs project (see IP/05/1501).

Once all Member States are connected to the Export Control System (expected by July 2007 at the latest) Community exporters will receive the proof of export immediately after the exit of goods, enabling all related processes (VAT refunds, etc.) to be speeded up.

**Background**

Together with economic operators, Customs have a role to play in securing the supply chain while facilitating legitimate trade.

A terrorist attack related to the international supply chain would, not only threaten lives but could also bring international transport to a halt, with potentially disastrous consequences for the world economy.

In the context of the EU Customs Security Programme, the EU Parliament and Council adopted in 2005 the so called "security amendment" to the Community Customs Code (see IP/05/209) providing the legal framework for the measures adopted in today's regulation.

Further information on the security aspects of the Customs Code can be found at: [http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)