

The Brazilian AEO Program's impact on the economy and stakeholders' gains.

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Abstract. The Authorized Economic Operator (AEO) Program, initiated by the Brazilian Federal Revenue Service (RFB) in 2014, aims to enhance security, efficiency, and agility in foreign trade operations by improving customs risk management. The program is voluntary and offers benefits to certified companies, which must meet 22 criteria divided into general, compliance, and security categories. These criteria include financial viability, information security, and cargo security, among others. The AEO Program seeks to position Brazil as a safe and compliant country in international trade, promoting economic integration through Mutual Recognition Agreements (MRAs) with other countries. These agreements allow AEO certifications to be recognized internationally, facilitating trade and reducing control duplications. Despite the benefits, such as reduced storage and tariff costs, and faster customs clearance, companies face significant investments to achieve and maintain certification. Challenges include cultural resistance inside companies, lack of engagement from leadership, and bureaucratic processes. Authors suggest expanding MRAs, reducing bureaucracy, and increasing transparency to justify these investments. The program's impact includes increased competitiveness for Brazilian companies, reduced risk of theft and cargo loss, and potential economic growth through job creation and higher tax revenue. However, the complexity and costs of certification processes remain significant barriers to broader adoption.

Keywords. Authorized Economic Operator, AEO Program, Brazilian Federal Revenue Service, Customs Risk Management, Trade Facilitation, International Competitiveness, AEO Program and economy.

1. Introduction

The AEO Program is an initiative of the Brazilian Federal Revenue Service (RFB) aimed at increasing security, efficiency, and agility in foreign trade operations by improving the risk management of customs operations. The RFB influences the adherence of foreign trade stakeholders, whether they are small or large companies. The certification of companies as Authorized Economic Operators is voluntary, being something that companies seek to obtain to access the benefits provided by the RFB.

The requirements of the AEO Program in Brazil are 22, which are divided into General Criteria (admissibility, history of compliance with national legislation, financial viability, satisfactory commercial records management system,

information security, human resources security, cooperation and communication), Compliance Criteria (description and fiscal classification of goods; origin of goods; exchange aspects; tax calculation basis; immunity, tax benefits and suspensions; indirect operations; professional qualification; customs risk management), and Security Criteria (security vision, risk assessment and improvement; cargo security; transport security; physical security of facilities; education, training and awareness; management of business partners; crisis management and incident recovery).

The AEO Program, or Authorized Economic Operator, was launched in Brazil in 2014, with the objective of positioning Brazil as a safe and compliant country, thereby improving its position in international trade. The AEO Program aims to ensure the security of the logistics chain and control over the flow of international trade (imports and

exports) without compromising trade facilitation. It was created with the goal of promoting the economic integration of Brazilian exports into strategic markets through Mutual Recognition Agreements (MRAs). MRAs are a fundamental part of the Program, as they allow AEO certifications issued by one country to be recognized by other signatory countries. This process aims at customs modernization, integrating public administration bodies and entities into the program, and increasing trust in the relationship between Authorized Economic Operators, society, and the Brazilian Federal Revenue Service. This allows customs to focus on documentary and physical inspections of imports and exports from companies that represent higher risk.

"MRAs allow certified operators in one country to have their benefits recognized by the customs of other signatory countries, facilitating bilateral trade and reducing duplication of controls." [SILVA, 2024].

To obtain the certification, stakeholders must follow criteria and maintain procedures that meet the expectations of customs authorities. After certification, the stakeholder must maintain compliance with the criteria, requirements, and rules, and the RFB conducts permanent monitoring and revalidation every four years. Exclusion from the program occurs in cases of non-compliance with the criteria, requirements, or rules after monitoring or revalidation, and implies the definitive loss of the certificate and benefits.

Thus, with all the promises and demands of customs authorities for obtaining certification, it is valid to understand what kind of return the companies that adhere to the Program obtain, as well as the economic gains, not only for the stakeholders but for the Brazilian economy in general. Therefore, the main objective of the study is to understand whether the AEO Program is indeed beneficial for all those involved in the process.

2. Literature review

According to the authors Santos, Bertoche, and Alves, in their text "The implementation of the authorized economic operator in Brazil and its implications: comparative analysis" (2016), the AEO Program provides Brazilian companies with greater competitiveness in the international market, as they are seen as safer and more reliable, which attracts more business and international partnerships, in addition to increasing security in the supply chain, reducing the risk of theft and cargo loss. They also state that companies can benefit from a significant reduction in storage costs and tariff costs, as well as reducing customs clearance time. Stakeholders also benefit from greater agility in customs processes, as they face fewer physical and documentary controls on their cargo and prioritization in the treatment of

certified companies' goods. The authors also cite the reduction of costs for adhering companies, regarding storage costs, tariffs, and port terminal costs.

However, according to the authors' analyses, despite the benefits, companies need to make large investments to achieve and maintain AEO certification, with costs largely related to the implementation and maintenance of the required AEO Security Program standards. Despite this, non-AEO companies are increasingly losing their competitiveness in the international market, as certified companies do not want business partners who are not certified, so their status is not jeopardized.

To justify the investments made by companies, the authors propose the expansion of Mutual Recognition Agreements with other countries, as well as the reduction of bureaucracy and the creation of clearer and more accessible procedures for companies wishing to obtain certification. They also suggest a reduction in adhesion and maintenance costs, as well as increasing transparency and communication between the Federal Revenue and certified companies.

"Thus, in the cost-benefit comparison of the AEO Program for economic agents and even for countries, it proves to be extremely advantageous given all its perceived benefits – from the security for importers and/or exporters in their shipments, or even for attracting investments to a country – as well as its almost necessity for a country's competitiveness in the current trade scenario." [SANTOS, BERTOCHÉ, ALVES, 2016].

