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A Decade of AEO in India :

Celebrating Trusted Trade Partnerships

Accelerating Growth • **Enhancing** Trust • **Optimizing** Trade



Directorate of International Customs
Central Board of Indirect Taxes & Customs
Department of Revenue
Ministry of Finance
Government of India

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Preface

This compendium presents various aspects of the 10 year journey of India's AEO programme. In addition, it contains articles written by CBIC officers who have expertise in (and have contributed to) the programme. Experiences of the MRA partners and trade are also included. The compendium presents only a snapshot of ideas, experiences, and vision of the contributors and is meant as a knowledge-sharing repository only. Opinions and facts, wherever expressed, are of the individual authors and do not represent the views of the government.

Message from Chairman, CBIC



The most enduring reforms in public administration are those that encourage compliance with trust. The Authorized Economic Operator (AEO) Programme is one such reform.

Over the past decade, the AEO Programme has fundamentally transformed the relationship between Indian Customs and the trading community. By recognising and rewarding compliant businesses, it has demonstrated that trade facilitation and effective border management are not competing objectives, but complementary ones. This partnership has translated into faster and more predictable cargo clearance, lower transaction costs, deferred duty payment, paperless processes, Direct Port Delivery and several other facilitation measures that have enhanced the competitiveness of Indian businesses.

The success of the Programme, however, is measured by much more than these benefits. It lies in the confidence it has inspired - confidence that compliance will be recognised, that trusted businesses will be facilitated, and that Customs and trade can work together to build secure and resilient supply chains.

As India strengthens its position in global trade and manufacturing, the importance of trusted trader programmes will only continue to grow. Indian Customs remains committed to expanding this partnership through innovation, technology and continuous dialogue with stakeholders.

This compendium celebrates not only ten years of the AEO Programme but also the shared commitment of Customs, industry and every AEO entity that has contributed to its success. I congratulate all those associated with this remarkable journey and wish the Programme continued success in the years ahead.0

Vivek Chaturvedi
(Chairman, CBIC)

Message from Member (Customs), CBIC



Every successful programme reaches a stage where it becomes an integral part of the institution it was created to serve. The Authorized Economic Operator (AEO) Programme has now reached that stage.

Over the last ten years, the Programme has steadily evolved into a modern, technology-driven framework for trusted trade. Continuous improvements in policy, digital processes and stakeholder engagement have made AEO accreditation more accessible while preserving the high standards of compliance and supply chain security on which the Programme is founded.

Today, AEO entities enjoy a range of facilitation measures that reduce the cost and time of doing business—from expedited Customs clearance and deferred duty payment to Direct Port Delivery, reduced compliance burden, dedicated client support and the advantages flowing from Mutual Recognition Arrangements. These benefits reflect the confidence that Indian Customs places in businesses that consistently demonstrate responsible compliance.

The growth of the Programme has been made possible through the collective efforts of the Directorate of International Customs, field formations, industry associations and, above all, the AEO community. Their partnership has strengthened both trade facilitation and supply chain security.

As we enter the next decade, our endeavour will be to further strengthen this ecosystem, expand its reach, particularly among MSMEs, and continue building a Customs administration that is trusted, responsive and future-ready.

I extend my appreciation to everyone who has contributed to the success of the AEO Programme and wish it many more years of growth and excellence.

Yogendra Garg
Member (Customs)

MILESTONES IN AEO PROGRAM

01	22nd July, 2016	Introduction of three tier -AEO program
02	17th Jan, 2018	Decentralize the processing of AEO applications to improve trade facilitation and ease of doing business.
03	10th August, 2018	Simplification & Rationalization of Processing of AEO-T1 Application.
04	07th December, 2018	AEO Programme Digitization- Ease of doing Business- Development of Web based application for AEO - T1.
05	15th December, 2020	Special Measures to facilitate MSME for AEO T1 & T2 accreditation.
06	24th May, 2021	Extension of validity of AEO Certification for ease of renewal process.
07	01st July, 2021	Online filing of AEO T2 and AEO T3 Applications: Launch of version 2.0 of web-application for filing, real-time monitoring, and digital certifications.

AEO- A Trust Based Framework



AEO @10: A RECONAISSANCE AND FUTURE READINESS



Dr. Kavita Bhatnagar,
Principal Commissioner, DIC &
National AEO Programme Manager

The Foundation of Trust

The World Customs Organization (WCO) adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade in 2005 in response to the growing complexity of global supply chains and emerging security risks. The Framework transformed customs administrations from traditional gatekeepers into trusted partners of legitimate trade by promoting Customs-to-Customs, Customs-to-Business and Customs-to-Other Government Agency cooperation. At the heart of the SAFE Framework lies the concept of the Authorized Economic Operator (AEO)—a voluntary partnership in which compliant businesses receive facilitation benefits in return for maintaining high standards of compliance, security and governance.

India adopted the AEO concept on a pilot basis in 2011 and comprehensively revamped the programme through CBIC Circular 33/2016- Customs dated 22.07.2016, integrating global best practices with India's Ease of Doing Business objectives. Today, the programme aligns with the WTO Trade Facilitation Agreement, embraces digital governance and has evolved into one of the flagship trust-based initiatives of Indian Customs.

As India celebrates ten years of the current AEO programme, it is an appropriate moment to celebrate and to assess not only what has been achieved but also how prepared the programme is for the next decade of resilient, technology-enabled and trusted trade.

A Decade of Progress

The past decade has witnessed remarkable transformation both in the trade landscape and customs administration. The numerous milestones are captured below:

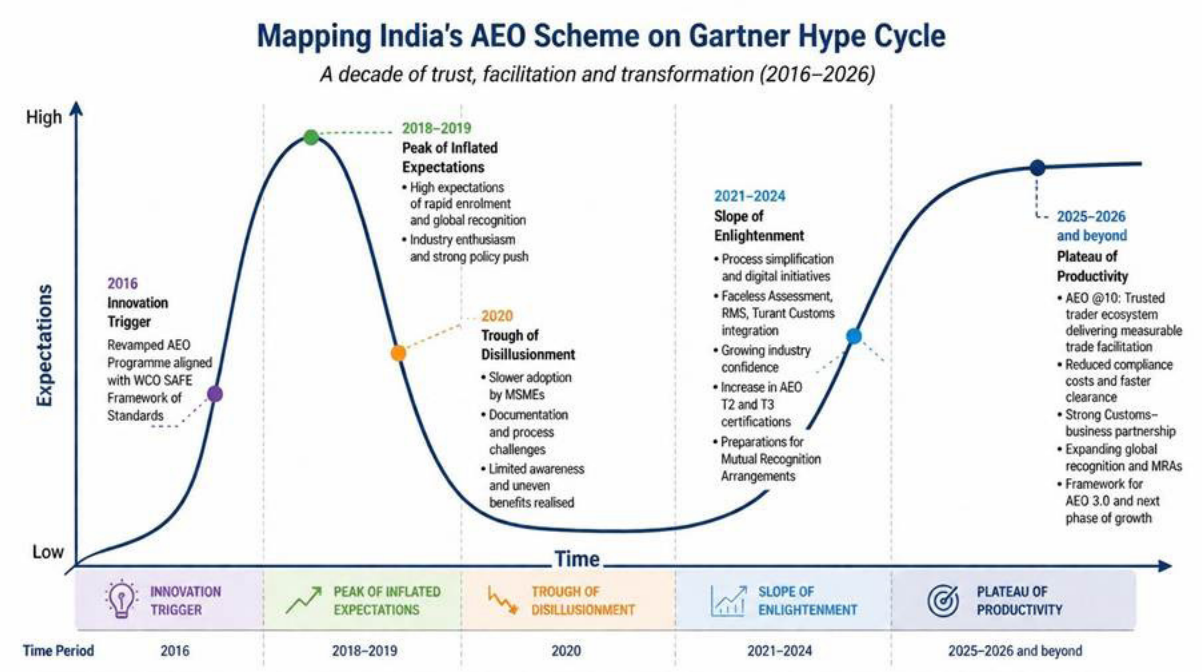
Year	Milestone
2011	Pilot launch of Indian AEO Programme
2016	Comprehensive restructuring through Master Circular 33/2016- Customs dated 22.07.2016
2018	Simplified T1 accreditation and decentralised processing
2021–23	Online application, digital certificates and process automation
2024–25	Wider digitisation and expansion of benefits for all tiers.

The programme has expanded from a few hundred participants to nearly 6,000 AEO entities, covering a significant proportion of India's international trade. At the 2024 Global AEO Conference, it was reported that around 6,000 recognised entities accounted for nearly 37% of Bills of Entry, demonstrating the programme's growing operational significance.

In this decade, India has also concluded Mutual Recognition Arrangements (MRAs) with several Customs administrations while pursuing additional agreements, enabling Indian trusted traders to enjoy reciprocal facilitation abroad. Those in pipeline will ensure a wides range of global benefits. Digital application processing, decentralised approvals, Direct Port Delivery (DPD), Direct Port Entry (DPE), deferred duty payment and reduced examination have substantially strengthened the value proposition of AEO certification.

Mapping India's AEO Programme on the Gartner Hype Cycle

The Gartner Hype Cycle provides an insightful framework for assessing the maturity of innovations. It has 5 phases as illustrated below.



Current Position: Early Slope of Enlightenment

India's AEO programme appears to have successfully crossed the initial enthusiasm associated with trusted trader programmes and avoided prolonged stagnation. The early years focused on policy design, awareness generation and process simplification. Subsequently, digitisation, decentralised processing and measurable facilitation benefits enhanced stakeholder confidence.

The programme now stands on the Slope of Enlightenment, characterised by:

- Mature regulatory framework
- Growing industry confidence
- Increasing digital integration
- Expanding MSME participation
- Measurable reductions in cargo release time
- Recognition by international organisations

The next challenge is reaching the Plateau of Productivity, where AEO becomes the default operating model for trusted international trade rather than a specialised certification. To be future ready, the current AEO Programme needs to be enhanced and elevated further. The SERVQUAL model can be used as a framework to achieve this.

SERVQUAL Assessment of India's AEO Programme

The SERVQUAL framework evaluates service quality across five dimensions. Applying it to the AEO programme provides useful insights into future readiness.

Dimension	Current Status	Future Focus
Reliability	High consistency in benefits and validation	Data-driven compliance scoring
Responsiveness	Faster approvals and digital applications	AI-assisted validation and risk management
Assurance	Strong legal framework and transparent criteria	Global interoperability through additional MRAs
Empathy	Simplified procedures for MSMEs	Sector-specific handholding and advisory support
Tangibles	Online portal and digital certificates	AEO elevate with more clear eligibility and deeper benefits

Overall, the programme demonstrates strong performance on Reliability and Assurance, while Empathy remains the area with the greatest potential for improvement, particularly through customised outreach for MSMEs and logistics operators.

Readiness for the Next Decade

India's AEO programme possesses several strategic strengths that position it well for the future.

1. Digital Customs Ecosystem

Integration with ICEGATE, Risk Management Systems, faceless assessment, Advance Cargo Information and digital documentation create an enabling environment where trusted traders can receive differentiated treatment with minimal manual intervention.

2. Data-Driven Compliance

The future lies in continuous assurance rather than periodic validation. Artificial Intelligence, predictive analytics and behavioural risk profiling can enable dynamic compliance ratings.

3. Whole-of-Government Facilitation

The future AEO should extend beyond Customs to encompass Participating Government Agencies. Integration with food safety, plant quarantine, drug regulators and port authorities would create a genuine "Trusted Trade Corridor."

4. Global Interoperability

Expanding Mutual Recognition Arrangements will become increasingly important as Indian manufacturers integrate into global value chains. Mutual trust between customs administrations

can significantly reduce transaction costs for Indian exporters

5. MSME Inclusion

Future growth will depend upon bringing smaller exporters into the trusted trader ecosystem. Simplified compliance templates, sector-specific security standards and digital mentoring can make AEO accessible to thousands of emerging enterprises.

Vision 2035: From Certification to Intelligent Trust

The next decade should witness the evolution of AEO from a certification programme into an intelligent trust ecosystem.

Key elements of this vision include:

- AI-enabled continuous compliance monitoring
- Blockchain-supported supply chain traceability
- Digital Twins for validation and audit
- Integrated Customs-PGA trusted trader platform
- ESG and sustainability parameters within trusted trader assessments
- Real-time compliance dashboards for both Customs and industry
- Global digital recognition through interoperable trusted trader networks

To sum up, instead of asking, “Has this entity complied in the past?”, future systems should answer, “How trustworthy is this transaction in real time?”

Strategic Recommendations

To achieve this vision, the following strategic priorities deserve attention:

1. Develop a National Trusted Trade Strategy integrating Customs, PGAs and logistics stakeholders.
2. Introduce risk-based continuous assurance using advanced analytics.
3. Expand Mutual Recognition Arrangements with India’s major trading partners.
4. Create simplified AEO pathways for MSMEs.
5. Develop measurable Service Level Agreements for validation and renewal.
6. Publish annual AEO performance dashboards using cargo release time, compliance indicators and stakeholder satisfaction metrics.
7. Institutionalise periodic SERVQUAL-based stakeholder perception surveys to continuously improve programme delivery.

The way forward

The first decade of India's AEO programme has demonstrated that trust can be institutionalised as a policy instrument. What began as a compliance initiative has matured into a strategic partnership between Customs and legitimate trade. The programme has successfully moved beyond experimentation into operational maturity, supported by digitisation, simplified procedures and increasing industry acceptance.

Mapped on the Gartner Hype Cycle, India's AEO programme has entered the Slope of Enlightenment, steadily progressing towards the Plateau of Productivity. Viewed through the SERVQUAL framework, it performs strongly on reliability and assurance while offering opportunities to deepen responsiveness and empathy, particularly for MSMEs.

As global trade becomes increasingly digital, data-driven and security-conscious, India's AEO programme is well positioned to evolve from a trusted trader initiative into a comprehensive Trusted Trade Ecosystem—one that not only accelerates cargo movement but also strengthens resilience, enhances competitiveness and reinforces India's ambition to become a leading global trading nation.

AEO @10 is therefore not merely a celebration of the past decade—it is the launchpad for the next generation of trusted, secure and intelligent trade facilitation.



Two Decades of SAFE: The Quiet Architecture of Trusted Trade



Dr. Pradeep Kumar,
Joint Director, CBIC and
WCO Accredited AEO expert

Adopted in Brussels in 2005 and renewed in June 2025, the WCO SAFE Framework of Standards has become the reference point for securing global supply chains without slowing them down. A close reading of the new edition shows a mature instrument sharpening its focus — on inter-agency cooperation, insider threats, integrity, and the smallest traders.

When WCO Members gathered in Brussels for the June 2005 Council Sessions, they adopted an instrument whose full significance would only become apparent with time. The SAFE Framework of Standards to Secure and Facilitate Global Trade ushered in modern supply chain security standards and heralded a new approach to the end-to-end management of goods moving across borders — one that recognized, from the outset, that Customs could not do this alone. Twenty years and several revisions later, the June 2025 edition of the SAFE Framework arrives not as a routine update but as a considered response to a trading environment where the threats have grown more intricate and the expectations of both governments and business have grown more demanding.

THE PREMISE: Why Customs, and Why a Framework?

The logic underpinning SAFE begins with a simple observation: legitimate international trade is an essential driver of economic prosperity, and the global trading system is vulnerable to terrorist exploitation that would severely damage the entire global economy and the social well-being of nations. Customs administrations occupy a position no other arm of government can

replicate. They hold the authority to inspect cargo and goods shipped into, through and out of a country; to refuse entry or exit; and to expedite entry. With appropriate legislation, they can require information about goods in advance and electronically. The WCO, whose membership represents Customs administrations handling 99 percent of global trade, is the natural platform for turning that unique authority into a coherent global strategy.

But the Framework is equally candid about what Customs must not do. Inspecting every shipment is an unacceptable and unnecessary burden — doing so would bring global trade to a halt. Nor should the international trade community be burdened with different, competing sets of requirements. The answer is one set of international Customs standards, developed by the WCO, that neither duplicates nor contradicts other intergovernmental requirements, and that is presented as a minimal threshold of what should be done by WCO Members.

KEY TAKEAWAY · FIVE CORE ELEMENTS

The design in five commitments

1. Harmonized advance electronic cargo information on inbound, outbound and transit shipments.
2. A consistent risk management approach to address security threats, adopted by every joining country.
3. Outbound inspection of high-risk cargo at the reasonable request of the receiving nation, preferably using non-intrusive detection equipment such as large-scale X-ray machines and radiation detectors.
4. Benefits for businesses that meet minimal supply chain security standards and best practices.
5. Close cooperation with other governmental agencies, keeping societies safe and secure while facilitating the movement of goods.

These elements rest, in turn, on three pillars: Customs-to-Customs network arrangements, Customs-to-Business partnerships, and Customs-to-Other Government and Inter-Government Agencies cooperation. The pillar structure is deliberate — a consolidated set of standards designed for ease of understanding and rapid international implementation.

