

# Implementation and Improvement of the AEO Program in Japan

*4 June 2025*

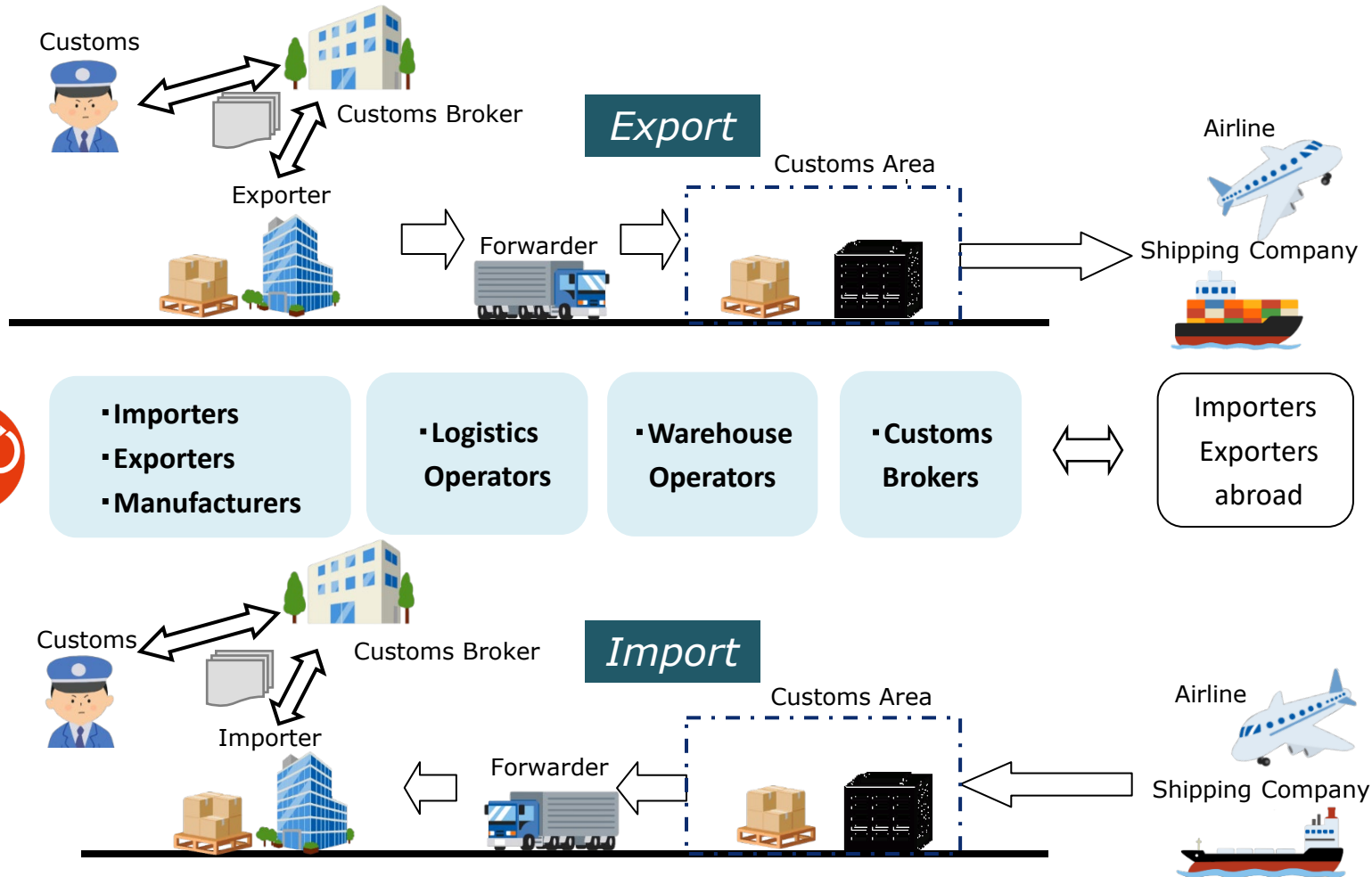
Customs and Tariff Bureau,  
Ministry of Finance, Japan



# Agenda

- The AEO Program in Japan
- Partnership with Businesses
- SMEs
- Improvement of the AEO program
- Takeaways

# Japan's AEO Program (Scope)



# Japan's AEO Program (Requirements & Benefits)

## Requirements

### Consistent with

### "WCO SAFE FoS"

- Compliance record
- Proper ability to conduct operations
- Cargo/conveyance/premises security
- Compliance Program
  - organizational set-up
  - due Customs procedures
  - internal audit
  - contracting parties' requirement
  - communication with Customs
  - crisis management
  - financial integrity
  - education/training

etc.



