



An Introduction to India's ACP and AEO Programmes

Presented by:

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Evolution of ACP

- Fast Track Clearance Scheme – 1997
- Green Channel Facility
- Self Assessment Scheme for Accelerated Clearance of Import & Export Cargo – 2003
- Inter-Ministerial Group on '*Efficient Customs Clearance*' recommended Risk based assessment, Special Customs Clearance Procedure for Authorized persons having good Track Record
- CBEC introduced RMS, ACP and PCA – 2005
- Relevant CBEC Circulars for ACP - 42/2005, 29/2010 and 18/2014.

Eligibility Criteria

- Import of goods involving : -
 - Assessable value > Rs. 100 million or
 - Customs Duty > Rs. 10 million or
 - Central Excise duty > Rs. 10 million or
 - Holder of Star Export House status.
- Min. 25 Import Declarations in the previous F.Y.
- No cases of Customs, Central Excise or Service Tax or under any of the Allied Acts being implemented by Customs in the previous three financial years.

Eligibility(contd.)

- No. of amendments in declarations < 20%
- No duty demands for non-fulfillment of Export obligation.
- Maintain reliable systems of record keeping and internal controls – Certified by a Chartered Accountant.

Steps to obtain ACP Status

Application by Importer to Jurisdictional Commissioner

Commissioner scrutinizes the Applicant's track record and compliance with regard to the eligibility conditions for ACP and forwards to RMD

RMD accords 'Special Status' to the Importer in the Risk Management System software application

Expectations from ACP Clients

- Better quality of data submission :
 - completeness, accuracy and validity of data
- Voluntary Compliance
- Better Supply Chain Security:
 - take due care in the selection of Agents and personnel engaged in the supply chain.

On-Site Post Clearance Audit

- On-Site Post Clearance Audit (OSPACA) - introduced in 2011.
- Entity based Audit conducted in the premises of the ACP Clients.
- Mandatory for all ACP Clients.
- Frequency – once in a Financial Year.
- Conducted along with Central Excise/Service Tax Audit.
- Enables a 360 degree audit of records/transactions of the firm.

Benefits for Trade

- Assured Facilitation of Imports - min. 85%
- Direct Port Delivery (DPD) facility.
- Faster (same day) Customs clearance
- Reduced transaction costs
 - *Demurrage costs reduced*
 - *Reduction in resources for Customs clearance*
- Facilitates just-in-time (JIT) operations and best practices in Supply Chain Management (SCM)
- Encouragement for voluntary compliance

Benefits for Department

- More efficient allocation of human resources by Customs to focus on non-compliant/high risk importers.
- Enables the combining of full facilitation at the ports and improved quality of customs checks through Onsite Post Clearance Audit
- Encourages importers to maintain high level of compliance to retain their status and promotes higher levels voluntary compliance.