PILLAR 1: Customs Talking to Customs

The central tenet of the first pillar is the use of advance electronic information to identify high-risk cargo and transport conveyances as early as possible in the supply chain — at or before the port of departure. Traditionally, Customs inspected cargo once it arrived at domestic ports; today there must be an ability to inspect and screen it before arrival.

The pillar's eleven standards give this idea operational teeth. Integrated supply chain management requires the legal authority to collect advance electronic information from exporters, importers and carriers, with data requirements that should not exceed the elements listed in Annex II of the Framework.

Risk management is treated as an ongoing and shared process, commencing when goods are

being prepared for export and continuing through verification of consignment integrity, so as to avoid unnecessary duplication of controls. Automated selectivity systems, informed by advance information and strategic intelligence, identify shipments that warrant attention; non-intrusive inspection equipment and radiation detection then allow high-risk cargo to be examined quickly without disrupting the flow of legitimate trade. Where an importing country has reason to believe cargo destined for its ports may represent high risk, it can request the outbound administration to conduct an examination, preferably prior to loading.

The pillar also devotes sustained attention to something deceptively mundane: the seal. In the interest of a fully secure movement from the stuffing of a container to its release from Customs control at destination, administrations should apply a seal integrity programme based on smart security devices or high-security mechanical seals as prescribed in ISO 17712 at the point of stuffing. The Framework traces the chain of custody in detail — from stuffing site through intermediate terminals, loading and transhipment terminals, to the unloading site — assigning responsibilities at every change of hands. Each receiving party must inspect the seal, compare its identification number with the cargo documentation, and act on any discrepancy. It is a reminder that supply chain security is won or lost in procedure, not proclamation.

> *"Supply chain security is won or lost in procedure, not proclamation."*
> ON THE SAFE SEAL-INTEGRITY REGIME, PILLAR 1

Underlying it all is interoperability. Customs administrations should ensure their IT systems are based on open standards and should use the WCO Data Model, which defines a maximum set of data for export and import formalities. Data privacy and protection receive explicit treatment: national legislation must specify that data collected or transmitted by Customs is treated confidentially and securely, and must grant certain rights to the persons to whom the information pertains.

PILLAR 2: The Trusted Trader Bargain

The second pillar rests on a proposition articulated in the Framework's own guidelines: to the extent that Customs can rely on its partners in the trade community to evaluate and address threats to their own supply chains, the risk confronting Customs is reduced. Companies that demonstrate a verifiable willingness to enhance supply chain security will benefit.

FROM THE FRAMEWORK · ANNEX I DEFINITION

What is an Authorized Economic Operator?

"AEO is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. AEOs may include manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders."

The pillar's six standards — Partnership, Security, Authorization, Technology, Communication and Facilitation — describe both sides of the arrangement. Operators engage in self-assessment against pre-determined security standards, implement measures covering premises, cargo, conveyances, personnel and information systems, and jointly document with Customs the partnership security measures to be maintained. In return, benefits must be tangible, documented, measured and reported: at a minimum, fewer documentary examinations and physical inspections, and expedited release and clearance of goods. Annex IV elaborates an extensive, non-exhaustive catalogue of general and operator-specific benefits, from account-based processing and priority treatment during periods of elevated threat to specific facilitations for exporters, importers, warehouse operators, brokers, logistics operators, carriers, terminal operators and manufacturers.

Notably, the Framework insists on flexibility. Security plans may be customized to the AEO's business model, and that flexibility extends deliberately to Micro, Small and Medium Enterprises, who may need more assistance to become certified or to comply as part of the global supply chains of larger AEOs. The Framework recognizes that MSMEs embedded in the supply chains of AEO-certified companies have already undergone significant selection and vetting — a status that can be leveraged in Customs risk analysis.

PILLAR 3: Government Speaking with One Voice

The third pillar, added as the Framework evolved, addresses a truth every border practitioner knows: Customs is rarely the only agency at the frontier. Its objective is a government response to supply chain security that is both efficient and effective — avoiding duplication of requirements and inspections, streamlining processes, and working toward global standards.

The standards here map cooperation at three levels. Within the government, Customs should establish mutual cooperation with aviation authorities (aligning AEO programmes with Regulated Agent/Known Consignor schemes), maritime and port security authorities (including alignment with the ISPS Code), land transportation authorities, postal operators, passenger control agencies and — a pointed addition — environmental authorities. Governments should harmonize national control measures, align security programmes, and work toward Single Window arrangements in which traders submit required information once, electronically, to a single designated authority, preferably Customs. Between governments, cooperation may extend to exchange of information, training, technical assistance, shared equipment and coordinated management of shared borders. And multilaterally, the WCO maintains cooperative arrangements with international bodies such as ICAO, IMO and the UPU

THE HORIZON: Mutual Recognition: The Long Game

If the pillars are SAFE's architecture, mutual recognition is its horizon. The concept is broad: an action, decision or authorization properly granted by one Customs administration is recognized and accepted by another. For AEO programmes, the Framework sets out the essentials — compatible programmes conforming to SAFE standards, an agreed set of common standards

with sufficiently robust provisions, uniform application, mechanisms governing any delegated validation, and enabling legislation.

The document is realistic about pace. A global system of mutual recognition of AEO status will require some time, and just as SAFE itself is implemented in a progressively phased approach, so too should expectations for mutual recognition be phased. Bilateral, sub-regional and regional initiatives serve as stepping stones; regional Customs union AEO programmes and plurilateral MRAs offer routes to standardization that reduce the operational costs of negotiating agreement by agreement.

FIGURE :THE PHASED PATHWAY TO MUTUAL RECOGNITION



Stepping stones, not a leap. The Framework anticipates bilateral, sub-regional and regional initiatives as useful stepping stones toward an eventual global system of mutual recognition of AEO status.

DELIVERY: Implementation With Realism Built In

The Framework pairs ambition with pragmatism. It is unreasonable, the text acknowledges, to expect every administration to implement SAFE immediately. Though a minimum set of standards, it will be implemented at various stages in accordance with each administration's capacity and legislative authority. Capacity building is treated as integral rather than incidental — countries demonstrating commitment and the necessary political will should be assisted by the WCO and a consortium of Members and cooperating partners. Administrations report on implementation through WCO mechanisms, supported by a baseline inventory and diagnostic tools

SAFE also looks past the steady state to the day something goes wrong. Governments should work with their agencies, the private sector and other governments to develop mechanisms, plans and processes maximizing the continuity and resumption of trade in the event of disruption within the international supply chain — with roles and responsibilities identified in advance and plans updated as necessary.

THE NEW EDITION: What 2025 Adds

The 2025 edition sharpens the Framework along several fronts. It places greater emphasis on inter-agency cooperation, introducing new provisions to enhance collaboration between Customs

and environmental authorities in recognition of the intricate links between trade, environment and security. It heightens attention to internal risks, urging AEOs, Customs administrations and partner stakeholders to maintain a vigilant stance against internal conspiracies and insider threats. It introduces rigorous criteria requiring AEOs to adopt robust Codes of Conduct, underscoring the expectation that partners lead by example in fostering trust and transparency. It dedicates special focus to making the Framework accessible and supportive to MSMEs. And it encourages administrations to treat SAFE not only as a regulatory tool but as an opportunity for learning and collaboration — drawing inspiration from industry innovation, sealing technologies among the examples cited.

KEY TAKEAWAY · SAFE 2025 IN BRIEF

Four emphases of the new edition

Inter-agency cooperation — new provisions on collaboration between Customs and environmental authorities. Internal risks — a vigilant stance against internal conspiracies and insider threats. Integrity — rigorous criteria requiring AEOs to adopt robust Codes of Conduct. MSMEs — standards tailored so that innovation and compliance are mutually reinforcing for the smallest traders.

ASSESSMENT: The Measure of Its Significance

The benefits case remains as compelling as it was in 2005. For governments, SAFE secures trade against terrorism and other transnational crime while enabling Customs to facilitate legitimate trade, improve revenue collection and support foreign direct investment. For Customs, network arrangements deliver timely and accurate information for more effective risk management, controls earlier in the supply chain, and the opportunity to eliminate duplication. For business, one set of international standards establishes uniformity and predictability, and AEOs see a concrete return on their investment in security — reduced risk-targeting assessments and inspections, and expedited processing of their goods.

Two decades on, the SAFE Framework endures because it refuses to treat security and facilitation as opposites. Its premise — that a well-designed system of advance information, risk management, trusted partnership and inter-agency cooperation can deliver both at once — has proved durable through every revision. The 2025 edition, in the words of its own foreword, stands as a clear and visible demonstration of the WCO's enduring commitment to a secure, transparent and innovative trade environment. For practitioners at borders and in boardrooms alike, it remains the reference point against which trusted trade is built.

Authorised Economic Operator Programmes: Strengthening National Security through Trusted Trade



Vivek Kumar,
Joint Commissioner,
Directorate of International Customs

International trade today is the lifeblood of the global economy. At the same time, the growing complexity of international supply chains has created new security challenges that extend far beyond traditional customs enforcement. National security includes not only territorial integrity but also economic resilience, secure supply chains, protection against illicit trade, and the uninterrupted movement of legitimate commerce. In this context, the Authorized Economic Operator (AEO) Programme of the Central Board of Indirect Taxes and Customs (CBIC) has emerged as a strategic instrument that simultaneously advances trade facilitation and national security.

India's AEO Programme, implemented in alignment with the World Customs Organization (WCO) SAFE Framework of Standards, recognises businesses with high levels of compliance, financial integrity, and robust supply chain security as trusted partners of Customs. By fostering a partnership between government and industry, the programme enables Customs to facilitate compliant trade while strengthening the nation's ability to identify and respond to emerging security risks.

The origins of modern AEO programmes can be traced to the post-9/11 changes in global customs administration. The international customs community recognised that supply chains could

potentially be exploited by terrorists and organised criminal networks. Consequently, customs administrations are seen as critical stakeholders in national security. India's AEO Programme reflects this global shift by integrating trade facilitation with comprehensive supply chain security.

The foundation of the programme lies in risk-based customs management. Given the enormous volume of international trade handled every day, it is neither practical nor desirable to subject every consignment to intensive physical examination. The AEO Programme enables Customs to distinguish trusted traders from unknown or higher-risk entities. As per the National Time Release Studies, the number of AEO shipments in total shipments is above 35%, providing assurance of trusted trade. This approach allows enforcement resources (including intelligence personnel, risk management systems, non-intrusive inspection equipment, and field formations) to focus on potentially high-risk consignments while ensuring faster clearance for compliant businesses.

This risk-based approach significantly enhances border security. As trusted entities undergo rigorous validation before authorisation, Customs can allocate greater attention to shipments that require closer scrutiny. This targeted resource allocation improves the overall effectiveness of customs controls without compromising the speed of legitimate trade.

A defining feature of India's AEO Programme is its emphasis on comprehensive supply chain security. AEOs are required to have in place robust measures covering physical security of premises, cargo integrity, personnel security, access controls, business partner verification, information technology security, and procedural safeguards. These measures substantially reduce vulnerabilities related to cargo tampering, unauthorised access, insider threats, and diversion of consignments.

Secure supply chains also play an important role in combating illicit trade. Smuggling of narcotics, arms, counterfeit goods, wildlife products, and other prohibited items poses significant risks to public safety, economic stability, and national security. Criminal organisations frequently exploit weaknesses in international logistics networks to conceal illegal consignments within legitimate trade. By promoting higher security standards across certified businesses, the AEO Programme reduces opportunities for such exploitation and contributes to disrupting organised criminal networks.

The programme also supports efforts to counter the financing of illicit activities. Enhanced compliance, better documentation practices, financial transparency, and improved record-keeping enable customs to identify suspicious trade patterns more effectively. These mechanisms complement broader national initiatives against trade-based money laundering, customs fraud, and other forms of economic crime that may finance criminal or terrorist organisations.

An equally significant contribution of the AEO Programme lies in strengthening collaboration between government and industry. Supply chain security cannot be ensured by government agencies alone. Businesses own and operate the majority of logistics infrastructure, warehouses, transport systems, and manufacturing facilities that constitute global supply chains. The AEO framework creates a partnership model in which industry actively participates in implementing

security standards. This collaborative approach enhances risk awareness and may enable early identification of emerging risks

The AEO Programme contributes significantly to India's economic security. Efficient, predictable, and secure trade procedures enhance export competitiveness, reduce logistics costs, improve manufacturing efficiency, and strengthen India's position in global value chains. Economic resilience is increasingly recognised as a vital dimension of national security. Reliable supply chains ensure continuity of business and trade even during periods of geopolitical uncertainty, pandemics, natural disasters, or other supply chain disruptions.

India's growing network of Mutual Recognition Arrangements (MRAs) with partner customs administrations further reinforces supply chain security. Till July 2026, India has signed 11 MRAs and 13 Joint Action Plans, signalling a roadmap to future MRAs. These agreements provide mutual recognition of AEO programmes, enabling trusted operators to receive facilitation benefits across borders. At the same time, MRAs strengthen international cooperation and promote information exchange. Such partnerships assume increasing importance as supply chains become more interconnected and transnational security threats continue to evolve.

In addition to Customs, national security also involves various partner government agencies (PGAs) such as Wildlife Crime Control Bureau, Drug Controller, FSSAI, DGFT, BIS, MoEFCC etc. The National Trade Facilitation Action Plan (NTFAP 3.0) mandates initiation of a Single-Government AEO Programme, which will bring together Customs and the PGAs for a unified approach to trusted trade. This will enable harmonisation and closer collaboration amongst border control agencies, further enhancing border security.

The AEO Programme is therefore much more than a trade facilitation initiative. It strengthens secure trade, enhances regulatory efficiency, and fortifies India's national security. By fostering trust between Customs and compliant businesses, promoting internationally recognised security standards, and enabling risk-based border management, the AEO programme remains a cornerstone of both economic growth and national security.

Trust as Strategy: Risk Management and the AEO Programme



Ishendra Kashyap
Joint Commissioner,
CBIC

The Authorized Economic Operator (AEO) programme is one of the most important innovations in modern customs administration. It creates a structured partnership between Customs and the private sector that simultaneously strengthens supply-chain security and facilitates legitimate trade.

The conceptual foundation of the AEO programme rests on the World Customs Organization's SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), adopted in 2005. The Framework is built on three pillars. Pillar 2 is dedicated to Customs-to-Business partnerships and formally introduces the AEO concept: an economic operator involved in the international movement of goods who has been approved by a national Customs administration as meeting WCO or equivalent supply-chain security standards.

By identifying operators who consistently meet high standards of compliance, financial solvency, record-keeping, and security, Customs can classify them as low-risk. This risk-based approach allows administrations to concentrate their limited enforcement resources on higher-risk consignments while offering genuine facilitation benefits—priority processing, reduced examinations, deferred duty payments, and mutual recognition with other countries—to those who have earned the system's confidence.

In short, the entire AEO architecture is built on one simple but powerful idea: trust.

The Idea of Trust: From Routine Scrutiny to a Trusted Network

Regular importers and exporters are subject to the standard risk-management regime. Every consignment may be selected for documentary examination, physical inspection, valuation or classification review, or post-clearance audit. This is the default posture of Customs because the system has not yet accumulated sufficient evidence that the operator will reliably choose compliance.

In contrast, operators who can demonstrate a sustained history of good compliance, transparent internal controls, and commitment to supply-chain security are invited into a "trusted network." Once certified as AEOs, they are treated differently. The relationship shifts from continuous verification to collaborative facilitation. Risk management becomes smarter and more efficient: Customs no longer needs to treat every transaction as potentially non-compliant. Instead, it focuses attention where the probability of risk is genuinely higher.

This shift is not merely an administrative convenience. It is a deliberate design choice that rests on a deeper understanding of human and organisational behaviour. To see why the design works so well, we must look at the concept of trust through the lens of game theory.

Trust as a Game-Theoretic Concept

Game theory is the mathematical study of strategic decision-making. It analyses situations in which the outcome for each participant (or "player" or "agent") depends not only on his or her own choices but also on the choices made by others.

A fundamental distinction in game theory is between a single-shot game (also called a one-period or one-off game) and a repeated game.

In a single-shot game the interaction occurs only once. There is no future relationship. The classic illustration is the Prisoner's Dilemma. Two suspects are interrogated separately. Each can either cooperate with the other (remain silent) or defect (betray the other by confessing). If both cooperate, both receive a light sentence. If one defects while the other cooperates, the defector goes free and the cooperator receives a heavy sentence. If both defect, both receive a moderate sentence. Rational calculation shows that each player's best individual strategy is to defect, regardless of what the other does. The result is mutual defection—an outcome that is worse for both than mutual cooperation would have been.

This logic changes completely when the same players interact repeatedly over time. In a repeated game, today's choice affects not only today's payoffs but also the other player's willingness to cooperate in all future rounds.