Following the same line of thought, Cristiano Morini, in his presentation at the event celebrating 10 years of the AEO Program in Brazil, held in December 2024, states that, in addition to all the benefits mentioned earlier, some of the initial advantages of the Program are the culture of morality and ethics, the prevention of fraud and corruption, sustainability and social responsibility, as well as alignment with the best global practices. Morini also pointed out some challenges for the implementation of the Program. According to the Professor, there is great resistance to cultural changes in organizations, as well as a lack of engagement from top leadership and departments not directly linked to foreign trade. There is also a lack of budget for adjustments, which require large investments to be implemented, as mentioned earlier. Processes and bureaucracy are also a difficulty faced by international logistics stakeholders, as formalizing companies' risk management is necessary, as well as the need for training and continuous education for company employees, in addition to the perception of bureaucracy and high time in the certification process.

Morini identifies points of demand from companies

in his research, such as financial and tax incentives, through the reduction of specific rates and tax deferral; simplification of processes for new customs facilities and real priority in foreign trade operations, regarding customs clearance and documentary and physical analyses of goods; support for infrastructure and training, through continuous education programs for employees.

Patrícia Teixeira Pontes de Miranda, in her text "The Brazilian AEO Program – Opportunities for Improvement," from 2020, reinforces the same benefits provided by the AEO Program as previous authors, focusing on the benefit of cost reduction and agility in the customs process, which she considers crucial because it aims to reduce bureaucracy and expedite the customs process,

resulting in shorter release times for goods, which significantly reduces logistics and storage costs for companies, increasing competitiveness in the international market.

The author also mentions the challenges and opportunities for improvement of the Program. She cites the low adherence of Brazilian exporting and importing companies and sees great growth potential in this. However, updated data from December 2024, provided by the Brazilian Federal Revenue, show that the number of adhesions to the program has increased significantly, from 265 companies linked to AEO Security in 2020 to 502, and from 195 to 370 companies linked to AEO Compliance.



Fig. 1 - The image contains the evolution of the amount of companies certified, both in AEO Security and AEO Compliance. The light blue line shows the results from the AEO Security through time, and the green line stands for the AEO Compliance. Source: Sistema OEA - Portal Siscomex, Federal Revenue, 09/01/2025.

Other information provided by the Brazilian Federal Revenue that is interesting to analyze includes the percentage of selection of import and export processes for documentary and physical analysis of cargo, which significantly delays the processes as a

whole. We can see that inspection rates are always lower for AEO companies.



Fig. 2 - The image shows the evolution of cargo selection processes for physical and documentary analysis in export processes. The dark blue line represents non-AEO companies, and the light blue line represents AEO companies. Source: AEO System - Siscomex Portal, Federal Revenue, 01/09/2025.



Fig. 3 - The image shows the evolution of cargo selection processes for physical and documentary analysis in import processes. The dark blue line represents non-AEO companies, and the light blue line represents AEO companies. Source: AEO System - Siscomex Portal, Federal Revenue, 01/09/2025.

Miranda also mentions the complexity of the requirements and the bureaucracy in the certification process, which can be impediments to the adherence of companies. She also cites difficulties related to logistics infrastructure, which is often inadequate and limits the benefits of the program.

Another interesting text to analyze to better understand the dynamics of the AEO Program in Brazil is "Diagnosis of the Authorized Economic Operator (AEO) Program in Brazil: Survey of Stagnation Factors and Recommendations for Strengthening the Program" (2024), by Leonardo Felis Silva.

The author emphasizes that the facilitation of foreign trade provided by the AEO Program can generate positive economic impacts, such as job creation and increased tax revenue. The reduction of operational costs and greater efficiency in foreign trade operations can result in more competitive prices for Brazilian products, stimulating economic growth.

Despite these benefits, the author emphasizes that there are challenges and opportunities that need to be overcome for the full potential of the Program to be achieved. The challenges are mainly found in the complexity and costs of the certification processes.

"The documentary analysis identified factors that may have contributed to the stagnation of the AEO Program in Brazil, including the complexity and costs of certification processes, the lack of financial benefits, and the need for greater harmonization among the involved government agencies." [SILVA, 2024].

3. Conclusion

The AEO Program, initiated by the Brazilian Federal Revenue Service (RFB), has demonstrated significant potential in enhancing the security, efficiency, and agility of foreign trade operations in Brazil. By adhering to the program's stringent

criteria, companies can gain substantial benefits, including reduced storage and tariff costs, expedited customs clearance, and increased competitiveness in the international market. The program's emphasis on Mutual Recognition Agreements (MRAs) further facilitates international trade by recognizing AEO certifications across signatory countries, thereby reducing duplication of controls and fostering bilateral trade.

However, the journey to obtaining and maintaining AEO certification is not without its challenges. Companies must invest heavily in meeting the program's security and compliance standards, which can be a significant financial burden. Additionally, the complexity and bureaucracy of the certification process can deter potential participants. Despite these hurdles, the increasing number of companies obtaining AEO certification indicates a growing recognition of its benefits.

The literature review highlights both the advantages and the areas for improvement within the AEO Program. Authors such as Santos, Bertoche, Alves, and Morini underscore the program's role in enhancing competitiveness, security, and efficiency in the supply chain. They also point out the need for greater transparency, reduced bureaucracy, and financial incentives to encourage more companies to participate.

In conclusion, while the AEO Program offers substantial benefits to certified companies and the Brazilian economy, addressing the challenges related to certification costs, process complexity, and bureaucratic hurdles is crucial for maximizing its potential. By doing so, the program can further solidify Brazil's position in the global trade landscape, fostering economic growth and integration into strategic markets.

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