Authorised Economic Operator (AEO) Programme

CENTRAL BOARD OF EXCISE & CUSTOMS

Background

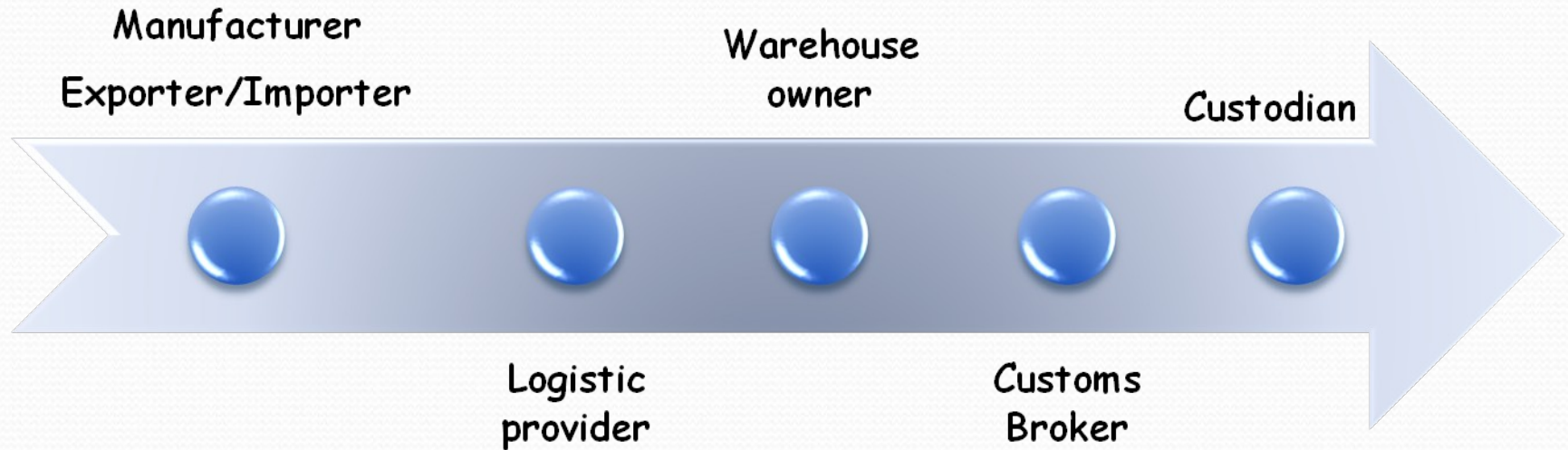
- Growth of global trade and increasing security threats to international cargo
 - Shift in Customs focus to secure international trade flow
- 2005 - World Customs Organization(WCO) developed SAFE Framework of Standards (FoS)
 - To secure and facilitate global trade
 - To act as deterrent to international terrorism
 - To promote trade facilitations world wide
 - To secure revenue collections

Advantages to business entities

- Internationally recognized certification
- Recognized as “secure and reliable” trading partners
- Defined benefits that translate into savings in time and cost