## Benefits (Example)

### AEO Importers

- Pre-arrival lodgment of import declaration
- Reduced Customs examination and inspection
- Differed duty/tax payment declaration

### AEO Exporters

- Waive the requirement to store goods in Customs area
- Reduced examination and inspection

### AEO Customs Brokers

- Pre-arrival lodgment of import declaration
- Differed duty/tax payment declaration
- Relaxing the requirement to store goods in Customs area

### AEO Warehouse Operator

- Free monthly fee
- Establishment of a new Customs warehouse only by notification

# Operational Structure

## Customs and Tariff Bureau (CTB) (at MOF)

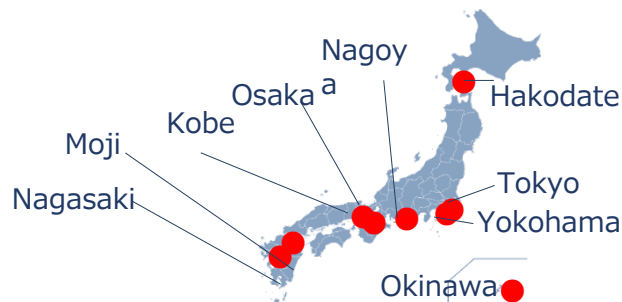
- Policy and Planning Function of the AEO Program
- Develops and reviews legal instruments, guidelines and internal Customs instructions
- Mutual Recognition and International Issues of the AEO Program

## AEO Center (at Tokyo Customs)

- Ensuring Consistency of Implementation and Operations of the AEO Program
- Coordination of Regional Customs

## AEO Units (9 Regional Customs Offices)

- Application, Examination, Authorization
- Monitoring Processes after Authorization
- Post Authorization Audit



# Features of the AEO Program

**AEO is a new concept**

**<To date>**

- **Customs guides and supervises businesses**
- **Businesses guided and supervised by Customs**

**<The AEO Program>**

- **Customs and businesses are **partners****
- **Businesses work on a voluntary basis**  
**(Customs does not give guidance every time)**

