



# AUTHORIZED ECONOMIC OPERATOR PROGRAMME



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# INDIAN CUSTOMS' AEO PROGRAMME

**BACKGROUND:** The Indian AEO is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and facilitate Global Trade. The programme aims to enhance international supply chain security and facilitate movement of legitimate goods. Under this programme, an entity engaged in international trade is approved by Customs as compliant with supply chain security standards and is granted AEO status along with tangible benefits.

India's AEO Programme is in sync with India's commitments made under Article 7.7 of WTO TFA. The AEO Programme enables Indian Customs to enhance and streamline cargo security through close cooperation with the principle stakeholders of the international supply chain viz. importers, exporters, logistics providers, custodians/terminal operators, custom brokers and warehouse operators.

**IMPLEMENTATION:** India began its AEO implementation journey in 2011. Subsequently, the programme has been regularly updated by way of meaningful modification to align it with updated SAFE standards. To ensure earnest upgradation in implementing the global standards of secure trade, the Indian AEO Programme was revamped in 2016. Since then, it is being implemented vide CBIC Circular 33/2016 – Customs as amended, which provides the statutory framework for the Indian AEO programme. The implementing circular provides for a three tier AEO status for Exporters and Importers. The three tiers are AEO T1, AEO T2, AEO T3, where AEO T3 is the highest level of accreditation and with most benefits.

All three tiers provide for varying and incrementally increasing level of facilitation to the status holder. This tiered approach allows Indian Customs to cater to the differentiated need of the MSMEs while ensuring adequate security preparedness. There is one more category of AEO- LO that covers all other entities in the supply chain other than the Importers and Exporters.

After successfully implementing the AEO Programme for 2 years and meticulously studying the multitude of AEO best practices around the globe, it was felt that the Indian AEO Programme should be overhauled and renovated to suit the changing trends and practices of global trade. And thus, recently, the AEO T1 processing was further streamlined via circular 26/2018- Customs. The latest amendments to the Indian AEO Programme are as inclusive as they are thoroughgoing. The mainstay of the latest amendments is to ensure that Indian AEO Programme remains relevant through re-inventing itself by relying upon the updated SAFE Framework, the well-established best practices of different Customs Administrations and the clearly identified requirements of the international trade.

In pursuit of the above discussed broad ideas and to cater to the special need of Indian trade, the Indian AEO Programme has been tailor-made by reformative decentralization and facilitative digitization. The decentralization has made the process more efficient and seamless while the digitization has made it transparent and user-friendly.

These changes are also in line with India's Prime Minister's vision of implementing 'Digital India' and ensuring 'Ease of Doing Business'. This digitization will provide wholesome support to the applicants by allowing them to bypass the requirement of physical documentation and submitting their application with the click of a button to ensure highest degree of ease in doing business for the applicant. The complete application will be processed online by custom officials and the AEO certificate will be relayed online to the certified entity.



# INDIAN CUSTOMS' AEO PROGRAMME

**PRESENT POSITION:** Indian AEO Programme has more than 2100 AEO accredited entities, of which around 1400 are AEO T1, 250 are AEO T2, 1 is AEO T3 & 450 are AEO LO. The driving inspiration is to have 4000 AEOs in foreseeable future through systematically acceleratory approach, while ensuring that the MSMEs grasp the inherent importance of security in supply chain and organically upgrade their security apparatus to be the champions of security as future AEOs.

**BENEFITS:** The major benefits of the AEO certification are:

1. Self-declaration of SION under Para 4.07A of FTP 2015-20 for AEO Exporters in cases where SION is not notified.
2. Inclusion of Direct Port Delivery of imports for AEOs.
3. Inclusion of Direct Port Entry for factory stuffed containers meant for export by AEOs.
4. Provision of Deferred Payment of duties – delinking duty payment and Customs clearance for AEO T2 and AEO T3
5. Benefits of Mutual Recognition Agreements with other Customs Administrations for AEO T2 and AEO T3.
6. Fast tracking of adjudications and refunds including IGST refunds and disbursal of drawback.
7. Priority in processing and clearance of goods.

**WAY FORWARD:** After having ironed out the nuanced challenges in implementing the AEO Programme as envisaged under Pillar II of the WCO SAFE Framework of Standards, India would want to make the processing holistic and complete the circle by building on its preparedness with respect to Pillar I and Pillar III of the SAFE Framework of Standards.

**Pillar I:** Inter-governmental cooperation & MRAs – Over the past years, Indian Customs has collaborated with several foreign Customs Administrations to ensure prolific collaboration between our domestic Authorized Economic Operator Programmes. Indian Customs has signed two Mutual Recognition Agreements with the Customs Administrations of South Korea and Hong Kong. Two other MRAs with the USA and Taiwan are in final stages of conclusion. MRA with Uganda is already in pipeline, whereas initial discussions have begun after 'letter of intent' for signing of MRA has already been relayed to 15 major trade partner countries.. Besides, India's position in South Asia posits it to play a vital role in helping the other countries in the region like SAARC & SASEC to develop their domestic AEO Programme and provide meaningful support to them in this direction.

**Pillar III:** Other Participating government agency cooperation – Indian Customs is also actively working to bring other PGAs on board to ensure that its AEOs get a 'Green Channel' treatment by them by way of basic benefits like waiver of physical examination of consignments and categorization of AEOs in Low-Risk category by all PGAs. For the above, Indian Customs is proactively working to bring various government agencies working at the borders on board, for faster and seamless clearance of AEO cargo.

## EASE OF DOING BUSINESS

To further ease out the AEO process and meet PM's 'Digital India' objective, the Chairman (CBIC) has inaugurated an AEO Web Application ([aeoindia.gov.in](http://aeoindia.gov.in)) on 30.11.2018. By this web application, the entire AEO process has been digitized to allow the application filing, processing & digital signed delivery of AEO certification over an online platform.



**Shri S. Ramesh, Chairman (CBIC) inaugurating the AEO web - application developed by DIC on 30.11.2018 for online filing, processing & relaying of digitally signed AEO certificate**

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