When players expect the relationship to continue for a long (or indefinite) period, a new consideration appears: the shadow of the future. The shadow of the future is simply the weight that players place on future gains relative to present gains. If the future matters enough, a

rational agent will often choose to cooperate today even when short-term temptation exists, because defection today will destroy the possibility of many future cooperative payoffs.

In such repeated settings, cooperation can become self-sustaining. Strategies such as “tit-for-tat” (start by cooperating, then copy the other player’s previous move) or “grim trigger” (cooperate until the other defects, then punish forever) can maintain mutual cooperation. An agent who values the long-term relationship sufficiently will refrain from opportunistic behaviour.

Within this framework, trust can be defined simply as the propensity of an agent to play the long game.

A trusted agent is one who has repeatedly demonstrated a willingness to forgo short-term gains in favour of continued cooperation. In the customs context, this means consistently filing accurate declarations, maintaining secure premises, implementing strong internal compliance systems, and treating Customs as a long-term partner rather than an adversary to be outwitted on each individual shipment.

The AEO programme institutionalises this repeated-game logic. Certification is not a one-time prize. It is an ongoing relationship that delivers a continuous stream of benefits—faster clearances, lower examination rates, priority treatment, and access to Mutual Recognition Arrangements with other countries. These benefits continue only as long as the operator remains inside the trusted network. By making the future relationship valuable, the programme changes the operator’s calculation: the discounted value of remaining a trusted partner exceeds the short-term gain from any single act of non-compliance.

Operators who internalise this long-horizon incentive structure voluntarily invest in systems and culture that go well beyond minimum legal requirements. Trust, in other words, becomes a rational, self-interested strategy rather than a moral aspiration

When Trust Is Broken: Punishment in the Repeated Game

Game theory also tells us what must happen when trust is violated. In a repeated game, if one player defects, the other must impose a credible and sufficiently severe punishment. Otherwise the threat that sustains cooperation loses force and the cooperative equilibrium collapses.

The Indian AEO programme, governed by CBIC Circular No. 33/2016-Customs (as amended), operationalises this principle with clarity, particularly through its legal compliance requirements.

Paragraph 3.2 of the Circular stipulates that:

- There should be no show cause notice issued during the last three financial years involving fraud, forgery, outright smuggling, clandestine removal of excisable goods, or cases where tax collected from customers has not been deposited with the Government.
- There should be no case in which prosecution has been launched or is being contemplated against the applicant or its senior management.

- Where the ratio of disputed duty or drawback demanded in other show cause notices exceeds 10 per cent of the total duty paid and drawback claimed, the AEO Programme Manager must carefully review the nature of the cases before granting or continuing AEO status.

These are not merely entry conditions. They remain live throughout the life of the certificate. When a show cause notice involving fraud, forgery or similar serious violations is issued, the Circular provides for suspension, downgrading or revocation of AEO status. The operator is returned to the default scrutiny category and may face exclusion before re-application is even considered.

This is the game-theoretic punishment mechanism made concrete. Defection—commission of fraud or forgery—triggers the loss of the entire future stream of facilitation benefits and reputational capital.

By making the cost of defection high and certain, the system protects the integrity of the trusted network and reinforces the cooperative equilibrium for all remaining AEOs.

Conclusion

The AEO programme, firmly anchored in the WCO SAFE Framework, transforms risk management from a purely reactive, transaction-by-transaction exercise into a strategic, relationship-based system. It does so by identifying operators whose demonstrated history reveals a high propensity to play the long game, embedding them in a trusted network, and then rigorously enforcing the rules when that trust is violated.

In game-theoretic terms, Customs deliberately creates a repeated game with clear, ongoing rewards for cooperation and credible punishments for defection. The result is a more secure supply chain, faster clearance for legitimate trade, and a more efficient allocation of enforcement resources.

For Customs, the deeper lesson is clear: the most effective risk management does not rely solely on technology or enforcement capacity. It rests on the careful architecture of incentives that turn the private sector into a willing partner. By designing and protecting a trusted network, Customs multiplies its own capability and secures the integrity of the border in a way no amount of physical controls alone can achieve

A Decade of Trust: How India's AEO Programme Reimagined Trade Facilitation



Anurag Sehgal,
Principal,
Price Waterhouse & Co LLP

In an era where supply chain resilience is as important as speed, trust has become a critical enabler of global trade. Over the past decade, India's AEO programme has helped create a community of trusted businesses, delivering faster clearances and recognised supply chains, while advancing India's journey towards becoming a global manufacturing and export powerhouse.

In international trade, trust is a valuable currency. Every day, millions of consignments move across borders, and customs administrations face the challenge of facilitating legitimate trade while ensuring compliance and protecting national security. The solution adopted globally has been the concept of the Authorized Economic Operator (AEO), a trusted trader programme that rewards compliant businesses with faster and more predictable customs processes while strengthening supply chain security.

As India marks 10 years of its revamped AEO programme, it is an opportune moment to reflect on how this initiative has transformed the country's trade ecosystem, and how this facilitation programme has evolved into one of India's most successful examples of collaborative governance between customs and industry, delivering tangible gains in trade facilitation, competitiveness and supply chain resilience.

Why AEO?

AEO's concept was pioneered by the World Customs Organisation (WCO) on a simple principle:

businesses that demonstrate high standards of compliance and supply chain security should receive greater trade facilitation. Over time, AEO programmes have become a cornerstone of modern customs administrations worldwide, enabling customs authorities to focus resources on higher-risk shipments while facilitating trusted traders. As a result, in an era shaped by geopolitical uncertainties and supply chain disruptions, the AEO designation has evolved from a customs credential into a valuable marker of business reliability and resilience.

Importantly, the relaunch of India's AEO Programme in 2016 coincided with a period of major economic ambition. The Government's 'Make in India' initiative sought to establish India as a global manufacturing hub and integrate Indian industry more deeply into global value chains. Achieving this objective required more than manufacturing capability alone. It required efficient logistics, predictable border processes, and internationally accepted supply chain standards. As India's EXIM trade expanded, the need for a modern trade facilitation framework became increasingly evident, and the revamped AEO programme was a timely response to this requirement.

AEO and industry partnership

Over the past decade, India's AEO programme has transformed this principle into practice by creating a trusted ecosystem that supports India's growing manufacturing and export ambitions. The five major aspects which the programme has successfully addressed in the past decade are:

1. Trust-based relationship: Perhaps the most significant achievement of India's AEO Programme over the past decade has been the creation of a trust-based relationship between customs and trade. Traditionally, customs administrations around the world have often been perceived primarily as enforcement agencies. The AEO framework introduced a complementary perspective—customs as a partner in facilitating legitimate trade. The programme recognised that facilitation should extend across the entire logistics ecosystem rather than focusing only on importers and exporters, and accordingly, India's AEO framework expanded eligibility to a broad range of stakeholders, including:

(1) Customs brokers

(2) Warehouse operators

(3) Custodians and terminal operators

(4) Freight forwarders and carriers.

This ecosystem-wide approach has been one of the programme's greatest strengths. Today, thousands of accredited entities participate in the framework, reflecting growing industry confidence in the programme and its benefits.

2. Delivering difference: The success of any trade facilitation initiative ultimately depends on whether it makes a tangible difference to businesses and India's AEO Programme has done precisely that. Over the years, accredited entities have gained access to a wide range of facilitation

measures, including faster cargo clearances, reduced examinations, direct port delivery (DPD), direct port entry (DPE), priority processing, reduced documentation requirements and quicker processing of refunds, rebates and drawback claims.

Among the most significant benefits of AOE has been the facility of deferred payment of customs duty, allowing eligible businesses to decouple cargo clearance from immediate duty payment. This not only improves liquidity but also enhances working capital management, an important advantage for manufacturers, exporters and large import-intensive industries.

It is important to note that these benefits are not merely theoretical. Evidence from CBIC's National Time Release Studies has consistently demonstrated that AEO-accredited entities generally experience faster clearance timelines than non-accredited traders. Reduced dwell times translate into lower logistics costs, greater predictability, and improved competitiveness for Indian businesses participating in international trade.

3. Global utility: Beyond trade facilitation, the AEO Programme has emerged as an important pillar of supply chain security and global competitiveness. In an era of geopolitical uncertainties and logistics disruptions, AEO accreditation provides assurance that a business operates on robust compliance and security frameworks, making it a recognised mark of reliability and resilience.

This credibility is further reinforced through India's Mutual Recognition Arrangements (MRAs) with key trading partners, enabling AEO-certified businesses to benefit from facilitation abroad, including reduced inspections and faster cargo movement. As global value chains become increasingly interconnected, such international recognition strengthens confidence in Indian supply chains and gives trusted businesses a distinct competitive advantage across borders.

4. Supporting the 'Make in India' initiative: Modern manufacturing competitiveness depends on three critical factors: efficient movement of inputs, predictable cross-border logistics, and optimal working capital utilisation; and India's AEO Programme contributes to all three. By reducing customs-related uncertainties and facilitating quicker cargo movement, the programme helps manufacturers maintain lean inventories and improve operational efficiency. By enabling deferred duty payment and faster processing mechanisms, it supports better financial management. By promoting internationally recognised security standards, it enhances the credibility of Indian manufacturing within global supply chains.

Recent initiatives such as the Eligible Manufacturer Importer (EMI) Scheme further demonstrate how the trusted trader ecosystem is being expanded to support India's manufacturing ambitions while encouraging wider adoption of compliance-driven practices.

5. Continuous evolution for benefit of trade: One of the key reasons for the programme's sustained success is that it has never remained static. Over the past decade, CBIC has continuously refined the framework through process simplification, digitalisation, stakeholder outreach and the introduction of new facilitation measures, making AEO accreditation more accessible and relevant to businesses of all sizes. The Government's decision to extend the

deferred duty payment cycle from a fortnightly cycle to a monthly basis for eligible AEO entities in 2026 is a recent example of its continued commitment to strengthening the trusted-trader model and enhancing ease of doing business

Looking Ahead

The next decade could present even greater opportunities for India as the country prepares to position itself as a key player in global manufacturing, a preferred investment destination, and a critical participant in emerging supply chain networks. As companies seek to diversify sourcing locations and build resilient supply chains, the importance of trusted trader programmes will only increase.

The AEO Programme is uniquely positioned to support this journey. Its combination of trade facilitation, compliance excellence and supply chain security reflects the direction in which global trade is moving. More importantly, it demonstrates that facilitation and enforcement are not competing objectives but complementary goals that can be achieved through trust, transparency, and partnership.

A decade after its relaunch, India's AEO Programme stands as one of the most mature and impactful trade facilitation initiatives in the country's customs landscape. It has reduced friction at borders, strengthened supply chain resilience, improved ease of doing business and created a growing community of trusted trade participants. However, at a time when global commerce increasingly faces external and internal threats owing to supply chain uncertainties and trade re-alignments between countries, a continuous evolution of the programme, as it enters its second decade, shall be critical for realising India's ambition to become one of the leading hubs of global trade and manufacturing.

India's AEO Programme – A Decade of Trust



Amit Kumar Jorwal
Superintendent,
CBIC

1. The success of the Authorized Economic Operator (AEO) Programme lies in a simple but important principle - that businesses which consistently demonstrate compliance and secure supply chain practices should receive greater facilitation from Customs. Over the last decade, this principle has helped build a relationship of trust between Indian Customs and the trading community.
2. The AEO Programme has gradually changed the way Customs and compliant businesses interact. Instead of treating every transaction alike, the Programme recognises organisations that maintain high standards of compliance and internal controls. In return, they receive facilitation in the form of faster cargo clearance, reduced examination, paperless processing, Direct Port Delivery, deferred duty payment and several other benefits. This approach has supported the Government's objective of improving the ease of doing business while ensuring that security and compliance are not compromised.
3. The Programme itself has also evolved over the years. Procedures have been simplified, the application process has become more transparent through the AEO portal, and greater responsibility has been entrusted to the Zonal AEO Cells. The introduction of a separate framework for MSMEs has enabled many small and medium enterprises to participate in the Programme, making trusted trade accessible to a wider section of industry.
4. Having been associated with the examination of AEO applications, I have observed that certification is much more than verification of documents. Every application reflects the systems and practices adopted by an organisation to ensure legal compliance, maintain proper commercial records and secure its supply chain. Many applicants also use the

certification process as an opportunity to strengthen their internal procedures and improve overall governance. In that sense, the Programme encourages businesses to see compliance not merely as a statutory obligation but as a long-term investment.

5. Another significant aspect of the Programme is the partnership it has created between Customs and trade. Regular interaction with applicants during the certification process has helped develop greater understanding and cooperation. This collaborative approach has contributed to more efficient trade facilitation while allowing Customs to focus its enforcement efforts on higher-risk areas.

6. As India's participation in global trade continues to expand, the importance of trusted supply chains will only increase. The AEO Programme is well placed to support this objective by promoting voluntary compliance, strengthening supply chain security and encouraging a culture of partnership between Customs and business.

7 The last ten years have shown that trust, when supported by transparency and responsibility, benefits both trade and Customs. The AEO Programme is not merely a certification - it represents a shared commitment to secure, compliant and efficient international trade.

A Decade of Trust and Facilitation: Celebrating 10 Years of the AEO Programme



P.S. Atree
MD
P.S. Atree & Co. Pvt. Ltd.(AEO), Advisor-FFFAI

On **22nd July 2026**, the Indian trade ecosystem marks a historic milestone—the 10th anniversary of the revitalised **Authorised Economic Operator (AEO)** programme. Originally launched under the landmark CBIC Circular No. 33/2016-Customs, this trust-based framework has fundamentally transformed India's international trade landscape over the last decade.

On behalf of the Customs Brokers fraternity, we extend our highest appreciation to the Central Board of Indirect Taxes and Customs (CBIC) for pioneering an initiative that turned border compliance into a competitive business advantage.

The Evolution of a Gold Standard: Growth & Statistics

What began in 2016 as a vision to align Indian Customs with the World Customs Organization (WCO) SAFE Framework has matured into a robust, world-class security and facilitation model. Over the past ten years, the AEO programme has evolved from a basic compliance checklist into India's ultimate badge of supply chain integrity.

The success of the initiative is highly visible in its growing adoption across the nation. Around 5900 AEO Certificates in all the categories i.e. AEO-T1/T-2/T3 and L.O have been successfully issued so far.

By categorising compliant stakeholders into structured tiers—AEO-T1, AEO-T2, AEO-T3, and AEO-LO—Customs authorities successfully shifted the regulatory paradigm from intrusive, transaction-based policing to system-wide, trust-based partnerships.

Redefining Efficiency: Key Milestones

The decade-long journey has yielded phenomenal structural advancements that directly benefit logistics fluidly:

- **The Logistics Lifeline (AEO-LO):** For Customs Brokers and logistics providers, the AEO-LO status has been a game-changer, reducing bank guarantee requirements and unlocking swift processing at ports.
- **Radical Digitisation:** Transitioning from cumbersome paperwork to the digital AEO India Portal streamlined application cycles, while automated systems like Auto Let Export Order (LEO) drastically slashed cargo dwell times.
- **Global Footprint Expansion:** Through expanding Mutual Recognition Agreements (MRAs) with global trading partners like the US, UAE, and South Korea, Indian AEO holders now enjoy expedited green-channel clearances overseas.

The Crucial Role of Customs Brokers

As trusted intermediaries, Customs Brokers have been the engine driving this program's grassroots success. Over the last 10 years, our role shifted from traditional document clearers to strategic trade consultants.

A Roadmap for the Future: Further Simplification of the Application Form

To achieve the vision of true Ease of Doing Business, we suggest a Categorised & Restricted Application Framework:

1. **Dynamic, Fit-for-Purpose Forms:** The AEO India Portal should present a dynamically filtered questionnaire based strictly on the selected applicant category (Importer, Exporter, Manufacturer, or Logistics Operator). Fields outside that specific scope should be completely suppressed.

Looking Ahead to the Next Decade

As we celebrate this 10-year completion on 22nd July 2026, the future looks even more promising. With the recent rollouts of decentralized capacity-building seminars across major custom houses and the integration of automated risk management systems, the AEO ecosystem is geared for its next leap.

By streamlining the onboarding process and cutting through unnecessary paperwork, Indian Customs can unlock the full potential of the trading community. The Customs Brokers community stands fully committed to partnering with CBIC to onboard the next generation of traders. Together, we look forward to driving greater digital integration, safer global supply chains, and unprecedented ease of doing business for the next decade and beyond.

The evolution of India's AEO Programme reflects the country's sustained commitment to creating a globally competitive trade ecosystem. By fostering deeper trust between Customs and industry, the Programme has become a key enabler of resilient and responsive supply chains.

At Trent, where timely sourcing and the seamless movement of goods are integral to serving customers across India, we place high value on initiatives that promote predictability, compliance, and operational excellence.

As an AEO T2 entity, we have experienced first-hand how the AEO framework contributes to an environment in which responsible businesses can operate with greater confidence, speed, and efficiency.