# Difficulties/Challenges

## ① Communication with the Private Sector

### <Difficulties>

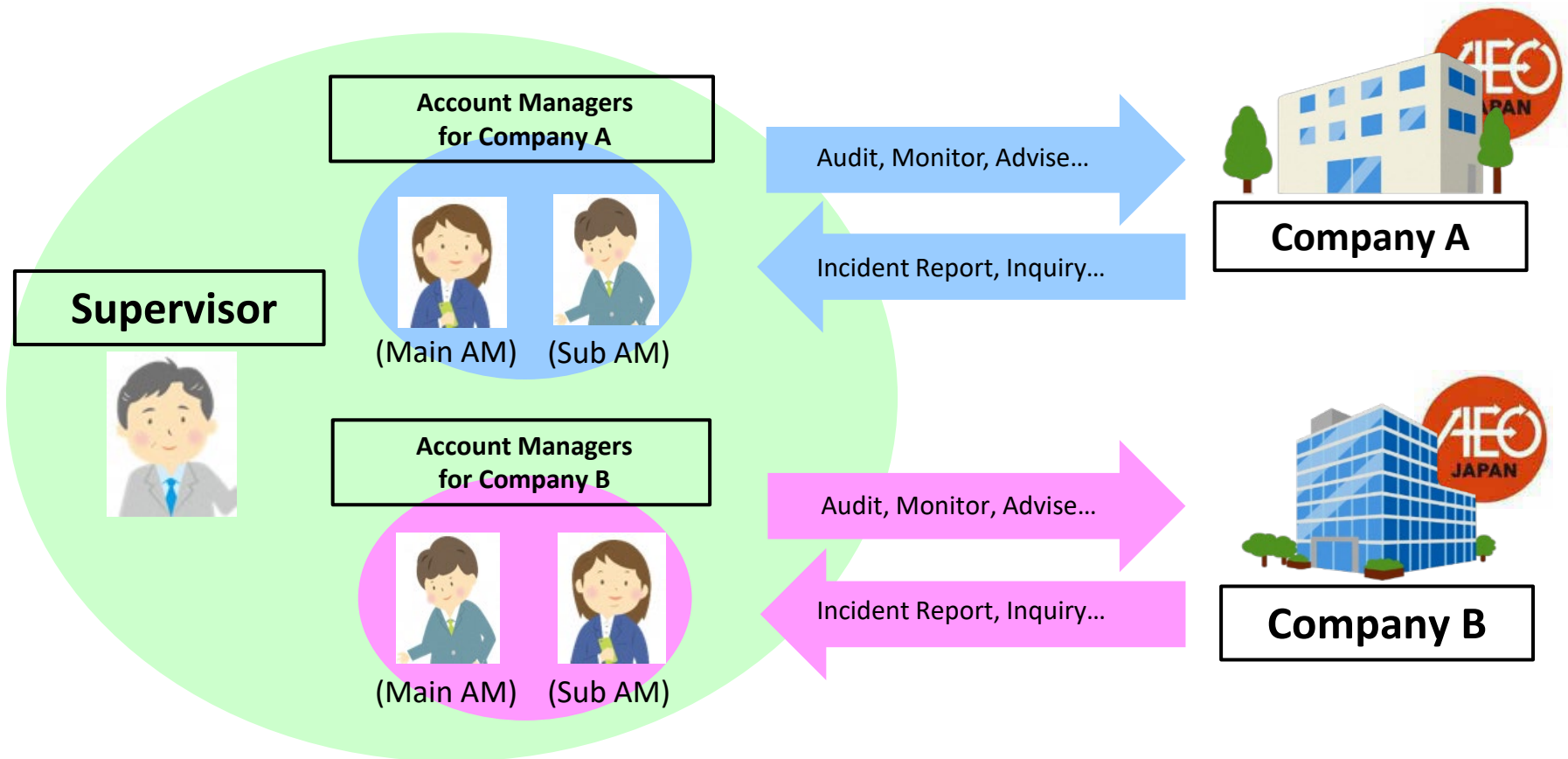
- Some private sector entities may not be very familiar with Customs procedures and the AEO program.
- Once authorization is given to the operators, continuing communication and sharing information with them may be difficult.



### <Lessons learnt and good practices>

- Post AEO content on Customs website and hold AEO seminars/workshops regularly.
- Customs Account Managers communicate with operators through meetings, e-mail and by phone even after the authorization.
- AEO operators are required to contact Account Managers when any accidents or mistakes related to Customs procedures occur.

# Account Manager



**Account Manager (AM):** from Application to Monitoring  
(receives calls and accepts interviews when AEO wants to discuss Customs matter)



# AEO Website

*For better understanding of the AEO Program*

*→ expand use of the program*

- For Non-AEO: Sharing useful information for promotion of the AEO Program
    - ✓ Outline of the AEO Program
    - ✓ Process for application and authorization
    - ✓ Reference material for AEO applicants (Model CP & SOPs, FAQs etc.)
  - For AEO: Sharing useful information for handling daily tasks relating to the AEO Program
    - ✓ Link to relevant provisions of Customs law, cabinet orders, ministerial ordinances, and administrative guidelines
    - ✓ Link to Customs forms
- And more!

# Seminar

- The AEO Association's meetings
  - Customs provides information on legislative amendments etc.
  - AEOs explain their activities and share good practices
- Discuss with AEOs for improvement of the AEO Program.



- *Raise awareness of Customs' policies regarding AEO*
- *Collect AEO's opinions and reflect them in the program*

# Difficulties/Challenges

## ② Support for SMEs

- Increasing the number of consultations with private sector actors, including small and medium-sized enterprises.
- Cost impact on security, limited human resources may be the challenge for SMEs to join the program.



