



# Authorised Economic Operators Programme

## Why in News

The [Central Board of Indirect Taxes & Customs \(CBIC\)](#) has inaugurated the online filing of [Authorised Economic Operators \(AEO\)](#) applications.

- The web application is designed to ensure continuous real-time and digital monitoring of physically filed AEO applications for timely intervention and expedience.

## Key Points

### ▪ About:

- AEO is a programme (2007) under the aegis of the **World Customs Organization (WCO) SAFE Framework** of Standards to **secure and facilitate global trade**.
- It aims to **enhance international supply chain security** and **facilitate the movement** of goods.
- Under this, an entity engaged in international trade is **approved by WCO** as compliant with supply chain security standards and **granted AEO status**.
- An entity with an **AEO status is considered a 'secure' trader** and a reliable trading partner.

- Benefits of AEO status include **expedited clearance times, fewer examinations, improved security and communication between supply chain partners**.

- AEO is **a voluntary programme**.

### ▪ Indian AEO Programme:

- The AEO Programme was introduced **as a pilot project in 2011**.
- The security standards detailed in WCO SAFE Framework are the basis of the Indian AEO programme.
- There is **a three tier AEO Status** for Exporters and Importers. The three tiers are AEO T1, AEO T2, AEO T3, where AEO T3 is the highest level of accreditation.

### ▪ Aim of Indian AEO Programme:

- To provide business entities with an internationally recognized certification.
- To recognize business entities as "secure and reliable" trading partners.
- To incentivize business entities through defined benefits that translate into savings in time and cost.
- Secure supply chain from point of export to import.
- Enhanced border clearance.
- Reduction in dwell time and related costs.
- Customs advice/assistance if trade faces unexpected issues with Customs of countries.

### ▪ Benefits:

- **Safe and Compliant Business:** Worldwide recognition as safe, secure and compliant business partners in international trade.
- **Reciprocal Recognition:** India gets trade facilitation by a foreign country with whom

India enters into a **Mutual Recognition Agreement/Arrangement (MRA)**.

- MRA is an international agreement by which two or more countries agree to recognize one another's conformity assessment results (for example **certifications** or **test results**).
- **Streamline Cargo security:** It enables Indian Customs to enhance and streamline cargo security through close cooperation with the principal stakeholders of the international supply chain viz. importers, exporters, logistics providers, custodians or terminal operators, custom brokers and warehouse operators.
- **Promote Ease of Doing Business:** A liberalized, simplified and rationalized AEO accreditation process has potential to promote **Ease of Doing Business** and to emulate global best practices.
- Facility of **Direct Port Delivery of import Containers** and/or **Direct Port Entry of Export Containers**.
  - It also fast tracking of refunds and adjudications.
- The Indian AEO Programme is a **game-changer**. It will not only achieve '**Make in India**' but also substantially add to the vision and lead India to become a manufacturing and exporting power-house.

### World Customs Organisation

- The World Customs Organization (WCO), established in 1952 as the Customs Co-operation Council (CCC) is an **independent intergovernmental body** whose mission is to enhance the effectiveness and efficiency of Customs administrations.
- At present, it represents **183 Customs administrations** across the globe that collectively process approximately **98% of world trade**.
- **India** had become the **vice-chair** (regional head) of the Asia Pacific region of the WCO for a period of **two years to June, 2020**.
- It is the only international organization with competence in Customs matters and which can rightly call itself the voice of the international Customs community.
- It has its **headquarters in Brussels, Belgium**.

### SAFE Framework

- In June 2005 the WCO Council adopted the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) that would act as a **deterrent to international terrorism, to secure revenue collections** and to **promote trade facilitation worldwide**.
- The SAFE Framework has emerged as the global Customs community's concerted response to **threats to supply chain security**, equally supporting facilitation of **legitimate and secure businesses**.
- It prescribes baseline standards that have been tested and are working well around the globe.

**Source:PIB**