

**OFFICE OF THE COMMISSIONER OF CUSTOMS (NS I & III)
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA
DIST.-RAIGAD, MAHARASHTRA – 400 707**

F. No. S/22-Gen-119/2016-17 AM (I) .JNCH

Date: 17.08.2016

MINUTES OF WORKSHOP ON AEO PROGRAMME HELD ON 11.08.2016

The Workshop on Authorized Economic Operator (AEO) Programme held on 11.08.2016 was chaired by Shri Shrawan Kumar, Commissioner, NS- III and attended by the following Members/Participants of trade –

Sr. No.	Names (S/Shri)	Organization/Association/Designation
1	Jai Druv	M/s Shree Ajit Pulp & Paper Ltd.
2	Denzil Soans	M/s Godrej & Boyce Manufacturing Co. Ltd.
3	B.Mohanty	M/s Atlas Copco (India) Ltd.
4	Bijal Singh	M/s Armstrong World Industries Pvt. Ltd.
5	Bipin Chinchkar	M/s Armstrong World Industries Pvt. Ltd.
6	Mohd. Jan	M/s Aroma Organics Ltd.
7	Nilesh Naik	M/s Dell International Service India P.Ltd.
8	Kiran Patil	M/s Poddar Global Ltd.
9	P.G. Rao	JNPT
10	A.B. Buge	JNPT
11	Jagdish R. Patil	JNPT
12	Atul Jahangirdar	APMT
13	Amit Singh	DP World
14	Rahul Mhatre	DP World
15	Pushminder	GGI
16	V.Narayana	CFSAI
17	Ganpat P. Karade	BCHAA
18	Paresh Shah	BCHAA
19	Hiren Ruparel	BCHAA
20	Suresh Dalhi	BCHAA
21	Dilawar Shaikh	Ecomm Freight Forwards
22	Nimish Desai	WISA

Following officers from Department attended the meeting –

	Name (S/Shri)	Designation
01	Dhirendra Lal	Adl. Commissioner of Customs, JNCH
02	B.S. Mangat	Dy. Commissioner of Customs, JNCH
03	Chandeshwar Pandit	Appraiser, AM(I), JNCH

2. At the outset, the Chairperson welcomed all the members. Thereafter, the Chairperson informed that the Authorized Economic Operator (AEO) Programme is a newly launched programme for trade facilitation. He briefly introduced the AEO Programme and its benefits prescribed in the programme. He further asked Shri B.S. Mangat, Dy. Commissioner of Customs to introduce the salient feature of the AEO Programme through Powerpoint Presentation.

Introduction of AEO Programme:

3. Shri B.S. Mangat, Dy. Commissioner of Customs through Powerpoint Presentation introduced the AEO Programme in details. He informed that in light of present international development as well as in view of the focus of the Government of India on “Ease of Doing Business”, the Board has decided to merge the two facilitation schemes namely ACP and AEO into a combined three-tier AEO Programme and enhanced the scope of Programme. He informed that for the economic operators other than importers and the exporters, the new programme offers only one tier of certification namely “AEO-LO” whereas for the importers and the exporters, there will be three tiers of certification namely “AEO-T1, AEO-T2 & AEO-T3. He categorically introduced all the certification (AEO-LO, AEO-T1, AEO-T2 & AEO-T3) in details and the benefits of these certifications.

Benefits of AEO Programme:

4. He informed the participants that the new AEO Programme covers huge benefits to the Importers, Exporters, Logistics providers (e.g.carriers, airlines, freight forwarders etc.), Custodians or Terminal Operators, Customs House Agents and Warehouse Owners. He mentioned some of the salient benefits under AEO Programme which may be availed by programme holders. He informed the benefits under AEO Programme in brief:

- Inclusion of Direct Port Delivery of imports to ensure just-in-time inventory management by manufacturers – clearance from wharf to warehouse.
- Inclusion of Direct Port Entry for factory stuffed containers meant for export by AEOs
- Special focus on small and medium scale entities – any entity handling 25 import or export documents annually can become part of this programme
- Provision of Deferred Payment of duties – delinking duty payment and Customs clearance
- Mutual Recognition Agreements with other Customs Administrations
- Faster disbursal of drawback amount
- Fast tracking of refunds and adjudications
- Extension of facilitation to exports in addition to imports
- Self-certified copies of FTA / PTA origin related or any other certificates required for clearance would be accepted
- Request based on-site inspection /examination

- Paperless declarations with no supporting documents
- Recognition by Partner Government Agencies and other Stakeholders as part of this programme

Treatment of existing AEOs and ACPs:

5. All the existing AEOs who have been granted the AEO certificate in terms of the erstwhile AEO circulars and who continue to possess such certificates validly shall be granted either AEOT2 or AEO-LO Certificate depending upon their category by the AEO Programme Manager within 15 days of issue of this circular. Further, all the existing ACP clients who have been granted ACP status in terms of the erstwhile ACP circulars and who continue to possess such status validly shall be provisionally granted AEO-T1 Certificate by the AEO Programme Manager within 15 days of issue of this circular. All such ACP clients shall have an opportunity to submit applications for grant of AEO Certificates in terms of this circular within 90 days of issue of this circular. The validity period and the entitlement to benefits for ACP clients who fail to submit application within 90 days shall be taken up for review.

Application for an AEO Certificate:

6. It was also informed that an applicant for grant of any of the four AEO statuses, namely AEO-T1, AEO-T2, AEO-T3 and AEO-LO should submit an application in the prescribed Proforma as per Circular no. 33/2016-Customs dated 22.07.2016 to the AEO Programme Manager, Directorate General of Performance Management, Customs & Central Excise, 'D' Block, I.P. Bhawan, I.P. Estate, New Delhi – 110002.

Eligibility conditions and criteria for granting the AEO certificate:

7. It was informed that anyone involved in the international supply chain that undertakes Customs related activity in India can apply for AEO status irrespective of size of the business. These may include exporters, importers, logistic providers (e.g. carriers, airlines, freight forwarders, etc.), Custodians or Terminal Operators, Customs House Agents and Warehouse Owners. In order to apply for AEO status the applicant must be established in India. For this purpose, the applicant should provide evidence which may include:

- (i) A certificate of registration issued by the Registrar of Companies.
- (ii) Details of places/locations where goods are being handled, e.g. loading, unloading, storage etc., in the course of supply to/from international supply chain.

(iii) Proof that the business has its own accounts.

The applicant should have business activities for at least three financial years preceding the date of application. It was informed that all communication between AEO/AEO applicants and Programme Manager shall be through e-mail at Aeo.India@icegate.gov.in.

Legal Compliance:

8. It was informed that for getting an AEO certification there should be no show cause notice issued to the applicant during last three financial years involving fraud, forgery, outright smuggling, clandestine removal of excisable goods or cases where Service Tax has been collected from customers but not deposited to the Government. There should be no case wherein prosecution has been launched or is being contemplated against the applicant or its senior management. Apart from this, the applicant should have a satisfactory system of managing commercial and transport records. The applicant must be financially solvent during the last three financial years. The applicant must have in place appropriate internal controls and measure to insure safety security of applicant's business.

Procedure for issuing AEO Certificate:

9. It was informed that each application will be acknowledged and recorded in an AEO Programme database. If application is incomplete or deficient, the applicant will be suitably informed within 30 days of the receipt.

In case of an application for grant of AEO-T1 status, once the eligibility conditions and criteria for granting the AEO certificate are met to the satisfaction of the AEO Programme Manager, the applicant shall be issued the AEO-T1 certificate within 30 days of submission of the information and/or documents.

In case of an application for grant of AEO-T2 or AEO-LO, the information and/or documents submitted by the applicant shall be scrutinized. Thereafter, within 15 days physical verification of the information and documents will be carried out by the AEO Programme Team who will, within 90 days from the visit, submit the report to AEO Manager. Within 30 days of such recommendation by the AEO Programme Team, the applicant will be issued AEO certificate for AEO-T2 or AEO-LO status, by the AEO Programme Manager.