All players in supply chain can be certified



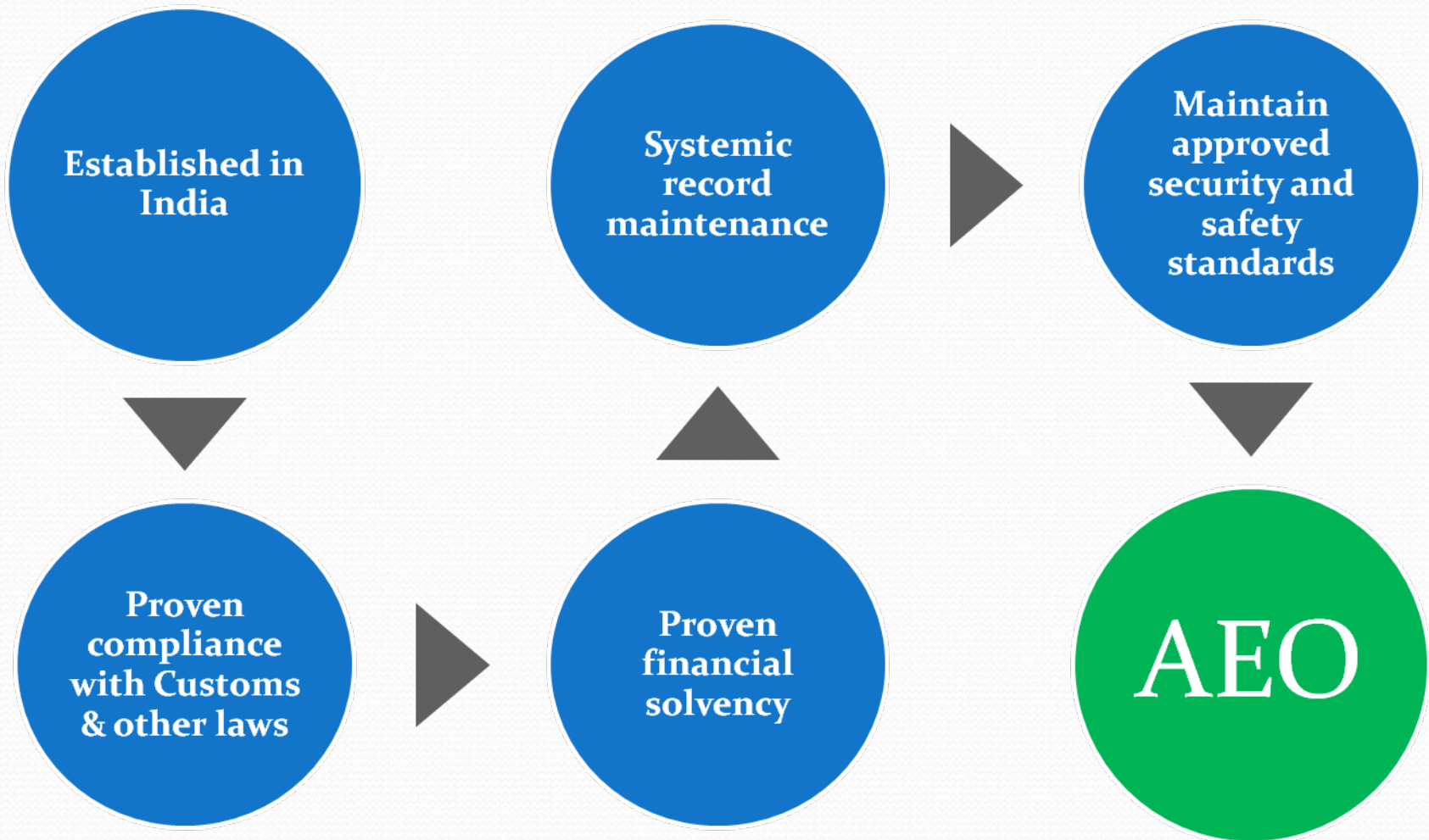
Application for AEO

- An applicant for grant of AEO status should submit the following:
 - i. Application for Authorized Economic Operator Status
 - ii. Security plan
 - iii. Process map
 - iv. Site plan
 - v. Self-Assessment Form

Details in CBEC
Circular 28/2012-CUS
dt 16.11.2012

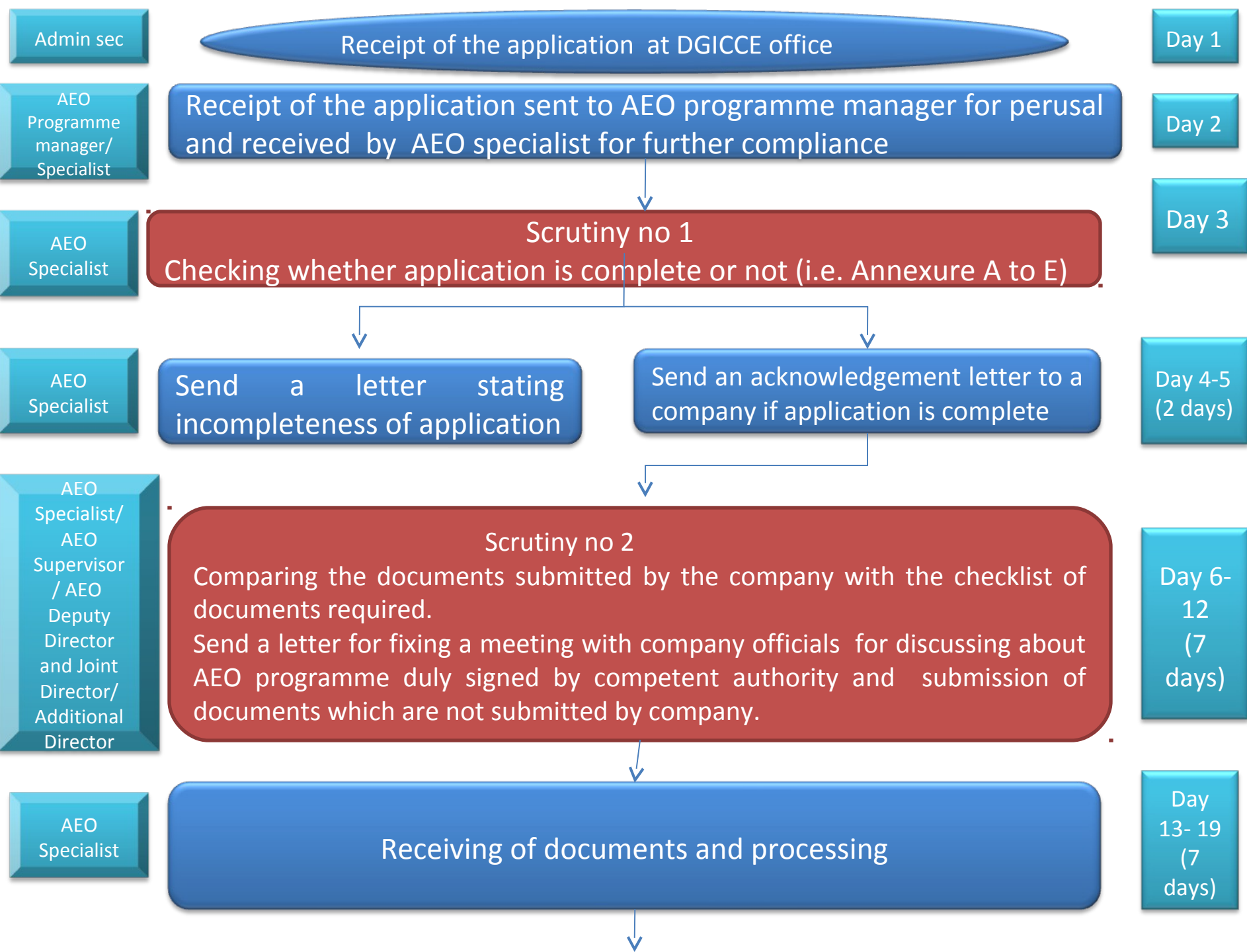
Further details:
dgicce.nic.in
AEO Portal