### (Lessons learnt and good practices)

- It is true that there are some challenges for SMEs to meet the requirements, however there are opportunities for SMEs to access the program more easily than large companies.
- Allow flexibility for operators to outsource some areas of the AEO requirements.
- Tailor-made approach

## Disadvantages for SMEs

- Initial and maintenance costs on security investments
- Limited human resources to maintain AEO standards
- Tasks are relying on individuals rather than organisational structure

## Advantages for SMEs

- Some security investments can be less than those of large companies
- SMEs may achieve some AEO requirements more easily than large companies
- Effective leadership by management & flexible decision-making → rapid improvements

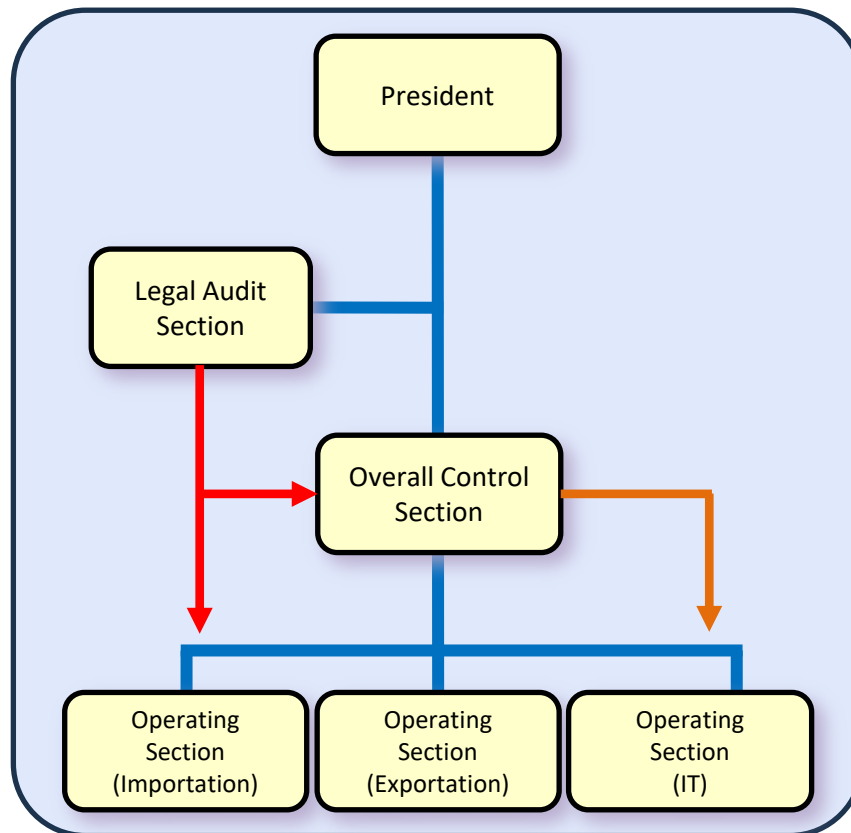
Flexible approach for SMEs, allowing:

- ✓ third party “internal audit”
- ✓ third party training

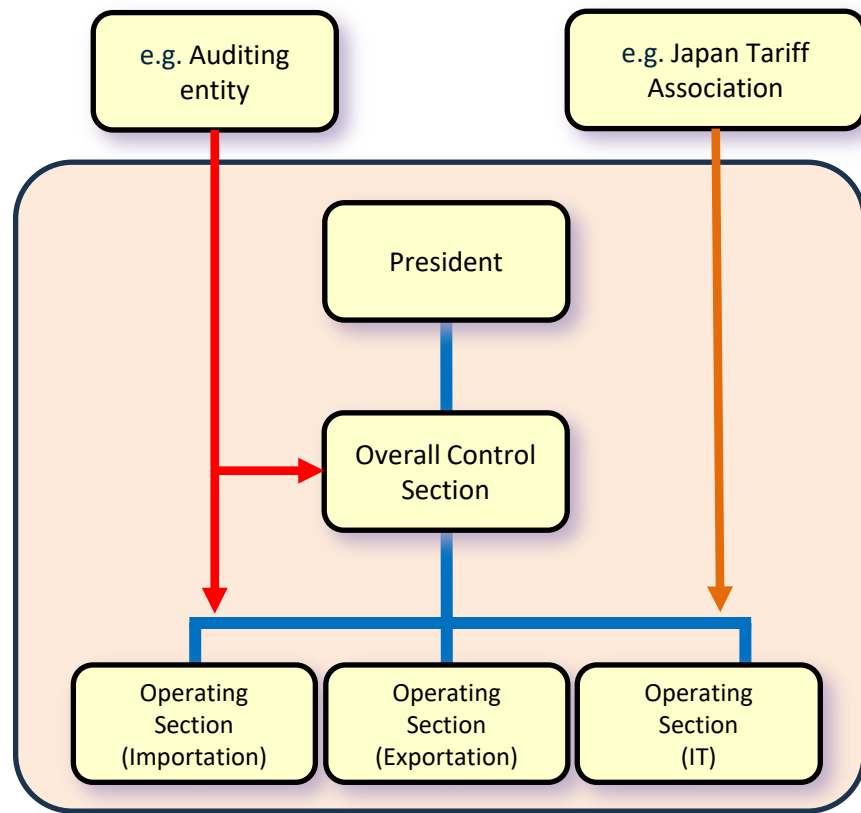
- ✓ Limited human resources to maintain AEO standards
- ✓ Difficulty in securing new personnel

