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SECRETARÍA DE  
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SERVICIO DE ADMINISTRACIÓN TRIBUTARIA

**APPLICATION OF BENEFITS  
UNDER THE MUTUAL  
RECOGNITION ARRANGEMENT  
BETWEEN THE AUTHORIZED  
ECONOMIC OPERATOR (AEO)  
PROGRAMS OF MEXICO AND  
UNITED STATES OF AMERICA  
(C-TPAT)**

May 2019

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## Introduction

According to Article 100-A of the Customs Law, the Tax Administration Service will authorize the registration of certified companies as **Authorized Economic Operators**, when in addition to complying with the requirements established by Mexican regulations; companies meet the minimum-security standards, determined in the document entitled “Company’s Security Profile”. These standards are aligned with the SAFE Framework (Framework of Standards to Secure and Facilitate Global Trade) adopted by the World Customs Organization, in June 2005. In Mexico, the program is known as Authorized Economic Operator (AEO).

The SAFE Framework defines the Mutual Recognition Arrangement, as a concept, whereby an action or decision taken or an authorization granted by the Customs Administration of a country, is recognized and accepted by another Customs Administration. It also states that in order for a system of mutual recognition to work it is essential that:

- Both AEO programs are compatible and follow the standards and principles set in the SAFE Framework.
- Each country has agreed on a set of standards and principles for Customs Administrations and for the AEO Programs as well.
- Standards are applied in a unified manner in order for Customs Administrations to have confidence in each other’s authorization.

The Mutual Recognition Arrangement between the Tax Administration Service and the Customs and Border Protection of the U.S. Department of Homeland Security was signed in San Isidro, California, on October 17<sup>th</sup> 2014. Through this Arrangement, both countries recognize the C-TPAT program (Customs-Trade Partnership against Terrorism) and the Authorized Economic Operator (AEO) program.

## Benefits

Benefits received under the Mutual Recognition Arrangement translates into a lower number of inspections during the customs clearance, and in case of inspections, the certified AEO company will have priority.

### Cases in which benefits can be received:

In order to receive the benefits from the AEO Program, Mexican importers will identify operations with suppliers who are certified as AEO. To carry out this process, Mexican importers must use the correct fields in the entry summary, according to the Annex 22, Appendix 8 (Entry Summary Guidelines) of the Mexican General Rules for Foreign Trade, as shown in the table below:

IDENTIFIER	LEVEL	CASES	Complement 1	Complement 2	Complement 3
IC- CERTIFIED COMPANY	<b>G</b>	Indicate it is a certified company	<p>Declare the corresponding code/key according to the following:</p> <ul style="list-style-type: none"> <li><b>A.</b> Rule 7.1.4. Paragraph A</li> <li><b>O.</b> Rule 7.1.4. Paragraph B, C, D, E, F</li> </ul> <p>According to the Rule 7.1.9. paragraph A, fraction IV and 7.3.11 or when the authorization is valid, please declare the following:</p> <ul style="list-style-type: none"> <li><b>A.</b> Rule 3.8.1., paragraph A</li> <li><b>B.</b> Rule 3.8.1., paragraph B</li> <li><b>D.</b> Rule 3.8.1., paragraph D</li> <li><b>F.</b> Rule 3.8.1., paragraph F</li> <li><b>L.</b> Rule 3.8.1. Paragraph L.</li> </ul>	Do not capture data (Empty).	Do not capture data (Empty).
OE- AUTHORIZED ECONOMIC OPERATOR	<b>G</b>	Identify international suppliers who have a valid AEO certification in their country, and have signed a Mutual Recognition Arrangement with Mexico.	Declare the <b>Authorized Economic Operator number</b> , provided by the supplier.	<b>Country</b> that signed the Arrangement with Mexico, according to <b>Annex 22, Appendix 4.</b>	Do not capture data (Empty).

Therefore, there are two different application cases to obtain the benefits:

- 1. When a Mexican company certified as AEO, performs an import operation and its supplier is a U.S Company with C-TPAT certification.**
- 2. When a Mexican company without an AEO certification, performs an import operation and its supplier is a U.S Company with C-TPAT certification.**

## Case 1

In this case, the Mexican company with an AEO certification, importing goods from a U.S. Supplier with C-TPAT certification, must fill in the field “DATOS DEL PROVEEDOR O COMPRADOR” section, with the following information:

- ✓ **TAX ID of the Supplier**
- ✓ **Company name**
- ✓ **Address**

As shown below:

DATOS DEL PROVEEDOR O COMPRADOR			
ID. FISCAL <b>KRAEO0000000</b>	NOMBRE, DENOMINACIÓN O RAZON SOCIAL <b>INTERNATIONAL INDUSTRIES, INC</b>	DOMICILIO: <b>2016 BRIAR DR. LEAWOOD, KS 66209, ESTADOS UNIDOS</b>	VINCULACIÓN

Additionally, in section “KEY/COMPLEMENT IDENTIFIER”, the Mexican company must apply the identifier “**IC**”, which indicates that it is a certified Mexican company and in the section Complement 1, it must indicate the key “**L**” or “**O**” which means it is a certified company according to rule 3.8.1. paragraph L or rule 7.1.4. category AEO. In the second line, the Mexican company must apply the identifier “**OE**”, which means that its supplier is an Authorized Economic Operator (C-TPAT) and the supplier is within a country that has signed a Mutual Recognition Arrangement with Mexico. The next step is, in Complement 1, the Mexican company must indicate the

**EIN (Exporter Identification Number)** of the U.S. Supplier, which must be provided by the supplier. In Complement 2, indicate the Key of the country of origin, in this case to U.S. is **“USA”**.