We congratulate the Directorate of International Customs and CBIC on this important milestone in the AEO Programme's journey. We also acknowledge the collective efforts of Indian Customs and the wider trade community in shaping its success, and we wish the Programme continued progress in supporting India's economic growth and international trade ambitions.

Anuj
Trent Limited

We congratulate the Directorate of International Customs and the CBIC on this important milestone, and on their continued efforts to advance trade facilitation in India through the AEO Programme.

For a company like Triumph India, which operates within a globally integrated supply chain, predictability and efficiency in customs processes are critical to meeting production timelines and serving our customers effectively.

The AEO Programme has been instrumental in fostering greater trust and collaboration between Customs and industry, enabling businesses to move goods with enhanced certainty, speed, and confidence.

We value the ongoing initiatives of Indian Customs to strengthen the Programme and to introduce measures that balance robust compliance with the ease of doing business. Such efforts are particularly important for manufacturers that depend on seamless, reliable supply chains to align production requirements with evolving market demand.

As India continues its journey as a leading manufacturing and trading hub, programmes such as AEO will remain key enablers of growth, competitiveness, and efficient cross-border trade.

We extend our best wishes for the AEO Programmes continued success and advancement in the years ahead."

Tarun Sachdev
Triumph Motorcycles (India) Pvt Ltd.

Happy 10th Anniversary! Reaching a decade of success is an incredible milestone, and we wanted to take a moment to celebrate this special occasion with you. Over the years, we have deeply valued our partnership. To mark this beautiful journey, we have put together a short video to share our joy, celebrate your achievements, and appreciate everything AEO stands for.

Thank you and best wishes.

Drishti Ruparel
AEO Consultant, Sharon Enterprises

Heartiest congratulations to Indian Customs on the Anniversary of the AEO Programme.

Being AEO certified has significantly improved our compliance, operational efficiency, and ease of doing business with smoother customs processes.

We are proud to be part of this trusted community and grateful for Indian Customs' commitment to secure international trade.

Wishing the AEO Programme a very Happy Anniversary.

Sundeep Maru
Sparsh Biotech Private Limited

On behalf of the Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA), we extend our warm congratulations to the Directorate of International Customs (DIC), Central Board of Indirect Taxes and Customs (CBIC), and the entire Indian Customs fraternity on the successful completion of one decade of the Authorized Economic Operator (AEO) Programme in India.

Over the past ten years, the AEO Programme has emerged as a significant trade facilitation initiative, strengthening the partnership between Indian Customs and the legitimate trading community. The programme has played an important role in promoting supply chain security, voluntary compliance, transparency, and ease of doing business for India's EXIM trade.

The progressive approach adopted by CBIC and DIC in expanding the AEO ecosystem, simplifying procedures, and encouraging greater participation from exporters, importers, logistics service providers, Customs Brokers, and other stakeholders is highly appreciated.

On this important milestone of completing a decade of the AEO Programme, Maharashtra Chamber conveys its sincere appreciation to all the officers and teams who have contributed to its successful implementation and growth.

We wish the AEO Programme continued success and look forward to its further expansion and strengthening in the years ahead.

Ravindra Mangave, *(President)*
& **Karunakar S. Shetty** *(Senior Vice President), Maharashtra Chambers of Commerce, Industry & Agriculture*

"India's emergence as a global manufacturing and electronics hub has been driven by forward-looking policy initiatives that enhance the ease of doing business.

Among these, the AEO Programme has played a pivotal role in building a trusted and efficient trade ecosystem through strong collaboration between government and industry by promoting trusted partnerships and streamlining customs processes.

Samsung Display has benefitted from this progressive framework in its journey from AEO T2 to AEO T3 status. This advancement reflects not only our commitment to robust compliance and supply chain security, but also the confidence that Indian Customs places in trusted partners within the manufacturing ecosystem.

On this significant milestone in the journey of India's AEO Programme, we extend our sincere congratulations to the Directorate of International Customs, CBIC, and all stakeholders whose dedication and collaborative efforts have shaped this success.

We wish the Programme continued progress in strengthening India's trade ecosystem and advancing the nation's manufacturing ambitions."

Deepak Pandey
Samsung Display Noida Private Limited

We are manufacturers and exporters of Electric Vehicles and Silicone Rubber Insulators. We are accredited AEO-T3 and Two-Star Export House.

We are thankful to the AEO programme as we are enjoying the benefits, particularly, (1) priority and speedy movement of import and export cargo at ports, (2) exemption, from execution of Bank Guarantees for Customs, (3) availing deferred payment facility, (4) exemption from 100% examination (except random), (5) direct routing of Export Documents etc.

B. Sharat Chandra
Olectra Greentech Limited

In today's complex international supply chain, efficiency and best business practices are non-negotiable. Geographical distances often make establishing mutual trust a slow, challenging process. At Jetspeed, achieving our AEO-LO Certification has been a game-changer, helping us build immediate, verified trust with our global partners. The AEO framework is the gold standard for global supply chain assurance, proving that best practices are strictly followed. We remain fully committed to this initiative and wish all our stakeholders continued success.

Ajay Sharma
CEO / Director
Jetspeed Logistics Pvt. Ltd., India

On the occasion of the successful completion of 10 years of the Authorized Economic Operator (AEO) Programme, we extend our heartfelt congratulations to the Central Board of Indirect Taxes & Customs (CBIC), the Directorate of International Customs (DIC), and the entire AEO Team for this significant milestone.

The AEO Programme has played a pivotal role in strengthening India's international trade ecosystem by promoting trust-based compliance, supply chain security, and trade facilitation. We sincerely appreciate the vision, commitment, and continuous efforts of the officers of CBIC and the Directorate of International Customs in making the programme a great success. We wish the AEO Programme continued success and many more milestones in the years ahead.

Leena Ganguly
Proprietor – Leena Forwarders
Founder & President, All India Women Customs Brokers Association (AIWCBA)

We highly appreciate the professionalism, efficiency, and proactive approach demonstrated by your team throughout the renewal process. The seamless handling of our application and adherence to the prescribed timelines reflects the commitment of Indian Customs towards promoting trade facilitation and strengthening partnerships with compliant stakeholders.

As a licensed Customs Broker, the AEO-LO certification has been instrumental in enhancing our service standards and operational efficiency. The continued validity of our AEO-LO status has positively contributed to our business in several ways, including:

- *Enhanced credibility and trust among importers, exporters, and other trade partners.*
- *Improved operational efficiency through the facilitation measures available under the AEO Programme.*
- *Better coordination with Customs authorities, resulting in smoother cargo movement and reduced procedural delays.*
- *Increased confidence among our clients in choosing us as their preferred Customs Broker and logistics service provider.*
- *Reinforcement of our commitment to maintaining high standards of compliance, security, and ethical business practices.*

We sincerely commend the AEO Cell for its dedicated efforts in promoting a culture of trust-based compliance and facilitating legitimate trade. Your continued support motivates organisations like ours to uphold the highest standards of professionalism and contribute to the vision of "Ease of Doing Business" and efficient supply chain management.

Saptarshi Kar
Om Saptarshi International Service Pvt Ltd.

The authorised economic operator program is a testimony of the Trust and predictability that Indian Customs wants to place on all stakeholders

The certification carries a lot of respect for the recipient

It tells the world at large that the entity is trustworthy and that Indian Customs is certifying the same

The Indian program is much more comprehensive and inclusive when compared with similar programmes in other countries

We are proud recipient of the certification and carry it like a badge of honour

Samir J Shah
Director, Jeena & Co
President: Air Cargo Agents Association of India
Advisor And Past President: Federation of Freight Forwarders Associations In India

This is to mention that HP India Sales Pvt.Ltd. is AEO Tier-3 status holder for the last more than 5 years. It has been a great benefit to us in terms of following mentioned activities.

1. We are able to take DPD delivery at major ports like, JNPT (Nhava Sheva) and Chennai which helps in faster clearance of our containers from these ports.

2. It also provides cost benefit wherein CFS charges are not paid.

3. Being AEO status holder our maximum shipments are cleared through RMS.

4. Wherever provisional assessment is required, no bank guarantee is executed by us.

AEO tier-3 status is beneficial in transaction of total supply chain on arrival of shipments in India.

Atul Srivastava
HP India Sales Pvt.Ltd

We would like to express our sincere appreciation for granting Hewlett Packard Enterprise India Pvt. Ltd. the AEO Tier-2 status. We have been an AEO Tier-2 status holder for more than three years, and this recognition has provided significant operational benefits to our import activities and overall supply chain.

The key advantages experienced by us are as follows:

1. As an AEO Tier-2 status holder, the majority of our import shipments are cleared through the Risk Management System (RMS), resulting in minimal intervention and faster customs clearance.

2. Wherever provisional assessment is required, we are able to execute only a 50% Bank Guarantee, as provided under the applicable provisions of the AEO Circular/ Notification.

3. Faster release of refunds which helped to improve our cash flow and financial cost. We sincerely appreciate the support extended by the Customs Department through the AEO programme. The AEO Tier-2 status has been highly beneficial in facilitating secure and efficient cross-border trade and has significantly contributed to the smooth movement of our shipments upon their arrival in India.

We thank you for your continued support and look forward to the continued success of the AEO programme

Hewlett Packard Enterprise

This is with reference to the Authorised Economic Operator (AEO) Tier-3 status granted to Whirlpool of India Ltd. As a proud certificate holder, we are writing to express our sincere appreciation for this privilege and to highlight the significant operational advantages this status has brought to our global supply chain ecosystem.

The trade facilitation measures provided under the AEO Tier-3 framework have immensely enhanced our logistical efficiency. Specifically, our organization has been successfully availing of the following core benefits:

1. ***Direct Port Delivery (DPD) Facilitation***

*2****. High-Speed Clearance via Risk Management System (RMS****)*

3. ***Deferred Duty Payment Facility***

The AEO Tier-3 status remains a cornerstone of our compliance and supply chain strategy, reinforcing our commitment to secure and efficient international trade. We extend our deepest gratitude to the Directorate of International Customs and your esteemed office for your continuous support in fostering a seamless business environment in India.

Vikas Dalmia
Designation: Customs Lead
Whirlpool of India Ltd

I am writing to express our deepest gratitude to the Directorate of International Customs (DIC) for granting our organization the prestigious AEO-T2 Certificate.

We are very thankful to your team for the thorough, fair, and professional evaluation process during the onsite verifications and document reviews. Achieving this highly secure and compliant trade status is a major milestone for us.

This certification will greatly improve our supply chain efficiency and allow us to benefit from faster duty processing and priority handling. We promise to keep working with the highest levels of safety and compliance.

Thank you once again for your support and for helping to make trade easier in India

Sanjeev Goyal
Director
ACE Inernational Ltd

Achieving and maintaining AEO-T3 (Authorized Economic Operator Tier-3) status provides significant customs, logistics, compliance, and business continuity advantages.

Since Intel imports high-value semiconductor equipment, development boards, components, and exports technology-related products, AEO-T3 can directly support supply chain efficiency and risk reduction.

Key Benefits of AEO-T3 for Intel India:

- Faster imports and exports clearance
- Reduced customs delays
- Lower compliance costs
- Improved cash flow
- Higher supply chain reliability enhancing Intel's supply chain strategy.
- Enhanced reputation as a trusted global trader

AEO-T3 enabled Intel India to operate as a trusted trader with Indian Customs, delivering faster clearances, lower compliance costs, reduced supply chain risk, and enhanced business continuity for critical semiconductor operations.

With regards

Srikanth Manjunath
Intel India

MRAs & Global Perspectives



Beyond Mutual Recognition: Building the Intelligent Digital Future of AEO Cooperation



Jayakanth CV
Joint Commissioner
CBIC

Authorized Economic Operator Mutual Recognition Arrangements (AEO MRAs) are among the most important instruments for converting trust between Customs administrations into tangible facilitation for legitimate trade. By recognising the security and compliance standards of each other's AEO programmes, partner administrations can extend reciprocal benefits to eligible operators, including reduced inspections, priority treatment, faster clearance and greater predictability across international supply chains.

The next stage in the evolution of AEO MRAs, however, will go beyond the signing of arrangements. Their real value will increasingly depend on how effectively recognition is operationalised at the border. This requires timely identification of eligible AEO consignments, secure exchange of reliable information, integration of that information into national Customs systems and consistent delivery of agreed benefits.

The future of AEO mutual recognition will therefore be digital, data-driven and increasingly intelligent.

From Periodic Data Exchange to Real-Time Recognition

Traditionally, AEO data exchanged between partner administrations has consisted of periodic lists containing information such as the operator's name, identification number, authorisation

status and validity period. While such exchanges have supported the initial implementation of MRAs, growing trade volumes and increasingly complex supply chains may require more automated and responsive systems.

The emerging model is likely to move from static data exchange towards secure, system-to-system confirmation of AEO status. When a Customs declaration is lodged, the importing administration's system could electronically verify whether the foreign exporter or supply-chain entity is eligible for benefits under an operational MRA. Once verified, the applicable facilitation could be automatically considered in the risk-assessment and clearance process.

Such an approach would complement broader international efforts relating to advance electronic information, pre-arrival processing and digital trade facilitation. It would also ensure that AEO status becomes an operational element of risk management rather than remaining only an administrative record.

In future, the success of an MRA may therefore be assessed not merely by the number of arrangements concluded, but by the speed, consistency and transparency with which benefits are delivered to eligible traders.

A Federated Model for Cross-Border Data Exchange

A single global database of AEOs may neither be necessary nor practical. Customs administrations operate under different legal frameworks, information-technology environments and data-protection requirements. A more realistic approach may be a federated architecture in which each administration retains control over its own AEO records while allowing authorized partner systems to verify limited information through secure interfaces.

Application Programming Interfaces, or APIs, could support such exchanges without requiring administrations to share their entire AEO databases. A partner administration could submit a request containing an agreed trader identifier and receive a limited response confirming whether the operator is currently eligible for MRA benefits.

This "verify rather than transfer" approach could improve data accuracy, reduce duplication and minimise the movement of commercially sensitive information. Where direct digital connectivity is not immediately feasible, encrypted files transmitted through secure channels could serve as an interim arrangement.

This would allow administrations to participate according to their level of technological maturity while gradually moving towards greater interoperability.

Common data standards will be essential. Agreed formats for trader identification, authorisation status, validity dates, country codes and other data elements can help ensure that information is interpreted consistently across systems. International standards, including the WCO Data Model, can provide a common foundation for cross-border data exchange.

Artificial Intelligence as an Enabler of Trusted Trade

Artificial intelligence can further strengthen the functioning of AEO MRAs, although it should support—not replace—established Customs controls and accountable decision-making.

One important application is entity resolution. The same business may appear under different spellings, transliterations, addresses or identification formats across jurisdictions. AI-supported matching tools could help determine whether the exporter declared in a consignment corresponds to an AEO listed by the partner administration. This could reduce cases in which legitimate operators fail to receive facilitation because of minor data inconsistencies.

AI can also support more dynamic and precise risk assessment. AEO status is an important positive compliance indicator, but it must be considered together with information relating to the commodity, route, conveyance, origin, destination and other supply-chain participants. Machine-learning systems can analyse large volumes of data, identify unusual patterns and help distinguish routine low-risk trade from consignments requiring closer scrutiny.

In the MRA context, this would allow facilitation to become more targeted. Rather than treating every transaction involving an AEO in exactly the same manner, Customs systems could combine the operator's trusted status with shipment-specific information and provide differentiated facilitation based on the overall risk profile.

Artificial intelligence may also help measure whether an MRA is delivering its intended results. By analysing clearance times, inspection rates, examination outcomes and benefit-utilisation patterns, analytical tools could identify operational gaps. For example, they may reveal that eligible consignments are not being recognised at certain ports, that benefits are being applied inconsistently or that traders are not correctly declaring their foreign AEO identifiers.

Such insights could support evidence-based consultations between partner administrations and help improve implementation.

Governance, Security and Human Oversight

Advanced technology must be supported by an equally strong governance framework. Cross-border AEO data exchange should be based on purpose limitation, data minimisation, accuracy, security and clearly defined responsibilities.

Future MRAs or implementing instruments may therefore need to specify:

1. the minimum data required for recognition;
2. the permitted purposes for which the information may be used;
3. the method and frequency of exchange;
4. procedures for correcting and updating records;
5. data-retention and deletion requirements;

6. cybersecurity and incident-reporting arrangements; and
7. mechanisms for review, audit and suspension.

AI systems used in this environment should be transparent, explainable and subject to human oversight. An operator should not be denied facilitation solely because of an unexplained algorithmic outcome. Customs officers must remain able to review the relevant factors and intervene where necessary.

Regular testing will also be required to identify bias, poor-quality data or declining model performance.

Technological differences between partner administrations must also be recognised. A future-ready MRA framework should remain inclusive and scalable, allowing participation through secure files, portals or APIs depending on national capabilities. Technology should strengthen cooperation, not become a new barrier to it.