— internal audit  
— Training

### Usual case



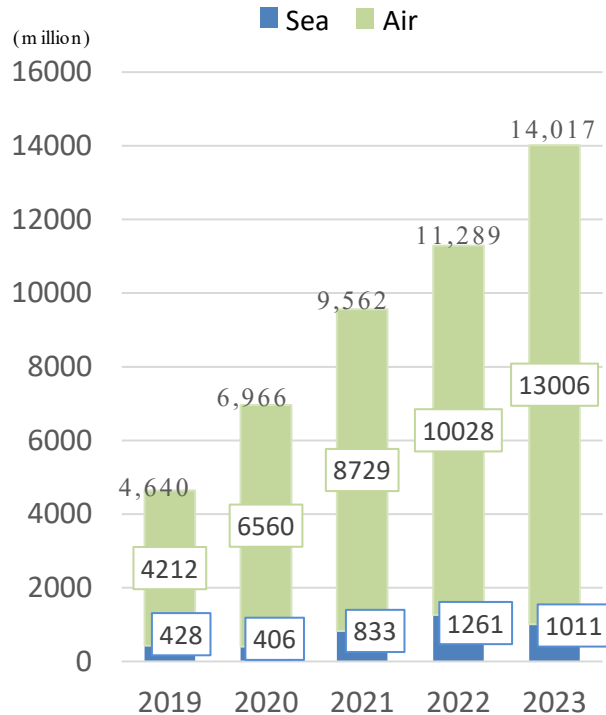
### Flexible approach



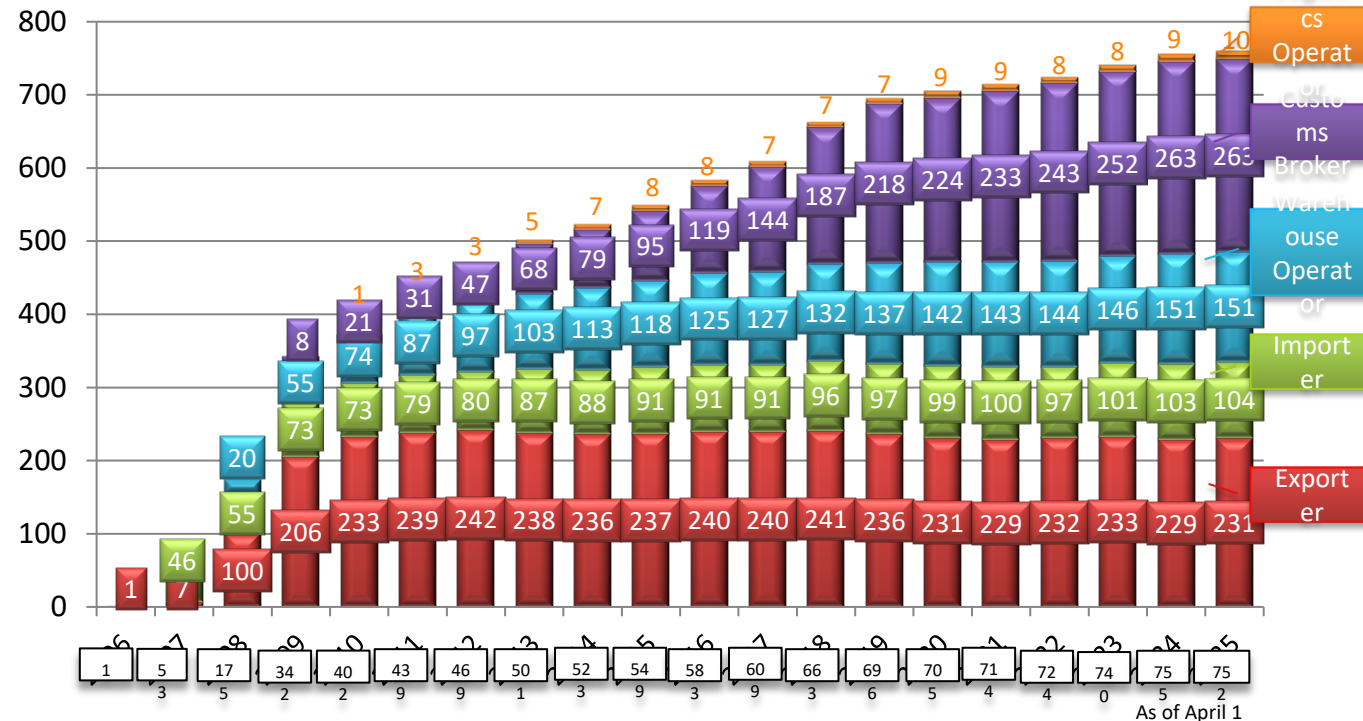
# The Situation Surrounding Japan's AEO Program

- To ensure supply chain security and trade facilitation, expanding the AEO Program is becoming more and more important with this rapidly changing environment of international trade.
- As the number of import declarations increases with this recent expansion of cross-border e-commerce, Customs needs to focus its limited resources on high-risk cargoes.

<Number of import permit>



<Number of AEOs>



# Cooperation with the AEO Business Liaison Council

## Overview

- AEO Business Liaison Council
  - Established in 2015
  - Members: 682 AEOs (about 90% of AEOs in Japan) as of September 2024
  - Japan Tariff Association (JTAS) acts as secretariat

## Purpose

- The Council contributes to increasing AEOs and improving their operation, through:
  - sharing good practices/challenges among AEOs
  - updating AEOs on relevant policies and status of MRAs
  - conducting questionnaires and surveys and preparing Policy Recommendations for the further improvement of AEO programs in Japan, etc.

## Submission of policy recommendations to Customs

- Recommendations were developed based on the opinions and requests collected and compiled through Council sessions held in:
  - February 2018 (15 items)
  - May 2019 (9 items)
  - April 2023 (9 items)



