



वित्तमंत्रालय/ Ministry of Finance

राजस्वविभाग / Department of Revenue

सीमा शुल्क आयुक्त कार्यालय/ Office of the Commissioner of Customs

कस्टम हाउस नयी हारबर एस्टेट/ Custom House, New Harbour Estate

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C.No.VIII/48/505/2013- Cus.Pol.

Dated: .11.2016

**RECORD NOTES OF WORKSHOP ON AEO PROGRAMME HELD ON 22.10.2016 AT
10:30 HRS. AT CUSTOM HOUSE, TUTICORIN**

The Workshop on Authorized Economic Operator (AEO) programme held on 22.10.2016 was chaired by Shri P.K. Das , Chief Commissioner of Customs (P), and attended by the following members/participants of trade.

SL No	Names(S/Shri)	Organization/ Association/Designation
1.	N Matheswaran	Sri Chavan Synthetics Pvt Ltd
2.	S Govindaraju	Sri Chavan Synthetics Pvt Ltd
3.	K Velumani	Pallava texttiles (P) Ltd
4.	R.S. Ramadass	Coastal Energy
5.	D.Rajendra Pandit	Abhilash chemicals
6.	Vijaya kumar	Sufane foods
7.	Muthuselvan N.	SKN Ammal foods Ltd
8.	M.T.Suresh	Transworld
9.	P Sankara Subramaniam	Sanjeeva Clearing
10.	M karpswamy	Sanjeeva Clearing
11.	P. Jeytanth Thomas	Chakiat Agencies
12.	R. Balamurugan	Chakiat Agencies
13.	Sasi kumar S	Jai narayana Shipping
14.	Rajesh Shetty	Jai narayana Shipping
15.	J Jeslin Magesh	Navbharath Enterprises
16.	V Muthu Kumar	Raja Agencies
17.	G sabhapath	M/s Thigaraja Mills
18.	M Vijaya kumar	M/s Thigaraja Mills
19.	R Krishanan	M/s VTM Ltd
20.	J David Raja	St John ICD
21.	D ashok kumar	S.I.P.
22.	M Vijay Raghavan	Indian Shipping Services
23.	S. Esakki	SEP logistic
24.	V. Umashankar	Ramco Industires, Chennai
25.	N.Balaji	Purchase officer, Ramco Industires, Chennai
26.	G.N Chakravarthy	KSPS CFS

27.	J Ceustine Wavayoz	Villsons CFS
28.	P. Damodaran	Lamboaders Texttiles Ltd
29.	V Minesh raja	Act Link Logistics
30.	R Jeeva Dev Anand	Hari & Co.
31.	J R Moorthy	A.S Shipping CFS
32.	S Rajakapoor Martin	Act Link Logistics
33.	M Dominic Mohan	Act Link Logistics
34.	M Subramaniam	CWC Nhavaseva CFS
35.	I. Antony Stephen	M/s SICAL CFS
36.	C Arumugam	SICAL CFS
37.	Madhavan S	SEC CFS
38.	Kannan L	Chola CFS
39.	S Cristophe Raja	SEC CFS
40.	P Felix	CWC (Transworld CFS)
41.	J Aravintha	KSPS CFS
42.	T John Britto	Raja CFS
43.	M snakar	PSTS Logistics
44.	A Ramesh kannan	Sri Kaliswari Metal Powders (P) Ltd, Sivakasi
45.	M Rajaram	Expo Freight Pvt Ltd
46.	W Stanley	Ringo cargo care
47.	M Sankar	Ringo cargo care
48.	M. Rockfells	Southern Trading
49.	T Babu	SHV LPG
50.	L Lakshmanan	TCBA, EC Member
51.	M Sakthive	Diamond shipping
52.	P. Senthoo Pandian	Chartered Engineer
53.	S.M.S. Arask	Global Polybag Ind (P) Ltd
54.	D Abhishek	PP Products P Ltd

Following Officers from Department attended the meeting-

Sl No	Name (S/Shri)	Designation
1.	Ashok	Commissioner
2.	Suresh Nandanwar	Additional Commissioner
3.	Suresh Babu Badduluri	Additional Commissioner
4.	K. Engineer	Additional Commissioner (CCO)
5.	T. Prabakar	Deputy Commissioner, Customs House, Chennai
6.	P. Venugopal	Assistant Commissioner
7.	S. Ajith Kumar	Assistant Commissioner
8.	G.Swaminathan	Assistant Commissioner
9.	G. Ravichandran	Superintendent (Policy)
10.	Suresh Kumar	Inspector (Policy)

2. At the outset, the chairperson welcomed all the members. Thereafter, the chairperson informed that the Authorised Economic Operator (AEO) is a newly launched scheme for

trade facilitation. Chief Commissioner explained in brief the salient features of the AEO programme. Chief Commissioner further asked Shri T. Prabakar, Deputy Commissioner of Customs to introduce the features of the AEO Programme through power point presentation.