Towards Intelligent Trust Corridors

The longer-term vision may be the creation of intelligent trust corridors between partner administrations. Within such corridors, AEO status could be digitally verified, shipment information could be received before arrival, risk assessment could incorporate recognised compliance credentials and agreed facilitation could be delivered automatically and consistently.

Other technologies may further support this ecosystem. Verifiable digital credentials could provide digitally signed evidence of AEO status that can be authenticated by a partner administration. Distributed-ledger technology may offer tamper-evident records of authorisations and significant supply-chain events. Internet-of-Things devices and electronic seals could provide real-time information on cargo integrity and movement.

Nevertheless, technology alone cannot create mutual trust. Successful digital MRAs will continue to depend on programme compatibility, joint validations, legal certainty, regular consultations and strong Customs-to-business partnerships.

The objective should not be to introduce technology for its own sake, but to make mutual recognition faster, more reliable and more visible to compliant traders.

The future of AEO MRAs lies in converting institutional trust into interoperable digital trust. Through common standards, secure connectivity, responsible use of artificial intelligence and measurable facilitation, Customs administrations can build a new generation of arrangements capable of responding to evolving trade patterns.

In this emerging environment, an AEO MRA will be more than a reciprocal administrative arrangement. It will become a digitally enabled bridge between trusted Customs administrations, trusted businesses and trusted supply chains—supporting a safer, smarter and more connected global trading system.

Customs-Customs Partnership: MRAs and India's Journey Towards Being a Trade Trusting Nation



Rohit Verma
Superintendent
CBIC

Ten years ago, CBIC's Circular No. 33/2016 gave India's trade facilitation journey a new backbone – a unified, three-tier Authorized Economic Operator (AEO) programme, merging what were once two separate facilitation schemes into one coherent structure: AEO-T1, T2, T3 and AEO-LO for logistics partners. What began as a compliance exercise has, over ten years, quietly become one of the most consequential trust-building tools in India Customs' history.

Today nearly 5,000 entities across the country hold AEO status. These are importers, exporters, customs brokers, warehouse operators, and logistics providers who have demonstrated financial solvency, legal compliance, and secure supply chain practices. In return, Indian Customs offers them what every business craves – predictability. In practice, it meant convincing thousands of businesses that compliance wasn't just a box to tick for the taxman, but something that would actually be rewarded – with fewer physical inspections, faster clearances, deferred duty for higher tiers, direct port delivery and entry, and simplified documentation.

India's AEO Programme is based on the World Customs Organization's SAFE Framework of Standards (SAFE FoS), which more than 170 customs administrations have adopted. It rests on two pillars: Customs-to-Customs cooperation and Customs-to-Business partnership. Because India and its partner countries follow the same SAFE FoS standards, an AEO status granted in one country can be accepted by another. This common basis is what makes mutual recognition possible.

But the real strength of AEO was never meant to stop at India's borders. That is where the Mutual Recognition Arrangements, or MRA, enters the story.

An AEO badge earned in India, is by itself, only meaningful to Indian Customs. The moment a shipment reaches a foreign port, that badge carries no automatic weight – unless the two customs administrations have agreed to recognize each other's vetting systems. That agreement is the MRA: one country's customs authority formally trusting the AEO status granted by another and extending comparable benefits in return.

Reaching an MRA, however, takes a number of months and follows a defined process. It begins with administrative and political clearance on both sides, where each customs administration satisfies its own government that the MRA is in the national trade interest. Once this clearance is obtained, the two administrations exchange a formal intent to initiate the MRA, followed by the signing of a Joint Action Plan (JAP) setting out the steps and timelines to be followed.

Even after signing of MRA by customs administrations, implementation is a separate stage. Arrangement for exchange of data through approved channels having details of AEO entities is required before an AEO entity on either side actually receives the benefit of AEO-MRA.

Each MRA signed also has its own requirements, depending on the partner country whose trade is largely based on transshipment. What remains common across all these discussions is that both sides refer to the same SAFE FoS standards, which gives officials on either side a common basis to work from, even where the legal and administrative systems are different.

Over the past decade, India has steadily built this circle of trust. MRAs are now in place with South Korea, Hong Kong, Taiwan, the USA, the UAE, Australia, Russia, Japan, New Zealand, Singapore and South Africa - the eleventh such arrangement. Each new MRA means an India AEO-certified exported no longer has to prove its credibility twice. The trust travels with the shipment.

This matters far beyond paperwork. Every MRA is, in effect, another country's endorsement of the robustness of India Customs' own systems- a quiet but powerful form of institutional credibility on the world stage. It reduces the hidden costs of trade: delays, demurrage, repeated inspections that erode export competitiveness. It rewards businesses that invest in compliance and security, encouraging a culture of trust rather than suspicion. And as India pushes ambitions of becoming a global manufacturing and export hub, this framework ensures Indian goods can move as seamlessly abroad as they do at home.

Ten years on, AEO is no longer just a scheme administered from New Delhi – it is a credential that travels, a signal of reliability recognized in customs houses far beyond our shores. And with each new MRA, that signal grows stronger.

As the programme completes a decade, the next chapter is already taking shape. Several MRAs are currently under negotiation. Along with this, efforts are being made to widen the AEO programme to cover more sectors and categories of trade. Both these efforts reflect the growing understanding within India Customs that trust, once built carefully, becomes one of the most effective tools for facilitating trade.

Beyond Borders: How AEO-MRAs Benefit Indian Businesses



Anuj Sharma
Superintendent
CBIC

A major milestone in the evolution of India's Authorized Economic Operator (AEO) Programme has been the signing of Mutual Recognition Arrangements (MRAs) with partner Customs administrations. By enabling Customs authorities to recognize each other's trusted traders, MRAs extend the benefits of trade facilitation beyond national borders and help create secure, efficient and predictable global supply chains.

However, signing an AEO-MRA is only the beginning. The real benefits are realized when Customs administrations can reliably identify trusted traders in the partner country and extend the agreed facilitation measures to them. By reducing procedural barriers and enhancing mutual trust, AEO-MRAs contribute to faster cargo movement, lower compliance costs and more resilient international supply chains.

How Does It Work?

An AEO Mutual Recognition Arrangement (AEO-MRA) provides a practical framework through which Customs administrations recognize each other's AEO programmes and extend reciprocal trade facilitation benefits to eligible trusted traders.

Consider an Indian importer procuring goods from an exporter in a partner country who is certified under that country's AEO Programme. To enable Indian Customs to identify the overseas exporter as a trusted trader under the applicable AEO-MRA, CBIC assigns a unique Overseas

Business Identification Number (OBIN) and links it with the Importer Exporter Code (IEC) of the Indian importer. This linkage facilitates the electronic identification of eligible consignments and the seamless implementation of MRA-related trade facilitation benefits.

To avail the benefits of AEO-MRA, the importer declares the linked OBIN in the Bill of Entry. Indian Customs then validates the OBIN against information received from Customs Partner Administration and, upon successful verification, extends the agreed facilitation benefits to the consignment.

In simple terms, the OBIN acts as a bridge of trust between the overseas exporter and the Indian importer, enabling faster and smoother Customs clearance.

Benefits Even for Non-AEO Importers

One of the key features of an AEO-MRA is that its benefits are not limited to AEO-certified businesses alone. Even a non-AEO Indian importer can avail MRA-related facilitation when importing from an AEO-certified exporter in Customs Partner Administration, provided the exporter's OBIN is linked to the importer's IEC and declared in the Bill of Entry, following the prescribed procedure.

Simply put, a non-AEO importer can benefit from the trusted status of its overseas supplier. This enables a wider segment of the trading community, particularly MSMEs, to enjoy faster, smoother and more predictable Customs clearance without necessarily obtaining AEO certification themselves.

As awareness of the AEO-MRA framework continues to grow, more businesses are expected to leverage these arrangements to improve the efficiency and predictability of their international trade operations, thereby strengthening the trusted trader ecosystem.

Benefits for Indian Exporters

The benefits of an AEO-MRA flow in both directions.

Under the AEO-MRA, an Indian exporter can declare the Customs Partner Administration's importer's AEO Identification Code (OBIN) in the Shipping Bill. Once validated by the Customs administrations, the shipment is recognized as part of a trusted supply chain and may receive facilitation benefits in Customs Partner Administration. Similarly, the Customs Partner Administration's importer can declare the Indian exporter's AEO Certificate Number in its import declaration to avail MRA-related facilitation. To support this process, the list of Indian AEO entities is shared with partner Customs administrations on a regular basis in accordance with the agreed implementation procedures.

The result is faster clearance, fewer inspections, reduced delays and greater predictability, enhancing the competitiveness of Indian exporters in international markets.

Beyond Individual Businesses

AEO-MRAs create a global network of trusted traders by enabling Customs administrations to recognize each other's validated businesses. This enables Customs administrations to focus enforcement resources on higher-risk consignments while facilitating legitimate trade, thereby strengthening risk management and promoting more efficient border controls.

The result is faster cargo clearance, lower transaction costs, fewer inspections and more reliable supply chains. Beyond trade facilitation, AEO-MRAs reinforce Customs-to-Customs cooperation and contribute to building secure and resilient global supply chains.

The Road Ahead

India's network of AEO-MRAs continues to grow, reflecting CBIC's commitment to strengthening international Customs cooperation and facilitating legitimate trade. As global supply chains become increasingly interconnected, these arrangements will play an even greater role in promoting secure, transparent and resilient cross-border commerce.

With increasing awareness among businesses, wider participation by trusted traders, continuous digital innovation and stronger Customs-to-Customs partnerships, AEO-MRAs are poised to become an even more effective instrument for facilitating legitimate trade while maintaining robust border controls.

As India's AEO Programme completes a decade of fostering trusted trade, AEO-MRAs stand out as one of its most impactful achievements. By carrying the benefits of trust across borders, they facilitate legitimate trade, strengthen supply chain security and contribute to making international commerce faster, safer, more predictable and more competitive for Indian businesses.

Singapore Customs Secure Trade Partnership (STP): Strengthening Trusted Trade Through Partnership and Innovation



Ms Emily Low, Assistant Head,
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Trade Division, Singapore Customs

Singapore's AEO Programme - Singapore Customs Secure Trade Partnership (STP)

As a highly connected global trading hub, Singapore is committed to facilitating legitimate trade while safeguarding the integrity and security of international supply chains. Singapore Customs' Secure Trade Partnership ("STP") programme embodies this commitment by fostering strong partnerships with businesses that demonstrate robust security standards, sound compliance practices, and effective supply chain management.

Evolution of the STP Programme

In 2005, World Customs Organisation ("WCO") members adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade ("SAFE FoS"). The SAFE FoS aims to promote trade facilitation worldwide, while establishing secure supply chains. It prescribes baseline standards on the development of Authorised Economic Operator (AEO) programmes and the implementation of mutual recognition arrangements, to promote international harmonisation and cross-border compatibility. Singapore signed the letter of intent to implement the SAFE FoS in the same year (2005). Singapore's AEO programme, STP, was launched in 2007, and a higher

tier of certification, the STP-Plus was introduced in 2008, which is aligned with the WCO SAFE FoS. Companies that met the minimum security standards were eligible for STP-Plus.

Key Achievements

Singapore Customs is the first customs administration in Southeast Asia to enter into mutual recognition of AEO programmes with other customs administrations. To date, it has signed MRAs with 13 customs administrations: Canada, Republic of Korea, Japan, People's Republic of China, Chinese Taipei, Hong Kong Special Administrative Region of the People's Republic of China, the United States, Australia, Thailand, New Zealand, the United Kingdom, Malaysia and India; as well as the regional ASEAN AEO MRA. Since its inception, the programme has evolved to address the changing global trade environment while remaining focused on strengthening supply chain resilience, enhancing trade facilitation, and promoting mutual trust between customs administrations and the trading community. Over the years, Singapore Customs has continuously refined the programme to ensure that it remains relevant and responsive to emerging risks and industry needs. The programme has expanded to accommodate businesses of different sizes and operating models while maintaining rigorous standards. To support greater participation, Singapore Customs works closely with industry associations and businesses through regular outreach programmes, workshops, roundtables and engagement sessions. These efforts help companies better understand the programme requirements, strengthen their compliance capabilities, and realise the long-term value of trusted trader status.

Innovative Practices

Singapore Customs continually explores innovative approaches to improve the effectiveness and accessibility of the STP programme.

A key feature of the programme is our risk-based approach, which enables Singapore Customs to focus on higher-risk cargo while facilitating legitimate trade.

Digitalisation has also played an important role in enhancing programme administration and stakeholder engagement. Singapore Customs leverages digital platforms to streamline application processes, facilitate communication with companies, and support efficient programme management.

Beyond certification, Singapore Customs encourages a culture of continuous improvement in supply chain security, which is a shared responsibility between Customs and industry. Singapore Customs provides dedicated support through a single point of contact from Singapore Customs, ensuring efficient communication and assistance. We also ensure that our resources such as the STP Handbook, factsheet on MRA, our corporate webpage on STP programme remain useful and updated.

Looking Ahead

Global supply chains continue to evolve amid rapid technological advancements, changing trade patterns, and increasingly sophisticated security risks. Against this backdrop, Singapore Customs remains committed to strengthening the STP programme to meet future challenges.

Looking ahead, Singapore Customs will continue to deepen collaboration with industry and international Customs partners, enhance the use of digital technologies and data driven risk management, and promote wider recognition of trusted trader programmes through expanded international cooperation.

The programme will also continue to support businesses in building resilient, secure, and sustainable supply chains while facilitating legitimate trade and maintaining Singapore's reputation as a trusted global trading hub.

As the international trading environment becomes increasingly interconnected, trusted trader programmes such as the STP will remain an important pillar of customs modernisation. Through strong partnerships, innovation, and international collaboration, Singapore Customs will continue to advance secure and seamless trade, contributing to a resilient and prosperous global trading ecosystem.

A Milestone Year for Japan and India: Shaping the Future of Customs-Business Partnerships through AEO Programs



Yasuhito SAKAMOTO
Director for Authorized Economic Operator Program
Customs and Tariff Bureau, Ministry of Finance, Japan

On the occasion of the tenth anniversary of the Authorized Economic Operator Programme in India, I have the distinct honor, on behalf of Japan Customs, to extend our heartfelt and most sincere congratulations to the Central Board of Indirect Taxes and Customs (CBIC) and to all stakeholders who have contributed to the remarkable development of India's AEO Programme over the past decade.

This year also holds special significance for Japan Customs. In 2006, Japan introduced its AEO Program for exporters and subsequently expanded its scope to include importers, warehouse operators, customs brokers, transporters, and manufacturers. Thus, 2026 marks the twentieth anniversary of the AEO Program in Japan. Over the past two decades, the Program has evolved into a comprehensive framework encompassing the principal actors throughout the international supply chain and has become a cornerstone of Japan's efforts to achieve both trade facilitation and supply chain security.

Another important development is the implementation of the AEO Mutual Recognition Arrangement (MRA) between Japan Customs and CBIC. Following the signing of the Arrangement in December 2024, the detailed operational procedures were finalized and its implementation commenced in 2026. This marks a significant step toward strengthening Customs cooperation and enhancing the efficiency, predictability, and security of bilateral trade between Japan and India.

It is particularly noteworthy that 2026 brings together three significant milestones: the tenth anniversary of India's AEO Programme, the twentieth anniversary of Japan's AEO Program, and the commencement of the Japan-India AEO MRA. Such a convergence is more than merely symbolic. It provides a valuable opportunity to deepen cooperation between our Customs administrations and to further strengthen the economic partnership between our two countries. Japan Customs firmly believes that collaboration through the AEO framework will contribute not only to more secure and efficient supply chains, but also to greater prosperity across the Indo-Pacific region.

The Changing Environment Surrounding Customs Administrations

In recent years, Customs administrations worldwide have faced unprecedented challenges. One of the most significant developments has been the rapid growth of cross-border e-commerce (EC).

In Japan, the number of import declarations in 2025 reached approximately 230 million—roughly five times the level recorded before the COVID-19 pandemic in 2019—including a substantial volume of low-value EC consignments. Much of this increase can be attributed to the rapid expansion of business-to-consumer (B2C) EC shipments. While Japan Customs has continuously improved its operational processes and strengthened its organizational framework to respond to this surge, there are practical limits to what Customs administrations can achieve through government resources alone.

Against this backdrop, the strategic importance of the AEO Programme has become more evident than ever.

Since its introduction in 2006, Japan's AEO Program has steadily expanded both its coverage and the benefits available to AEO operators. At present, 756 companies participate in the Program. Nevertheless, recent years have witnessed a slowdown in the growth of new authorizations, while corporate mergers and consolidations have contributed to a plateau in the overall number of AEO operators.

These developments compel us to consider not simply how to maintain existing programs, but how to ensure that AEO Programs remain relevant, attractive, and effective in a rapidly changing environment.