## Requests from Japan Tariff Association (Main Items)

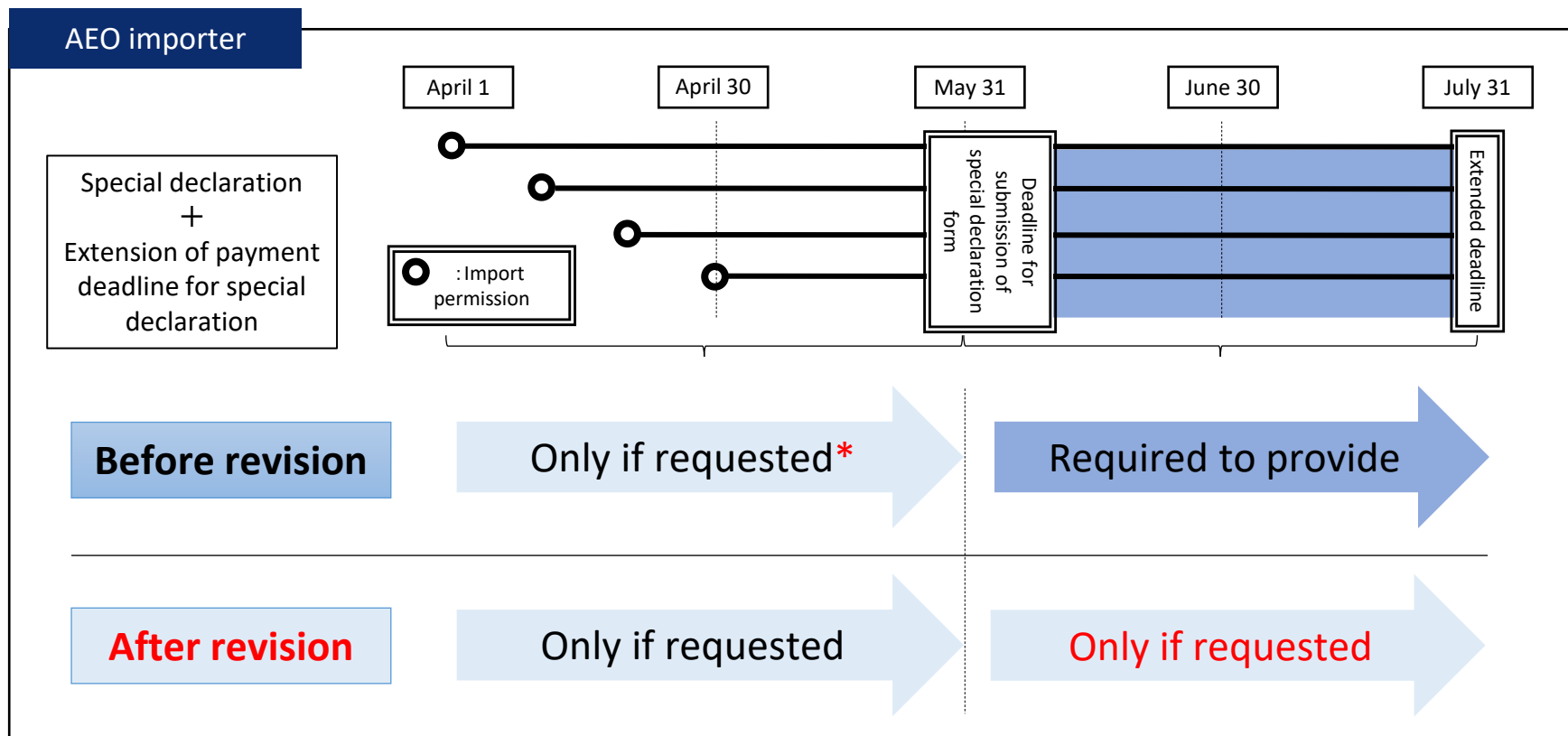
- Sharing information for AEO's internal training
  - ❑ For fruitful training, information concerning elements such as good practices or cases of accidents is needed.
- Promotion and Improvement of Mutual Recognition Agreements (MRAs)
  - ❑ Ensure that domestic AEO are well informed of how to use MRAs
  - ❑ Promote MRAs with other countries.
- Relaxing guarantees for “Extension of Time-Limit for Payment”
  - ❑ Set the amount of guarantees in consideration of AEO compliance.



- The number of AEO importers has remained at around 100 for a long time.
- In order to expand the use of the AEO program, Japan Customs has started to consider relaxing guarantees for “Extension of Time-Limit for Payment.”



- Japan Customs confirms the AEO importer's financial status at the time of their approval and post audit.
- Guarantees for the extension of payment deadline for special declaration are going to be relaxed from "required" to "only if requested."



\*Customs requests the AEO to provide guarantees, if the AEO's financial status deteriorates.

# Takeaways

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- The AEO Program is a partnership between Customs and businesses.



- Close and continuous communication
- Share information widely
- Flexible without compromising standards for SMEs
- Improving the program through communication with AEO operators

**Thank you**