Examples:

1. Rule 3.8.1. category L:

DATOS DEL DESTINATARIO										
ID. FISCAL	NOMBRE, DENOMINACIÓN O RAZON SOCIAL				DOMICILIO:					
TRANSPORTE	IDENTIFICACIÓN:				PAÍS:					
NUMERO (GUIA/ORDEN EMBARQUE)/ID:										
NUMERO / TIPO DE CONTENEDOR										
CLAVE / COMPL. IDENTIFICADOR		<b>IC</b>	<b>L</b>							
		<b>OE</b>	<b>XX-XXXXXXX</b>			<b>USA</b>				
OBSERVACIONES										

2. Rule 7.1.4. category AEO:

DATOS DEL DESTINATARIO										
ID. FISCAL	NOMBRE, DENOMINACIÓN O RAZON SOCIAL				DOMICILIO:					
TRANSPORTE	IDENTIFICACIÓN:				PAÍS:					
NUMERO (GUIA/ORDEN EMBARQUE)/ID:										
NUMERO / TIPO DE CONTENEDOR										
CLAVE / COMPL. IDENTIFICADOR		<b>IC</b>	<b>O</b>							
		<b>OE</b>	<b>XX-XXXXXXX</b>			<b>USA</b>				
OBSERVACIONES										

Thus, the validation system of the operation in Mexico, will identify the information provided in the Entry Summary, it will recognize data and suppliers from AEO certified companies and the benefits will be granted under the Mutual Recognition Arrangement.

## Case 2

In this case, the Mexican company without AEO certification, imports goods from a U.S. Company with an AEO certification. The Mexican company must fill in the “DATOS DEL PROVEEDOR O COMPRADOR” section, with the following information:

- ✓ **TAX ID of the Supplier**
- ✓ **Company name**
- ✓ **Address**

As shown below:

DATOS DEL PROVEEDOR O COMPRADOR			
ID. FISCAL	NOMBRE, DENOMINACIÓN O RAZON SOCIAL	DOMICILIO:	VINCULACIÓN
00-0000000	INTERNATIONAL INDUSTRIES, INC	2016 BRIAR DR. LEAWOOD, KS 66209, ESTADOS UNIDOS	

In the “CLAVE/COMPL. IDENTIFICADOR” section, the Mexican company must apply the identifier **“OE”**, which means that its supplier is an Authorized Economic Operator (C-TPAT) and the supplier is within a country that has signed a Mutual Recognition Arrangement with Mexico. The next step is, in Complement 1, the Mexican company must indicate the **EIN (Exporter Identification Number)** of the U.S. Supplier, which must be provided by the supplier. In Complement 2 (next column), indicate the Key of the origin country of the supplier, in this case, to U.S. is **“USA”**.

DATOS DEL DESTINATARIO										
ID. FISCAL	NOMBRE, DENOMINACIÓN O RAZON SOCIAL				DOMICILIO:					
TRANSPORTE	IDENTIFICACIÓN:				PAÍS:					
NUMERO (GUIA/ORDEN EMBARQUE)/ID:										
NUMERO / TIPO DE CONTENEDOR										
CLAVE / COMPL. IDENTIFICADOR		<b>OE</b>	<b>XX-XXXXXXX</b>			<b>USA</b>				
OBSERVACIONES										



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Thus, the validation system of the operation in Mexico will recognize the information provided in the Entry Summary by the AEO certified company and its suppliers and the benefits will be granted under the Mutual Recognition Arrangement.



## Recommendations

It is important that Mexican companies who want to obtain the benefits under the Mutual Recognition Arrangement consider the following recommendations:

- If they are aware their suppliers have AEO certification and they are not receiving the benefits this might be due to the fact that they do not know how to make the request to receive it, therefore, you should ask to include the **EIN (Exporter Identification Number)** in the shipment documentation.
- If the system shows an error, when validating the entry summary, this must be sent through the established procedure in order to get a proper response.
- When Mexican AEO companies do not have a certified AEO supplier, they must continue to use the identifier as they currently do.

As shown below:

DATOS DEL DESTINATARIO									
ID. FISCAL	NOMBRE, DENOMINACIÓN O RAZON SOCIAL				DOMICILIO:				
TRANSPORTE		PAÍS: México							
NUMERO (GUIA/ORDEN EMBARQUE)/ID:									
NUMERO / TIPO DE CONTENEDOR									
CLAVE / COMPL. IDENTIFICADOR			IC	L/O					
OBSERVACIONES									



## Legal Framework

- Article 100-A and 100-B of the Customs Law.
- Title 7 from Mexican General Rules for Foreign Trade for 2018.
- Appendix 4 and 8 for the Annex 22 of the Mexican General Rules for Foreign Trade for 2018.

## Glossary

### Acronyms

1. **AEO:** Authorized Economic Operator
2. **C-TPAT:** Customs Trade Partnership Against Terrorism

### Definitions

1. **L:** Key according to the rule 3.8.1. paragraph "L".
2. **O:** Key according to the rule 7.1.4, AEO Modality.
3. **Identifier IC:** Identifies certified companies under the AEO program in México.
4. **Identifier OE:** Identifies an international supplier that has an AEO certification in a country that has signed a Mutual Recognition Arrangement with Mexico.
5. **EIN (Exporter Identification Number):** A number provided by the foreign supplier to identify as AEO in U.S.
6. **Country of origin:** Country of the foreign supplier with whom a Mutual Recognition Arrangement has been signed. (See list of country of origin codes, Annex 22, Appendix 4).