Toward the Next Generation of AEO Programs

Since the adoption of the WCO SAFE Framework of Standards (SAFE FoS) in 2005, AEO Programs have become a globally recognized mechanism for balancing trade facilitation and supply chain security. The continued development of AEO Programs demonstrates the enduring relevance of the SAFE FoS in addressing emerging challenges in international trade.

At Japan Customs, we believe that the key challenge for the future is to further strengthen the partnership between Customs administrations and the private sector.

The global trading environment is becoming increasingly complex. The rapid growth of EC, heightened geopolitical tensions, supply chain disruptions, and emerging security threats

are transforming the nature of Customs risk management. At the same time, both Customs administrations and the private sector face resource constraints while being expected to deliver higher levels of security, reliability, and efficiency.

In this environment, the traditional model under which Customs administrations alone bear primary responsibility for risk management is no longer sufficient. We must evolve from a model in which Customs manages risks primarily on its own to one in which Customs and trusted economic operators jointly manage supply chain risks. The AEO Program provides the foundation for this transformation.

Operators that demonstrate high standards of compliance and security should benefit from more efficient, predictable, and transparent Customs procedures. In return, they should play a proactive role in enhancing the security and integrity of international supply chains. Conversely, operators that do not meet such standards should be subject to more intensive oversight and control.

In other words, Customs should provide meaningful incentives to trusted operators and work alongside them in managing supply chain risks. Establishing such a genuine partnership should remain one of the central objectives of AEO Programs in the decades ahead.

Strengthening Dialogue between Customs and Business

To commemorate the twentieth anniversary of Japan's AEO Program, Japan Customs and the AEO business community recently held a large-scale commemorative forum in conjunction with the annual meeting of the AEO Business Council. The Council is organized by the Japan Tariff Association (JTAS), a member of the WCO Private Sector Consultative Group (PSCG). The event featured opening remarks by the Director General of the Customs and Tariff Bureau, the Ministry of Finance of Japan, a keynote address by Dr. Kunio Mikuriya, former Secretary General of the World Customs Organization (WCO), and panel discussions involving representatives from both Customs and business community.

The event served as an invaluable platform for dialogue and mutual understanding between Customs and the business community. It reaffirmed that the success of an AEO Program depends not only on regulatory frameworks and procedural benefits, but also on continuous communication, mutual trust, and a shared commitment to maintaining secure and resilient supply chains.

Looking ahead, Japan Customs remains committed to deepening its partnership with AEO operators and Customs administrations around the world. In an era characterized by rapid digitalization, evolving security threats, and increasingly complex supply chains, the principles underpinning the AEO concept—trust, transparency, and shared responsibility—are more relevant than ever.

As India celebrates the tenth anniversary of its AEO Programme and Japan marks the twentieth anniversary of its own Program, we look forward to working closely with CBIC to advance a common vision of secure, resilient, and sustainable global trade. The implementation of the Japan–India AEO MRA provides a strong foundation for this future cooperation and stands as a testament to the enduring value of partnership between Customs and business.

BUILDING TRUSTED TRADE: The evolution of South Africa's Authorised Economic Operator Programme



Rae Viver,
Head,
Authorised Economic Operator (AEO), South Africa Customs

"Trusted trade is not a trade-off between facilitation and control. When designed properly, it is both."

South Africa's AEO Programme demonstrates that trusted trade is not a concession. It is a legislated, auditable and enforceable system of assurance — designed to strengthen compliance, differentiate risk and support more predictable movement of legitimate trade.

FOUNDATION, CREDIBILITY AND SYSTEM DESIGN

In global trade, trust has become more than a principle of cooperation. It has become a system capability: shaping how risk is understood, how scarce resources are deployed, how compliant trade is recognised, and how predictably goods move across borders.

For the South African Revenue Service, the Authorised Economic Operator Programme represents an important evolution in customs administration. It provides a mechanism through which trust is structured, validated and operationalised within the customs environment — not assumed, but tested and capable of enforcement.

Since its introduction in November 2020, the SARS AEO Programme has moved from a structured accreditation model toward a broader trusted-trader architecture. Its development has included

the inclusion of Other Government Agencies, a formal private sector consultative platform, an SME pathway and the digitisation of applications.

PROGRAMME AT A GLANCE

Established: Introduced in November 2020.

Foundation: Legislated, audit-backed and enforceable.

Evolution: From accreditation model to trusted-trader architecture.

Design shift: From recognising individual operators to building a system of credible risk differentiation.

CREDIBILITY BY DESIGN

The strength of the SARS approach lies in the fact that AEO status is not a label. It is an assurance outcome. AEO status is grounded in legislation, supported by policy and operational procedures, subject to independent audit scrutiny, and conditional on standards being maintained.

Where standards are not met, status may be refused, suspended or withdrawn. That matters because trusted-trader programmes only have value when the trust they confer is credible. If trust is granted too easily, it loses meaning; if it is not monitored, it creates vulnerability.

"Trust is tested, not assumed."

SARS AEO PROGRAMME **Scale, interoperability and international relevance**

Operational Impact beyond Facilitation

The programme's impact is best understood not only in terms of benefits granted to participants, but in how it improves the performance of the customs system. For traders, AEO participation reinforces governance, internal controls, supply-chain visibility and compliance discipline.

For SARS, it supports a more differentiated approach to risk. Operators whose compliance maturity has been assessed can be recognised, while customs attention can be directed towards areas of greater uncertainty or higher risk. The programme therefore helps create a trusted corridor within the customs operating model. It does not remove control. It refines control.

Extending Trust across Borders

As the programme matures, its relevance extends beyond South Africa. Through mutual recognition arrangements, AEO status can carry value across jurisdictions and support deeper customs-to-customs cooperation. This is especially important where supply chains are interconnected and where the credibility of one customs administration's assurance model can influence how trade is treated elsewhere.

In a BRICS context, trusted-trader systems can contribute to customs modernisation, supply-chain resilience and interoperability between customs administrations. The opportunity is not simply to facilitate more trade. It is to build credible systems that allow trade to move with greater confidence, transparency and assurance.

Four Lessons From Implementation

1. **Trust must be designed** Clear rules, transparent criteria, documented processes and enforceable obligations.

2. **Assurance must remain central** Ongoing oversight, auditability and action where standards are not maintained.

3. **Partnership is integral** Sustained engagement with industry keeps the programme practical and credible.

4. **Scale must be intentional** Growth must expand credible participation without weakening assurance.

Deepening the Model

The next phase of the SARS AEO Programme is focused on deeper integration within the customs operating model: continued digitalisation, broader participation, stronger use of data, and closer alignment between trusted-trader status and risk management.

The future of trusted trade will not be defined by facilitation alone. It will be defined by the ability of customs administrations to differentiate risk credibly, recognise compliance consistently and scale trust across borders without compromising control. South Africa's AEO Programme contributes to this future by demonstrating that facilitation and enforcement need not exist in opposition — when designed properly, they reinforce one another.

"Trusted trade systems are defined not only by how they facilitate movement, but by how credibly they differentiate risk at scale."

Australian Trusted Trader: Development, Achievements, Innovation and Future Vision



Michael Cymbalista, Superintendent
Australian Trusted Trader,
Australian Border Force.

The Australian Trusted Trader (ATT) Program is celebrating its tenth year as Australia's Authorized Economic Operator (AEO).

Administered by the Australian Border Force (ABF), the ATT Program is a supply chain security initiative that establishes a partnership between industry and the Australian Government. The ATT Program recognises businesses with secure and compliant international supply chains and works in partnership with industry to support faster and secure cross-border trade.

The ATT program has become one of the World Customs Organization's (WCO) benchmark customs-business partnerships and has provided an opportunity for the ABF to share its security responsibilities with industry. Since its establishment, the ATT Program has evolved as a central trade facilitation and supply chain security initiative for the ABF.

Through engagement with accredited AEOs, known as Trusted Traders, the ATT Program continues to influence policy direction, strengthen border outcomes and identify practical benefits that support legitimate trade while preserving the integrity of Australia's border environment.

A key feature of the ATT program's development has been its commitment to direct industry engagement. At the most recent Industry Advisory Group meetings, the ABF hosted Trusted Traders and provided a structured forum to engage with ABF senior executives, Australian Government representatives and industry peers.

This approach enabled participants to share insights on the ongoing evolution of ATT, receive updates on ABF and broader Australian Government priorities, and contribute to discussions on future policy settings and practical trade facilitation opportunities. It also strengthened

relationships with trusted partners by supporting meaningful engagement and collaboration across government and industry. Participants received updates on the ATT's program future vision with these collaborations reflecting the maturing role of ATT as a platform for coordinated trade, border security and Australia's national productivity outcomes.

The program's key achievements are evident in the way it has embedded partnership as a core operating model. The ATT Program has created a trusted channel for government and industry to identify new benefits, streamline processes and support compliance without imposing unnecessary friction on legitimate trade. It has also reinforced the value of accredited businesses as trusted partners in achieving border security and trade facilitation objectives. By drawing on industry insight, the program is better positioned to identify practical reforms that improve business productivity, increase certainty and strengthen Australia's trade competitiveness.

Innovative practice is also reflected in ATT's focus on supply chain security and risk-based border management. Trusted Traders are required to complete annual Self-Assessment Reports and maintain a documented Security Risk Assessment as part of their ongoing accreditation. This assessment reviews the controls in place across a business's international supply chain and helps guard against the risk of trusted insiders exploiting access to move illicit goods. It also supports businesses to manage changes to supply chain controls and ongoing reporting requirements. In practical terms, ATT's focus on supporting secure and compliant trade, enables ABF enforcement resources to focus more effectively on higher-risk entities.

Another significant achievement is the program's international reach through AEO Mutual Recognition Arrangements (MRA). These arrangements provide Trusted Traders with benefits in overseas markets where arrangements are in place, including priority treatment at partner economy borders. MRAs support faster processing, improved predictability, greater certainty and more efficient distribution to international markets.

The ABF is party to thirteen of the world's AEO MRAs and continues to progress negotiations with additional trading partners. The establishment of MRAs with key trading partners remains a strategic priority for the ABF. These arrangements provide tangible benefits to Trusted Traders and the broader economy for both parties by advancing global trade facilitation, strengthening international supply chain security and reinforcing the integrity and recognition of trusted trader accreditation within the global trading environment.

Looking ahead, the future vision for ATT is to increase its impact by focusing not only on the number of accredited Trusted Traders, but on the volume and value of trade represented through the ATT Program. The program will remain an important mechanism for helping the ABF achieve more with finite resources and is intended to support ATT's share of two-way trade, expanding the program's contribution to national productivity, trade simplification and international supply chain security.

In this context, ATT's future vision is one of targeted growth, stronger international recognition and deeper collaboration with industry. By combining trusted partnerships, risk-based compliance, MRAs and productivity-focused reform, the program is well placed to support Australia's trade competitiveness while protecting the border. The ATT Program's continued evolution will be critical to delivering a modern, secure and facilitative border environment that supports trusted businesses and focuses regulatory effort where it is needed most.

Facets of AEO



AEO Capacity Building: Training, Accreditation and Professionalization of Validators

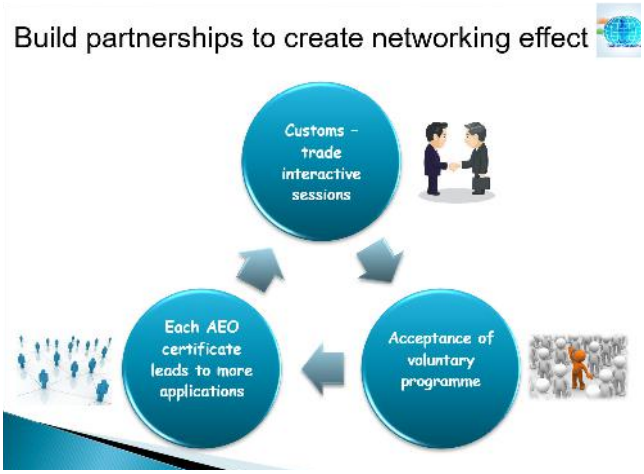


Manish Saxena,
Pr Commissioner
WCO Accredited AEO expert

Authorized Economic Operator (AEO) programme is a great collaboration tool to boost international trade without compromising the Customs law and procedure requirements. This requires the trade and industry to have trust with the government, and vice versa, creating a customs-business entity- trusted trader paradigm.

Many AEO programmes start with a fanfare with lots of promises, but may fizzle out. The lack of interest of business entities in the AEO programme is often a challenge for these programmes. In marketing terminology, it is an entry barrier wherein post a few innovators (the enthusiasts) and early adopters (who get early mover advantage) of the AEO programme, the program may not get early majority (the Pragmatists who avoid risk and wait to see proven results) or the late majority (the Skeptics who adopt only because of intense peer pressure or strict necessity).

Slow adoption of AEO programmes and their non-scaling up is mostly due to communication gaps between trade and the government. Another prime reason is the capacity constraints of governments once more entities are interested in becoming AEO. This is where the capacity of the AEO team can play a defining role. The professional way an AEO team's leadership and its foot soldiers – the AEO validators – drive the programme, makes a big difference between success or lack of it.



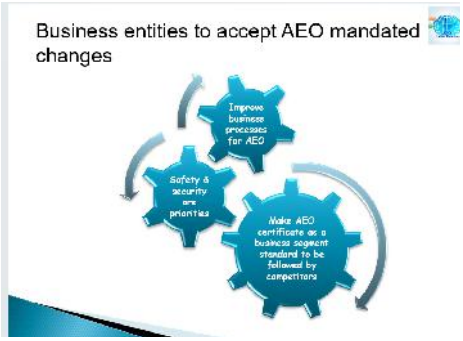
The AEO teams' capacity is defined by four major drivers - Business outreach, AEO validators expertise, Technology, and Mutual recognition agreements.

The first driver of reaching out to business deals with making AEO attractive to new players. Improving the Customs procedural benefits through simplification and facilitation for holders of AEO status is driven by a dynamic process, wherein customs-industry interactions, structured meetings etc, allow an attractive program to be established. The AEO communications and legal teams bring in the requisite professionalism. So, the teams need officers who are legally sound and who are open communicators. Key measurable benefits that business entities look for are reduced inspections at customs ports, reduced customs controls, priority treatment, reduced clearance costs and enhancement of business reputation

The second driver is the skills of the AEO validators. To generate trust in the trade and ensure only legally compliant entities are part of the AEO partnership, validators need varied skills – relevant knowledge, consultative approach and clear communication in order to verify the AEO requirements. For specific areas of a more complex nature, e.g., IT, security and safety, a specialist may be used. The traits of an effective validator are (a) Timeliness: application validation is carried out within a time frame defined by Customs together with the private sector, (b) Assurance: properly assess the applicant's level of certainty to meet AEO requirements. This requires risk-based validation: make a judgement about the fulfilment of the conditions for the granting of the authorization, identify and evaluate the relevant risks, assess the remaining risks and propose, where necessary, further actions to be undertaken, identify elements in the operator's procedures which need closer Customs monitoring, and advise the applicant to improve or strengthen the relevant procedures and controls, and (c) Responsiveness: monitor the dependability of the authorized AEO to keep the promises.



A defining skill of an effective AEO validator is to evaluate risk. Two aspects are considered in order to assess the importance of the relevant risk: the likelihood that an event will occur and its potential impact. The risks evaluated are: security/safety threats to premises and goods, Customs and fiscal risks, reliability of information related to Customs operations and logistics in respect of the goods, IT security, reliability of the operator's employees, visible audit trail and prevention and detection of fraud and errors, and security/ safety of business partners in the supply chain.



A stepping stone for the AEO validators is to help companies fill self-assessment questionnaires. Big companies need a defined time to fill self-assessment. Smaller companies with limited resources may need more time. AEO validators in the form of dedicated resources allow a two-way communication to speed-up application process via self-assessment. The validators need to be able to work with different types of supply chain players and companies of different scales. AEO validators must be thorough and explain the requirements with examples on how to fill the self-assessment questionnaire by each entity in the supply chain like an importer, exporter, Customs broker, freight-forwarder, warehouse keeper, logistics provider etc., making the process smooth. A clear definition of AEO elements, their requisite standards, and the standard operating procedures required to be in place for certification allow AEO applicants to invest time and resources to get AEO status with a high degree of certainty.

Reorganizing the AEO team's organisational structure to balance AEO uniformity and AEO expansion is an essential need. Most AEO programmes consolidate strategic and operational controls within a small central team to begin with. While it ensures early drive and pushes AEO standards uniformly, it may create bottle-necks in expansion. A good programme also requires delegation – with operational validation at field level and strategic work at headquarters. The role of AEO leader to recast and lead the AEO organization is the key here.

The third driver is the adoption of technology to scale up and build things in a transparent manner. To begin with, the AEO work starts with email communications and linking information from different sources to approve AEOs. The AEO approval is a stand-alone process handled by a few AEO validators. But the bulk of Customs and trade interactions flows through a separate Customs IT system. So, the system may need to be tweaked. The AEO approval ideally needs to be in-built into the IT system that handles customs documentation, with the risk management of the IT system aligning with the AEO certification. So, a robust system requires AEO, IT and Risk management to work together. Risk Management brings AEO out of normal control to random control. Field offices get the message that the shipment is under the AEO supply chain. This brings AEO at par with simplified procedures.