Introduction of AEO Programme

3. Shri. T. Prabakar, Deputy Commissioner of Customs through PowerPoint presentation introduced the AEO Programme in detail. He informed that the CBEC has decided to merge the two trade facilitation schemes namely ACP and AEO into a combined three tier AEO programme and enhanced the scope of the programme in light of the present international development as well as the focus of the Government of India On "Ease of doing business". He clarified that for the economic operators other than importers and exporters, the new programme offers one tier of certification namely "AEO-LO" whereas, for the importers and exporters, there will be three tiers namely "AEO-T1, AEO T-2 and AEO-T3. He then proceeded to introduce the certification procedures and 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 Brokers 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 AEO-T2 or AEO-LO Certificate depending upon their category by the AEO Programme Manager within 15 days of issue of circular No. 33/2016-Cus dated 22.07.2016. 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 circular No. 33/2016-Cus dated 22.07.2016. All such ACP clients shall have an opportunity to submit applications for grant of AEO Certificates in terms of circular No. 33/2016-Cus dated 22.07.2016 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 of 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. He informed that for getting AEO certification there should be no show cause notice issued to them 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. Further, it was informed that If the ratio of disputed duty demanded or drawback demanded or sought to be denied, in all the show cause notices issued under the Customs Act, 1962 (other than those mentioned above) during the last three financial years, to the total duty paid and drawback claimed during the said period is more than ten percent, a review would be taken of the nature of cases and decision would be taken on issue or continuance of AEO status by AEO Programme Manager. However, it was also informed that an applicant will also need to demonstrate that he has:

- i. procedures in place to identify and disclose any irregularities or errors to the Customs authorities or, where appropriate, other regulatory bodies.
- ii. taken appropriate remedial action when irregularities or errors are identified.

Once an error has been identified, the applicant is expected to take steps to ensure that they do not happen again or, at least, to ensure that they are immediately remedied if they do arise. Failure to take such steps could count against applicant. He then proceeded to discuss about **Managing commercial and (where appropriate) transport records**, financial solvency, Safety and security, Procedural Security, Premises Security, Cargo Security, conveyance security and other related issues.

Procedures for issuing AEO Certificate:

9. Acknowledgement of application: 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 found to have been met by the applicant 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. 4.4

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, and if they are found eligible to the satisfaction of the AEO Programme Manager, the applicant shall be duly intimated within 30 days of submission of the information and/or documents. Thereafter, the successful application will be assigned to a specific AEO Programme Team within 15 days to carry out physical verification of the information and documents. The date(s) for physical verification would be decided by the team in consultation with the applicant. The AEO Programme Team will, within 90 days, submit the report to the AEO Manager. Within 30 days from the date 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, for example, company stationary, signage on vehicles or other publicity materials. The copyright for the logo is owned by the AEO Programme Manager on behalf of the Indian Customs Administration. The AEO status will be activated within a week from the date of issue. Following this period, the applicant should enter the AEO certificate number on all Customs documentation to indicate their AEO Status.

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. The AEOs, if they so desire to continue their AEO status and avail the benefits, must submit their application as stipulated, before lapse of their validity. While submitting the application for renewal, the applicant must clearly highlight the changes from the last application. AEO Programme Manager will consider the renewal applications by following the procedure adopted while granting the fresh AEO status.

Suspension of downgrading of AEO Status:

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

After the presentation on AEO programme, the Chairperson reiterated that the AEO scheme is a boon to the importers/exporters in the supply chain which can greatly reduce the dwell time, cost and effort by availing the scheme. Then the Chairperson and the speaker invited the participants of the workshop regarding any query on AEO programme. Some of the members raised queries which were effectively replied.

- (i) It was asked whether a unit in SEZ can apply and get AEO certificate for which it was replied that the point raised is a new one and was asked to furnish the details for a reply.
- (ii) It was replied to a query whether any local authority is available for clarifying the doubts that an AEO Cell at Custom House, Tuticorin is constituted and Shri P. Venugopal, Assistant Commissioner has been nominated as coordinator and he may be contacted for further guidance. It was also intimated that a Public Notice no. 37/2016 dt 14.09.2016 was also issued by the Custom House, Tuticorin for this purpose.
- (iii) To another query as to whether the AEO Certificate can be issued in case where a Show Cause Notice has been issued, it was clarified that the AEO Certificate can be issued, if the Show Cause Notice issued involves only technical issues not involving fraud, forgery, outright smuggling, clandestine removal of excisable goods, or cases where Service tax collected from the Customers not deposited to the Government.

12. The Chairman once again requested the participants to get registered with the AEO Scheme and avail the benefits prescribed in the scheme. Chief Commissioner requested the members in the workshop to apply for AEO certification well in advance of the prescribed time limit.

13. The meeting ended with the vote of thanks to the chair and to the members.
14. This issues with the approval of the Commissioner of Customs, Tuticorin.


(SURESH BABU BODDULURI)
ADDITIONAL COMMISSIONER

To

All members of AEO workshop

Copy to:

1. The Chief Commissioner of Customs(P), Trichy
2. All ADC/AC of Customs, Custom House, Tuticorin
3. AC/EDI for uploading in the Custom House, Tuticorin Website
4. Office Copy.