Eligibility criteria for a business entity





**TIMELINES IN RESPECT OF AEO
PROGRAMME**



Admin sec

Receipt of the application at DGICCE office

Day 1

AEO Programme manager/Specialist

Receipt of the application sent to AEO programme manager for perusal and received by AEO specialist for further compliance

Day 2

AEO Specialist

Scrutiny no 1
Checking whether application is complete or not (i.e. Annexure A to E)

Day 3

AEO Specialist

Send a letter stating incompleteness of application

Send an acknowledgement letter to a company if application is complete

Day 4-5
(2 days)

AEO Specialist/AEO Supervisor/AEO Deputy Director and Joint Director/Additional Director

Scrutiny no 2
Comparing the documents submitted by the company with the checklist of documents required.
Send a letter for fixing a meeting with company officials for discussing about AEO programme duly signed by competent authority and submission of documents which are not submitted by company.

Day 6-12
(7 days)

AEO Specialist

Receiving of documents and processing

Day 13-19
(7 days)



AEO
Supervisor/
AEO Deputy
Director and
Joint
Director/
Additional
Director/
ADG

If major conformities are amended, then AEO team will submit the report to officials, which if passed, Programme Manager will recommend the company for AEO certification

Day 48-
54
(7 days)

Includes Precertification second visit, if needed

AEO
Program
me
Manager

AEO certificate issued to the company

Day 55-
60
(6 days)

AEO
Specialist

Company needs to remove any minor non-conformities even after issue of Certificate

Benefits to AEO players

Exporter / Importer

- Reduced Customs examination
- Reduced bank guarantee

Logistics provider

- Waiver of transshipment bank guarantee
- Waiver of case-wise transit permission

Warehouse owner

- Faster approval for new warehouse
- Reduced bank guarantee

Customs Broker

- Extended licence validity
- Waiver of licence renewal fee

Custodian

- Waiver of bank guarantee
- Approval shall be extended for 10 years at a time

Benefits of AEO Certification

- Faster business.
- Priority in Customs Clearances & procedures.
- Curtailment in cargo release time.
- Reduction in transaction cost of imports and exports
- Recognition in the International Supply chain.
- Leads to growth in Business, ultimately means more potential PROFITS.



Creating a secured business environment

- An AEO Certified Importer or Exporter would look for AEO certified business partners viz. Logistics Service Providers (Freight Forwarders) and Customs Brokers .
- This arrangement shall facilitate **securing** the complete supply chain activities in a better fashion as compared to involvement of non-AEO business partners.
- A secured supply chain strengthens the Customs – Business partnership to create a secure environment

MRA

- Mutual Recognition of AEOs – one Customs administration recognizes the Validation findings and AEO authorizations by other Customs administration.
- Agrees to provide substantial –reciprocal benefits / facilitations to the mutually recognized AEOs.
- Moving towards MRAs - international acceptance of Indian AEO norms:
 - Signed MRA with Hong Kong in November, 2013
 - Initiated MRA process with : US & South Korea.
- Now that the WTO Agreement on Trade Facilitation has been adopted, AEO certification would gradually become an industry standard

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THANK YOU