The fourth and final driver is the expansion of customs-trade partnership externally. A mutual

recognition agreement allows the trust of one customs organization to flow to other customs jurisdiction, making a win-win situation for both Customs and trade. The agreement allows a critical evaluation of each other's AEO programme vis-à-vis AEO standards and inter-operability requirements. This also allows AEO clients of other countries to get recognized at border posts. This allows marked improvement in international supply-chain timelines with dedicated fast lanes for AEO. The Customs partnership can be expanded to other government agencies (OGA) who ensure legality of international cargo, like civil aviation, food safety and drugs etc,. Creating a defined forum with representatives of OGAs to create one-stop inspections which are effective and efficient, is needed for a unified approach.

A well-defined action plan with a three to five years horizon to achieve the desired outcome of the AEO programme consolidates all the floating pieces together, with the leadership team defining the measurable parameters and key performance indicators to drive the programme forward. Dedicated AEO experts in each area of business outreach, AEO validations, technology upgrade and negotiating agreements ensure the continued success of an AEO programme.

Faster In, Faster Out: How AEO Certification Can Power India's MSME Manufacturing and Export Push



Salik Parwaiz,
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As India marches towards its ambitious vision of becoming a Viksit Bharat by 2047, exports and manufacturing will together play a decisive role in driving economic growth. Yet, success in global markets today depends not only on producing quality goods but also on ensuring that shipments move swiftly, securely, and predictably across international borders — and, just as importantly, on ensuring that manufacturers themselves can access raw materials and capital goods just as swiftly and predictably.

For India's Micro, Small and Medium Enterprises (MSMEs) — which contribute nearly 31 per cent of GDP, around 35 per cent of manufacturing gross value output, account for around 48 per cent of merchandise exports, and employ over 39 crore people — the challenge is no longer limited to manufacturing capability alone. Efficient logistics, faster customs clearance on both the export and import side, and global supply chain reliability have become equally important, whether an MSME is shipping finished goods abroad or sourcing raw materials and machinery from overseas.

One policy initiative that can significantly strengthen both India's export ecosystem and its domestic manufacturing base, yet remains underutilised, is the Authorized Economic Operator (AEO) Programme administered by the Central Board of Indirect Taxes and Customs (CBIC).

Beyond enabling faster exports, AEO accreditation also gives manufacturer-importers quicker access to imported raw materials and capital goods, making it a direct enabler of India's manufacturing push.

A Passport to Faster Trade

The AEO Programme is based on the World Customs Organization's (WCO) SAFE Framework of Standards and recognises businesses that demonstrate high levels of customs compliance, sound financial standing, and secure supply chain practices. Certified AEO entities receive a range of trade facilitation benefits, including expedited customs clearance, duty deferment on imports, reduced cargo inspections, priority processing, simplified documentation, lower compliance costs, and preferential treatment under Mutual Recognition Arrangements (MRAs) with partner countries.

India currently has operational AEO MRAs with 8 countries, including major trading partners such as the United States, the United Arab Emirates, Russia, and Japan, enabling Indian AEO-certified businesses — exporters and manufacturer-importers alike — to benefit from reciprocal customs facilitation in these markets.

The programme's effectiveness is reflected in the CBIC National Time Release Study (NTRS) 2025, which found that on the export side, AEO consignments were cleared more than nine hours faster at seaports and around two and a half hours faster at Air Cargo Complexes than non-AEO consignments, underscoring the programme's role in reducing cargo dwell time and improving supply chain efficiency.

The import side tells an equally compelling story. The same NTRS 2025 recorded a reduction in average cargo release time between 2023 and 2025 of around six hours at seaports, five hours at Air Cargo Complexes, and 18 hours at Integrated Check Posts. CBIC attributed much of this import-side improvement to its "Path to Promptness" framework, which rests on advance filing, risk-based facilitation, AEO accreditation, and Direct Port Delivery (DPD) — the same levers that benefit manufacturer-importers sourcing inputs from abroad.

In an increasingly competitive global trading environment, where buyers place a premium on timely deliveries, resilient supply chains, and regulatory compliance, these advantages can significantly enhance the competitiveness of India's export- and import-oriented MSMEs alike.

Why MSMEs Should Care?

Indian MSMEs often struggle with high logistics costs, customs delays, fragmented supply chains, and limited access to overseas buyers and cost-competitive imported inputs. Every additional day spent at ports increases inventory costs and reduces competitiveness — whether that inventory is finished goods waiting to ship out or raw materials waiting to come in.

The AEO Programme directly addresses many of these challenges by reducing procedural delays and improving supply chain predictability. Beyond operational benefits, AEO certification

also enhances credibility in the eyes of international customers, suppliers, logistics companies, and foreign customs authorities — whether a business is shipping goods out or bringing them in.

For small businesses trying to integrate into global value chains, trust has become a valuable asset, regardless of which side of the shipment they sit on.

One perennial issue for MSMEs has been access to finance and working capital, with limited collateral and thin cash reserves often constraining their ability to scale. Here too, AEO offers a tangible answer: the duty deferment available to certified importers frees up cash that would otherwise be locked up in upfront customs payments, easing working-capital pressure at a stage when MSMEs can least afford it. For manufacturer-importers in particular, this makes AEO as much a financing tool as a trade-facilitation one.

Powering India's Manufacturing Push: The Import-Side Advantage

While the AEO Programme's export-side benefits are well documented, its import-side facilitation is equally significant — and increasingly central to India's manufacturing ambitions. A large share of India's MSME manufacturers depend on imported raw materials, intermediate goods, and capital equipment to keep their production lines running. For these enterprises, AEO certification is not merely a trade-facilitation tool; it is a lever for improving working capital, reducing input costs, and accelerating factory throughput.

Certified importer-AEOs, particularly at the Tier-2 and Tier-3 levels, are entitled to a wide range of benefits:

Duty Deferment: Certified importers can defer payment of customs duty instead of paying it upfront at the time of clearance, easing cash-flow pressure at the factory gate.

Reduced Inspections: A demonstrated compliance record cuts down on the examination and inspection of consignments, reducing clearance time and lowering the risk of production stoppages caused by delayed raw-material deliveries.

Direct Port Delivery (DPD): Containers can move straight from the vessel to the factory or warehouse without being routed through a Container Freight Station, saving both time and handling costs.

Taken together, these benefits directly translate into lower landed costs and more predictable production planning — both critical for MSME manufacturers competing on tight margins within global value chains.

Union Budget 2026-27: New Momentum for AEO

Recognising this potential, the Union Budget 2026-27 extended the AEO duty deferral period for Tier-2 and Tier-3 operators from 15 to 30 days, and for the first time extended the same facility to eligible manufacturer-importers — a step Finance Minister Nirmala Sitharaman said

should encourage them to pursue full Tier-3 AEO accreditation. The Budget also embraced a whole-of-government approach to reward AEO status with preferential cargo clearance, proposed recognising trusted, longstanding importers within the customs risk system to cut repeat verification, and extended the validity of advance customs rulings from three to five years for greater business certainty.

A Simpler Framework for MSMEs

Recognising that earlier accreditation requirements were better suited to large corporations, CBIC introduced a liberalised AEO framework for MSMEs in 2020.

The reforms significantly eased eligibility conditions by reducing documentation requirements, lowering the minimum customs transaction threshold, shortening business history requirements, and speeding up application processing. These changes have made certification considerably more accessible for smaller enterprises.

However, despite these reforms, participation by MSMEs in the Programme remains far below its potential. Data from the Udyam portal of the Ministry of MSME shows that while over 1.7 crore manufacturing MSMEs are registered and more than 3 lakh MSMEs are engaged in exports, the country's total AEO-certified MSME entities stand at only around 3,000. This stark disparity highlights the significant untapped potential for expanding AEO certification — not just among MSME exporters, but equally among the many MSME manufacturers that rely on imports for raw materials and machinery.

Awareness Remains the Missing Link

The biggest obstacle today is no longer regulation but awareness. Many MSMEs continue to view AEO certification as another compliance requirement rather than a strategic business opportunity. Smaller enterprises often lack dedicated compliance teams or technical expertise to navigate the application process.

This challenge is not unique to India. A global study by the World Customs Organization, World Trade Organization, and International Chamber of Commerce (2025) found that MSMEs remain underrepresented in trusted trader programmes worldwide due to limited awareness, resource constraints, and insufficient institutional support.

Learning from Global Best Practices

Countries such as China, Japan, New Zealand, and members of the European Union have successfully expanded MSME participation through continuous outreach, simplified digital processes, specialised training, and close collaboration between customs authorities and business support organisations.

The lesson is clear: simplifying procedures alone is not enough. Sustained handholding and institutional coordination are equally important.

Building a Stronger Institutional Partnership

India already possesses an extensive MSME support network through Development and Facilitation Offices, Technology Centres, Export Promotion Councils, industry associations, and industrial clusters.

Integrating AEO awareness into existing MSME programmes such as RAMP, ZED and LEAN Certification, and cluster development initiatives can dramatically increase outreach.

A coordinated institutional framework involving the Central Board of Indirect Taxes and Customs (CBIC) and the Ministry of MSME should be established to identify and implement appropriate financial, procedural, and capacity-building incentives for MSMEs seeking AEO accreditation.

Dedicated AEO facilitation desks in the field offices of the Ministry of MSME, multilingual guidance material, digital self-assessment tools, and cluster-based training programmes are among the initiatives that could be envisaged under such collaboration to encourage thousands of export-oriented and import-dependent manufacturing MSMEs to seek certification.

A Strategic Investment for Viksit Bharat

As global supply chains become more security-conscious and compliance-driven, trusted business entity status is evolving into a competitive necessity rather than an optional certification — one that rewards not just export-ready MSMEs, but also manufacturer-importers seeking faster, cheaper access to the inputs that power their production lines.

By aligning customs modernisation with MSME development policies through a Whole-of-Government framework, India can create a larger pool of globally trusted exporters and manufacturers, reduce logistics and input costs, enhance supply chain resilience, and improve access to both international markets and imported production inputs. With duty deferment, reduced inspections, DPD and other incentives now extended to manufacturer-importers, AEO accreditation is fast becoming as much a manufacturing strategy as a trade-facilitation one. Such a coordinated strategy will not only strengthen the competitiveness of Indian MSMEs but also contribute meaningfully to the vision of Viksit Bharat 2047, positioning India as a resilient, trusted, and globally competitive exporting and manufacturing nation.

Deep Learning and the AEO Programme: From Application-Based to Offer-Based Certification



Manudev Jain
Joint Commissioner
CBIC



Abhijeet Thorat
Joint Commissioner
CBIC

Strip the AEO programme down to first principles and its fundamental purpose remains: to make an educated prediction that an economic operator will remain compliant and trustworthy in future. Customs evaluates and analyses an operator's legal, financial and operational past — compliance history, solvency, customs records, internal controls, physical security, supply-chain preparedness — and tries to gauge its future compliance behaviour, then validates that prediction through on-site visits and physical verification.

India's AEO programme follows the same logic. It is a voluntary scheme aligned with the WCO SAFE Framework and WTO Trade Facilitation Agreement; it secures the supply chain while easing legitimate trade. At its core, it is a predictive system: the past is studied to decide who is likely to merit future trust.

The important aspect here is how that prediction is made today. It's through forms, checklists and scattered rule-based benchmarks. Such rules are useful but brittle. Human-designed decision rules perform well when variables are few and decisions collapse into simple if–then logic. But the safety of a supply-chain operator is a non-trivial multivariable problem. It works on the interaction of many inputs: compliance history, solvency, cargo profile, HS-code behaviour, business partners, declarations and amendments, routes and ports, IT security, physical premises, seal

control, incident history, audit trails.

Conventional machine learning offers a significant improvement over rule-based assessment by identifying statistical relationships from historical data. However, such models still rely on carefully engineered features and struggle to capture the intricate, high-order interactions that characterise customs and supply chain risks. As the number of variables and their dependencies increase, deep learning becomes increasingly attractive because it can learn these representations directly from data rather than requiring experts to define them explicitly.

Once dozens of variables jointly determine risk, rule-based assessment progressively loses predictive accuracy. This is precisely where deep learning earns its place. It can hold many dimensions at once, read how they interact, and surface patterns invisible to a single officer or a static checklist. Predicting trustworthiness from tangled evidence of compliance, solvency and legal history is the kind of task where deep learning shines.



Figure 1: Deep Learning for the AEO Program

If the AEO certification were to be reimagined around a deep learning–enabled decision system, the first step is to turn an operator's past behaviour and characteristics into a machine-readable trust model. Instead of asking applicants to fill ever-longer forms, Customs can ask the crucial compliance questions from submitted documents. Security manuals, SOPs, process maps, site plans, audited accounts, seal and gate logs, visitor and vehicle policies, vendor due-diligence files, cargo reconciliations, incident reports, access-control and IT-security policies, training records. All of these can become the substrate over which an automated response system can be placed that will answer all the questions the customs earlier tried to elicit through reams of forms. In essence, documents become the only and direct source of information, obviating the need for multiple forms.

A document-intelligence system then lets the officer converse with the documents. Does the security plan cover procedural security? Are seal-control procedures backed by logs? Do cargo receipts reconcile with commercial documents? Are partners screened, how is the access controls implemented? Are incident procedures supported by past records? The programme shifts from self-declared compliance to evidence-matched compliance.

One of the most valuable applications here is discrepancy detection to reduce the risk of selective disclosure. If one document from the applicant claims containers are sealed and monitored, the system hunts for seal registers, exception reports and role assignments; if it claims screened vendors or strong IT security, it checks whether those controls actually exist. A form lets the applicant curate the story. A document-intelligence system reads the whole evidence base and highlights the gaps between policy, process and practice.

Additionally, in this paradigm, AI can also assist the trade. Operators often cannot see or relate to why a given document is demanded; the application reads to them as a compliance form rather than a security exercise, and the tie between something as basic as a seal and entry register and the wider security ecosystem stays hidden. An LLM-based assistant, grounded in the AEO framework and institutional customs knowledge and understanding, can explain each requirement in plain terms — why a seal-control register matters, how vendor screening cuts risk, why cargo reconciliation is more than just grunt paperwork. The relationship between customs and trade suddenly becomes collaborative: instead of Customs demanding and trade supplying, the system helps trade understand, prepare and improve by itself.

That opens the more ambitious step, certainly well within technological reach today, from application-based to offer-based certification. Once legal history, customs behaviour, compliance consistency and adverse outcomes are mapped into a deep learning model of high predictive accuracy, Customs need not wait for every major operator to apply. It can score large, regular operators from data it already holds and proactively offer certification or fast-track simplified validation. The customary two-to-three-month exchange shrinks. The programme flips from a passive stance — apply and prove yourself — to an active one: our data already suggests you are trustworthy; accept validation and join the trusted-trader ecosystem. That is the real promise of predictive trade security.

However, none of this works without a labelled dataset. Launched in 2011 and consolidated in 2016, India's AEO programme now has over a decade of historical data to study its own outcomes. Customs should build a repository of adverse cases — operators granted status but later suspended, downgraded or revoked for compliance failure, security weakness, fraud or non-remediation, all outcomes the AEO circular already recognises. These are the manual 'if-then' logic system's false positives: entities that looked trustworthy at certification and failed the test later. The legal, financial and compliance patterns preceding each failure become the labelled training data a predictive model will require.

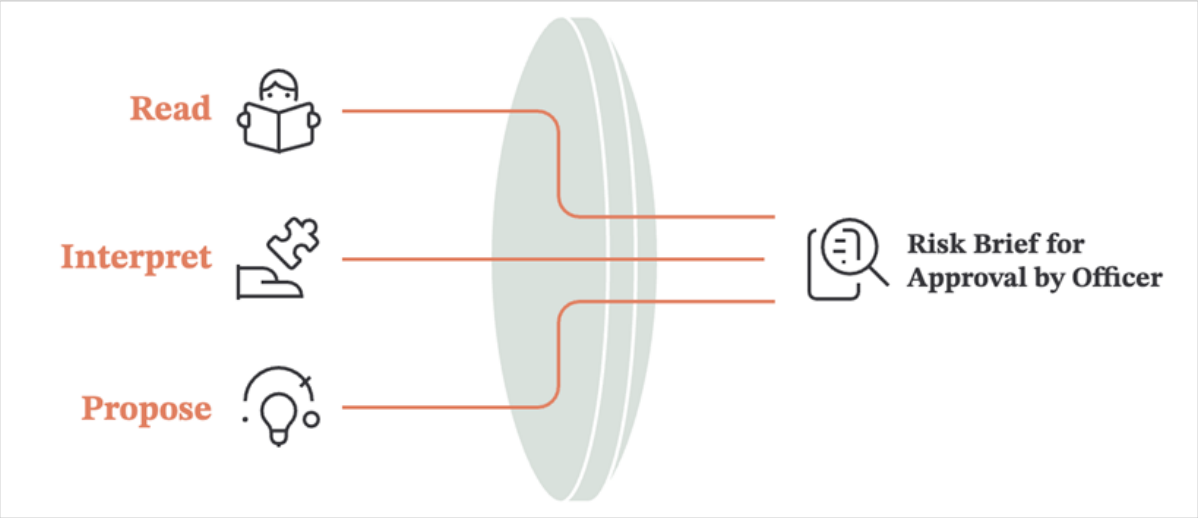


Figure 2: Role of AI and Human

Throughout the process, the officer stays central. AI should never certify an operator. It works on the 'RIP' framework. Read, interpret, and propose. It only reads the submitted documents and produces a risk brief — missing evidence, inconsistent claims, weak controls, benefit value, security score, areas for physical validation — each point attributed to its source document. The final call belongs to the AEO Programme Manager and her validation team.