In case an application for grant of AEO-T3 status is submitted by a holder of AEO-T2 status, who has been continuously enjoying the AEO-T2 status for a period of two years or more, the applicant shall be issued the AEO-T3 certificate within 30 days of submission of the application.

If AEO status is granted, the AEO Programme Manager shall send the Certificate of AEO Status to the applicant in hard copy along with an electronic copy. The Certificate shall bear the 'AEO logo' that may be used where it is appropriate to do so for the business

Validity of AEO Certificate

10. The validity of AEO certificate shall be **two years** for AEO-T1, **three years** for AEO-T2, and **five years** for AEO-T3 and AEO-LO. However, renewal of the Certificate will be done time to time.

Suspension or downgrading of AEO Status:

11. It was informed that the AEO Programme Manager may suspend the Certificate of AEO Status in the cases:

- i. Where any non-compliance with the conditions or criteria for the Certificate of AEO Status has been detected; or
- ii. In the case of a Custodian or Custom Broker or Warehouse Operator, where the basic license as a Custodian or Custom Broker or Warehouse Operator, as the case may be, has been suspended by the competent authority.

12. After the presentation on the AEO Programme, the chairperson again reiterated that the AEO Scheme was a boon for the importers/exporters who could make big saving in dwell time, cost and effort by availing the AEO Programme. Then, the Chairperson invited the participants of the workshop for any query on the AEO Programme. Many of the members asked their queries on the Programme which were resolved/clarified by the Chairman. A few queries asked by the participants of the workshop are mentioned below:

(i) It was asked that as per Para 1.4.2 of the Circular, the existing ACP clients shall be provisionally granted AEO-T1 Certificate till the validity period mentioned in their ACP letter. However, in Para 1.4.3 of the Circular, it is mentioned that the ACP clients shall have to submit applications for grant of AEO Certificates within 90 days of issue of this circular. The Chairperson clarified that the certificate of AEO-T1 will be issued to ACP clients on provisionally basis. They have to apply for regularisation of AEO-T1 within 90 days.

(ii) It was asked that for the AEO Certificate, the application should be sent to the AEO Programme Manager, New Delhi. But whether there is any local authority to resolve any query/clarification of the scheme. In this regard, the Chairperson informed that an AEO Cell has been created in this Customs House situated at Room No. 701, 7th Floor, JNCH (Telephone No.022-27244979 & email address

'appraisingmain.jnchimp@gmail.com). For any query/clarification, AEO Cell may be contacted.

(iii) The representative of M/s Godrej & Boyce Manufacturing Co. Ltd. informed that they have a dispute of Service Tax with the Department and a Show Cause Notice has been issued to them, however could they still apply for AEO Certificate?. In this regard, the Chairperson clarified that only the Show Cause Notice involving fraud, forgery outright smuggling, clandestine removal of excisable goods or cases where Service Tax collected from the Customers but not deposited shall debar them from AEO Certificate. If the Show Cause Notice issued involves only technical issues like classification, valuation etc., they are entitled to get benefit of AEO subject to the condition that the disputed duty should be upto 10% of the total duty paid per year.

The Chairman requested the participants to get registered with AEO Programme and take benefit prescribed in the scheme. He also requested the members of workshop to apply for AEO Certification well in advance of the prescribed time period.

13. The meeting ended with thanks to the Chair.

14. This issues with the approval of the Commissioner of Customs III.

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(B. S MANGAT)
DY. COMMISSIONER OF CUSTOMS
CENTRALISED APPRAISING MAIN
NS-I, III & V JNCH

To

All the Members of AEO Workshop

Copy to:

1. The Chief Commissioner of Customs, Mumbai Zone-II, JNCH, Sheva.
2. All Commissioners of Customs, Zone-II, JNCH, Sheva.
3. All ADC/JC, DC/AC of Customs (I, III, V), JNCH, Sheva.
4. DC/EDI for uploading on JNCH website.
5. Office Copy