The future of AEO, then, is not more forms. It is predictive trust: deep learning for risk scoring, GenAI for document intelligence, LLM-based assistance for trade, proactive offer-based certification, and officer-led confirmation. In the end, the AEO Programme asks a simple question — will the economic operator remain compliant and trustworthy in future? Deep learning can answer this with its robust prediction, that is an extrapolation of learned historical patterns over any operator's legal, financial, operational and compliance record.

Legal Compliance and Supply Chain Security: The Foundation of the AEO Programme



Swarnali Roy
Assistant Commissioner
CBIC

Trade facilitation is often associated with quicker clearances and reduced documentation. However, these benefits are built on an equally important foundation—legal compliance and supply chain security. The Authorized Economic Operator (AEO) Programme recognises this principle by extending facilitation only to businesses that demonstrate a consistent record of compliance and maintain secure business practices.

While examining AEO applications, it becomes evident that certification is not merely about submitting documents. The assessment begins with legal compliance. An applicant is required to demonstrate a satisfactory compliance record under Customs and other indirect tax laws. Reports received from field formations, legal compliance verification, and information available through systems such as DIGIT help establish whether the applicant has maintained the standards expected under the Programme. Cases involving fraud, smuggling or serious violations naturally receive closer scrutiny, while technical or procedural issues are examined on their own merits and in accordance with the provisions of the AEO Circular.

An equally important aspect is supply chain security. The Programme requires applicants to examine their own systems relating to cargo handling, access control, business partners, transport, record management and personnel security. Physical verification of premises provides an opportunity to understand how these systems function in practice. In many cases, the process encourages businesses to strengthen their internal controls even before certification is granted.

One feature that stands out during the examination of applications is that compliance and security are closely connected. Accurate records, clearly defined procedures and responsible business practices contribute not only to statutory compliance but also to a more secure supply chain. Organisations that invest in these systems are generally better prepared to manage risks and maintain consistency in their operations.

The AEO Programme has also encouraged greater interaction between Customs and the trade. During the certification process, applicants are often required to clarify documents, explain procedures or address deficiencies. This exchange improves understanding on both sides and helps ensure that the objectives of the Programme are achieved without unnecessary procedural difficulties.

As international trade becomes more complex, the importance of secure and compliant supply chains will continue to grow. The AEO Programme provides a practical framework through which businesses can demonstrate their commitment to compliance while benefiting from facilitation. It also enables Customs to adopt a more risk-based approach by extending greater trust to compliant entities and concentrating enforcement efforts where they are most needed.

The experience of the last decade shows that legal compliance and supply chain security are not separate objectives. Together, they form the basis of a trusted trading environment. The continued success of the AEO Programme will depend on maintaining this balance while adapting to the changing needs of global trade.

Key Areas for Integrating Crisis Management into AEO Compliance



Surender Singh
Superintendent
CBIC

The Authorized Economic Operator (AEO) programme is designed to enhance international trade security, facilitate efficient customs procedures, and improve overall supply chain management. As global trade continues to face increasing uncertainties—such as natural disasters, political instability, cybersecurity threats, and pandemics—incorporating crisis management into the AEO compliance criteria has become essential. AEO-certified entities are already required to meet stringent security, safety, and operational standards, so adding crisis management elements ensures that they are equipped to handle disruptions effectively, maintain business continuity, and safeguard the supply chain during unforeseen events.

1. **Risk Assessment and Contingency Planning:** AEO certification already requires businesses to demonstrate compliance with security and safety regulations, which can be expanded to include crisis risk assessments. Under the updated compliance criteria, AEO applicants could be required to conduct regular risk assessments to identify potential threats to their supply chain, operations, and international trade. These assessments should evaluate a range of crisis scenarios, such as natural disasters, supply chain interruptions, and cyber-attacks. Based on these assessments, businesses must develop contingency plans that address both immediate responses and long-term recovery strategies.
2. **Crisis Communication and Coordination:** Effective communication is vital during a crisis. AEO compliance can require businesses to establish crisis communication protocols that ensure timely and accurate dissemination of information to all stakeholders, including

customs authorities, suppliers, customers, and internal teams. The compliance criteria could specify that businesses have dedicated crisis communication teams and platforms in place to maintain coordination during emergencies. This communication framework should be tested regularly to ensure that it functions seamlessly during a crisis.

3. **Operational Resilience and Business Continuity:** AEO-certified entities could be required to implement business continuity plans (BCPs) that outline how essential operations will be maintained during a crisis. These plans should include procedures for identifying critical infrastructure, resources, and personnel that are necessary for the business to continue functioning in the face of disruptions. AEO compliance can mandate that businesses demonstrate their ability to continue fulfilling customs requirements, such as submitting necessary documents, even during crises like border closures or infrastructure failures.

4. **Security and Supply Chain Integrity:** Crisis management in the AEO framework should also address the security of goods during disruptions. This includes ensuring that the integrity of the supply chain is maintained during emergencies, particularly when shipments may be delayed or rerouted. The AEO criteria could require businesses to implement additional security measures to protect shipments from risks such as theft, contamination, or damage, especially during transportation delays caused by crises.

5. **Training and Testing of Crisis Management Procedures** To ensure that businesses are adequately prepared for potential crises, AEO compliance could include regular training and testing of crisis management plans. This might involve running simulations or tabletop exercises that mimic real-life scenarios, such as a sudden disruption in trade routes or a global pandemic. These exercises will help businesses refine their response strategies and ensure that all staff members are familiar with their roles during a crisis.

6. **Post-Crisis Review and Improvement** After a crisis, it is essential for businesses to conduct a post-crisis review to evaluate the effectiveness of their crisis management response. AEO compliance could require businesses to update their crisis management plans based on lessons learned from each event. This continuous improvement approach will help businesses remain adaptable and resilient to future disruptions, strengthening their overall operational security.

Conclusion

Incorporating crisis management into the AEO compliance criteria will not only enhance the resilience of businesses but also ensure that they can continue to meet global trade requirements even during emergencies. By requiring businesses to assess risks, implement business continuity plans, maintain secure supply chains, and regularly test their crisis response strategies, the AEO programme can play a pivotal role in strengthening the ability of businesses to navigate disruptions. This will further contribute to the efficiency, safety, and reliability of international trade, benefiting businesses, customs authorities, and global supply chains alike.

Physical Verification of Entities: The Essentials



Amit Jha
Preventive Officer
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The Authorized Economic Operator (AEO) Programme of the Central Board of Indirect Taxes and Customs (CBIC) is India's flagship trusted trader programme, designed to strengthen supply chain security while facilitating legitimate international trade. The programme aligns with the World Customs Organization (WCO) SAFE Framework of Standards and supports India's commitments under Article 7.7 of the WTO Trade Facilitation Agreement. Entities accredited under the AEO programme enjoy expedited Customs clearances, reduced inspections, deferred payment of duty, and international recognition through Mutual Recognition Agreements (MRAs).

In order to be accredited the AEO status, the applicant is expected to demonstrate robust legal compliance, financial integrity, operational controls, and supply chain security. While all applicants undergo validation, AEO-T2 and AEO-T3 require a significantly higher level of scrutiny, particularly in relation to safety and security thereby making Physical Verification of the premise of the AEO Applicant one of the cornerstones of the AEO Programme.

Safety and Security Validation for AEO-T2 and AEO-T3

The objective of Physical Verification is to ensure that goods remain secure throughout the international supply chain—from origin to export or import—and are protected from theft, tampering, substitution, terrorism, smuggling, and other unlawful activities. An applicant of AEO accreditation should have Documented Standard Operating Procedures (SOPs), Defined responsibilities, Effective governance, Internal audit mechanisms, Risk management framework

for self and its Business Partners. For AEO-T2 and AEO-T3, applicants supply chain security across seven key areas are validated:

1. Procedural Security

The applicant should have documented procedures to ensure cargo integrity, including secure cargo handling, verification of documents, container inspection, seal management, loading and unloading controls, cargo reconciliation, and incident reporting.

2. Premises Security

All the premises of the applicant must be protected against unauthorized access through perimeter security, controlled entry and exit, CCTV surveillance, adequate lighting, visitor management, adequate security personnel and emergency response arrangements.

3. Cargo Security

Applicants must safeguard cargo against tampering, theft, pilferage, and unauthorized substitution by implementing 7-point container inspections, use of high-security seals, secure storage of goods, domestic and international cargo segregation, reconciliation of cargo against documents, and supervised loading/ unloading operations.

4. Conveyance Security

Wherever transport vehicles are owned or controlled by the applicant, Customs evaluates procedures in respect of vehicle inspections, driver identification, GPS tracking, secure parking, vehicle maintenance, trailer integrity, and seal verification followed by the AEO Applicant. Security controls should also extend to third-party transport providers.

5. Personnel Security

This Validation covers employee identity and background verification, recruitment controls, access management, confidentiality obligations, exit procedures, and mechanisms for reporting suspicious activities, particularly for personnel handling cargo, Customs documentation, warehousing, and IT systems.

6. Business Partner Security

Applicants are expected to assess the security practices of suppliers, transporters, Customs Brokers, freight forwarders, warehouse operators, and logistics service providers through due diligence, contractual security requirements, and periodic reviews. For AEO-T3, Customs places greater emphasis on security assurance across the extended supply chain.

7. Security Training and Awareness

AEO Applicant is expected to provide regular security awareness training covering supply chain threats, smuggling prevention, emergency response, cybersecurity, and reporting procedures.

Training records should be maintained and include relevant contractual personnel.

Additional Expectations for AEO-T3

As the highest level of accreditation, AEO-T3 requires a mature security management system with strong governance, enterprise-wide risk management, robust internal controls, greater automation and traceability, enhanced business partner assurance, and a culture of continuous improvement in supply chain security.

Validation Process

During validation, the AEO Programme Team reviews documents, security plans, and SOPs, which involves discussion with key personnel of the AEO applicant; inspect facilities; verify implementation of security measures; and assess employee awareness. The emphasis is on effective implementation rather than documented procedures alone.

Best Practices

Applicants can improve their readiness by conducting periodic internal AEO audits, maintaining updated SOPs and security policies, strengthening physical and information security, monitoring business partner compliance, providing regular employee training, and maintaining records that demonstrate effective implementation of security controls.

Conclusion

Safety and security form the core of AEO-T2 and AEO-T3 validation under India's AEO Programme. By implementing comprehensive controls across facilities, cargo, transport, personnel, business partners, and security awareness, organizations not only meet Customs validation requirements but also enhance supply chain resilience, reduce operational risks, and strengthen their position as trusted partners in global trade.

The Unique Authorised Economic Operator Programme



Samir J Shah
Director
Jeena & Co

The uniqueness of the Indian AEO program demonstrates leadership. It is quite unique when compared with the AEO programmes of other countries.

The inquisitive questions we encounter in our interactions with Customs and Customs Brokers from various countries is a testament of India's uniqueness and leadership position. Many find it difficult to grasp the varied Indian programme.

The Authorised Economic Operator (AEO) program is a global trade security and facilitation initiative. The program identifies trusted business entities that demonstrate high internal compliance, secure supply chains, and robust financial solvency.

It is a trust-based partnership that shifts the Customs relationship from traditional policing to a collaborative, trust-based partnership. It verifies every link in the logistics chain—from manufacturing and warehousing to final transport—against strict security standards. It also allows countries to sign Mutual Recognition Agreements (MRAs), meaning an AEO certified in one country automatically receives fast-track benefits in another. Additionally, it would drastically reduce cargo inspection rates and grant priority treatment at ports. It should further facilitate pre-arrival processing and would give direct access to a Customs Relationship Manager to quickly resolve logistical bottlenecks. More importantly it enhances global reputation as a safe, highly compliant, and low-risk secure trading partner.

India's distinct structure, financial relief mechanisms, and deliberate inclusion of MSMEs make it uniquely developer- and trader-friendly compared to other nations.

The primary differences that make the Indian AEO program unique would include a four-tiered modular structure. Most countries (such as EU nations) split AEO into just two broad functional licenses: Customs Simplifications (AEOC) and Safety & Security (AEOS). India's Central Board of Indirect Taxes and Customs (CBIC) uses a unique multi-tier system that provides incrementally scaling benefits.

Recognising the role of the logistics sector India has a dedicated, single-tier category exclusively tailored for non-traders like warehouse keepers, customs brokers, and carriers.

Most global AEO programs only offer faster clearances; India directly ties cash flow incentives to certification tiers. Certified companies receive significant waivers on the bank guarantees required for customs duties.

India is a country of MSME entities. While small businesses globally struggle to meet the strict compliance requirements of the WCO framework, India has customized "MSME AEO" features to boost inclusivity. We have a reduced financial track record. The requirement for proof of business solvency is reduced from the standard 3 financial years down to just 2 years. And importantly a lower document thresholds enabling small entities handling as few as 25 customs documents annually to qualify for the program. Customs authorities are mandated to clear MSME applications expeditiously.

India has structurally linked its domestic logistics infrastructure to its AEO program. This allows trusted cargo to bypass congested container freight stations entirely, moving seamlessly from the wharf to the warehouse. India awards advanced financial flexibility to its high-tier operators, allowing AEO-T2 and T3 holders to enjoy deferred duty payments. This delinks the time of cargo clearance from the actual payment of customs duties, optimizing cash flow liquidity in a way few other global customs administrations permit.

A very pathbreaking change brought out by Indian Customs needs appreciation. In the initial release, Indian Customs was not certifying any entity who had been issued a show cause notice. With a complex, direct and indirect tax structure that India is trying to simplify receiving a show cause notice does not reflect noncompliance. The present circular lists specific charges only which would make an applicant ineligible.

It is very encouraging that over 200 entities in India have T3 certification which is the highest certification possible. It is surprising that the number of AEO certified entities is very less as compared to eligible entities for the AEO programme. India has an estimated 5,700 AEO certified entities. The eligible entities would exceed 20 times this number. It is important that all importers, exporters, and logistic operators get certified. This would enable a much smoother and faster movement across international borders and give confidence to Customs to offer more facilitation.

Indian Customs would also have to step forward and make the process of certification simpler and faster to have a wider acceptance and usage. A review of the validity period and an online renewal period will go a long way in the success of this programme.

The endeavour of each stakeholder should be to get certified so that there are no special entities but the entire Indian system is upgraded to AEO standard and facilitation.

A Decade of Trust, Trade and Transformation: Celebrating 10 Years of the Directorate of International Customs



Rajorshi Chakraborty
Inspector
CBIC

On celebrating its landmark 10-year anniversary, the Directorate of International Customs (DIC), working under the visionary guardianship of the Central Board of Indirect Taxes and Customs (CBIC), has played a pivotal role in reshaping India's trade ecosystem.

Over the past decade, the DIC has successfully carved out seamless pathways for Indian imports and exports by acting as the foundational anchor for the Authorized Economic Operator (AEO) programme, which drastically cuts down cargo release times and transaction costs for trusted businesses.

By introducing progressive trade facilitation wings—most recently highlighted by the newly launched Eligible Manufacturer Importer (EMI) scheme—the DIC has drastically eased working capital pressures for domestic industries through digitized and deferred duty payments.

Furthermore, the Directorate has masterfully projected India's trade compliance onto the global stage by spearheading critical Mutual Recognition Arrangements (MRA) with key international partners, ensuring that Indian exporters receive priority, fast-tracked customs clearance worldwide.

As it enters its next decade, the team DIC remains a cornerstone of the nation's Ease of Doing Business framework, continuously driving secure, swift, and globally recognized trade.




AEO ELIGIB
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INDIA
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INDIA AEO DIALOGUE
ENHANCING GLOBAL TRADE PARTNERSHIP


ENHANCING GLOBAL TRADE PARTNERSHIP
SURJIT BHUJABAL
Member (Customs)
SANJAY KUMAR AGARWAL
Chairman


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वित्त मंत्रालय
GOVERNMENT OF INDIA
MINISTRY OF FINANCE


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