



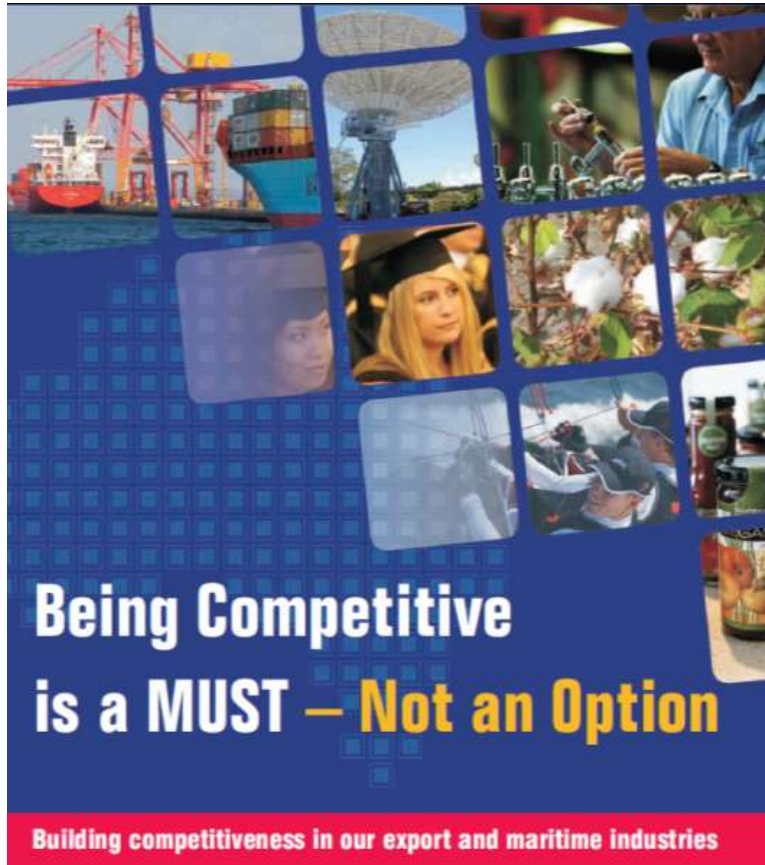
Significance of AEO Programme in India

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Mumbai

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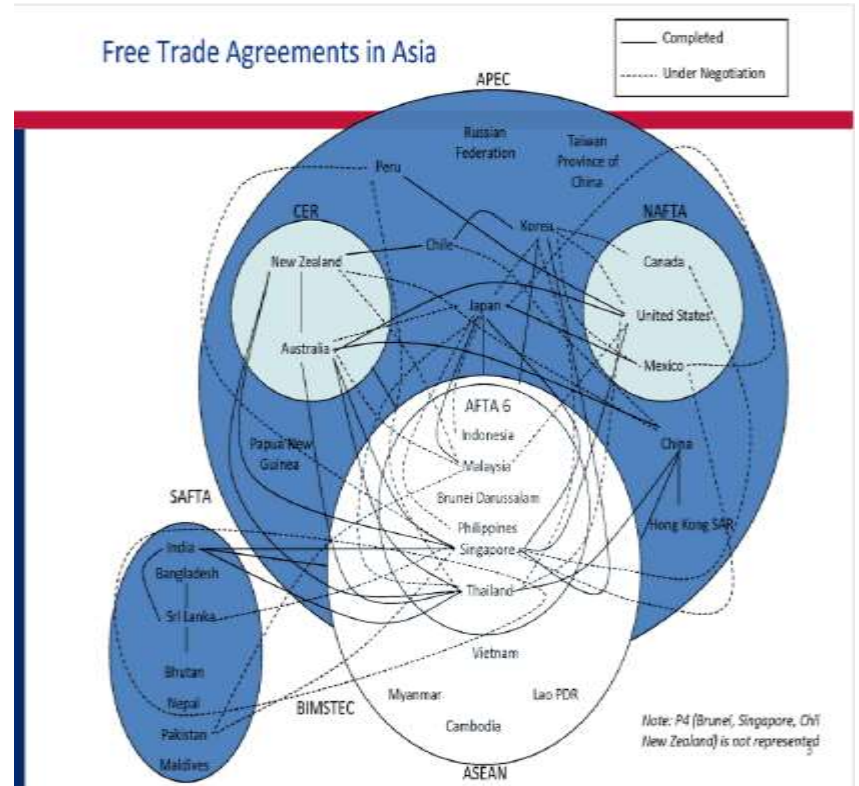
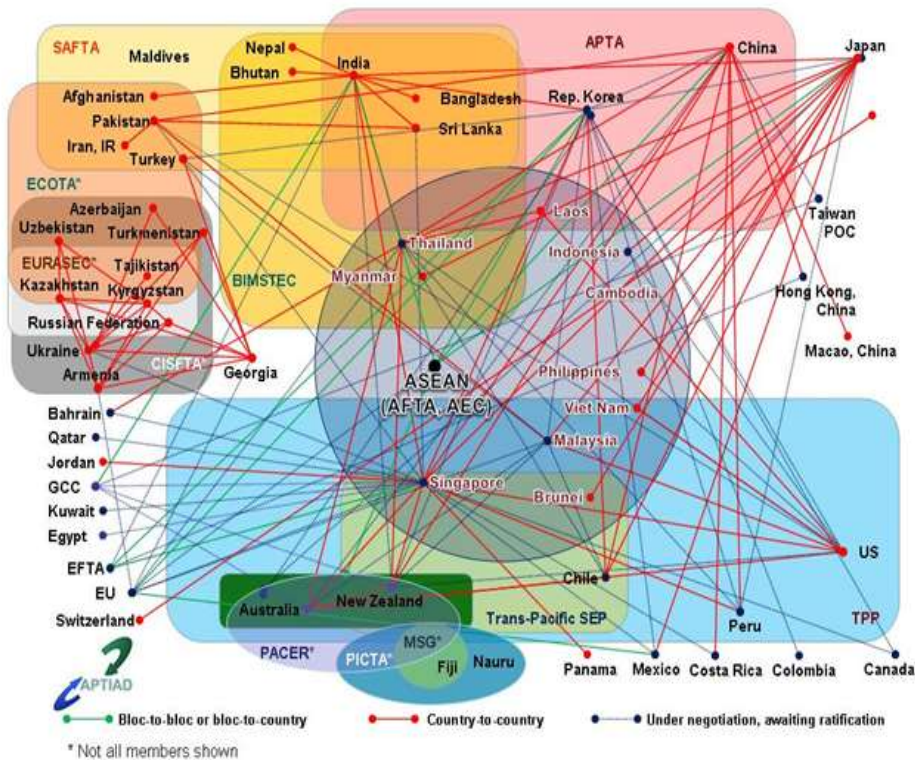
In a Globalized world with free trade, it's a matter of survival !

- Today, the Authorized Economic Operator Programme (AEO) is widely acknowledged as a key driver for a solid Customs-business partnership, transparent and predictable trading environment and in a wider context, leading to economic prosperity.

WCO's SAFE Framework of Standards

Preferential Rules of Origin:

Giving effect to Free Trade Agreements



Prohibited and Restricted Goods:

That may threaten community health, public safety and national interests



Facilitating Legitimate trade



- Seoul 2012
- Madrid 2014
- Mexico 11th to 13th May 2016
- The theme for the 3rd Global AEO Conference - The Evolution of Security in Global Trade: Great partners, Innovative technology and Smart practices - provides an excellent opportunity for discussing dynamic developments of the AEO in the light of global security concerns. The Conference will also highlight the increasing role of digital technology that transforms the way Customs and business operate, providing enhanced solutions for international trade supply chain and economic growth.

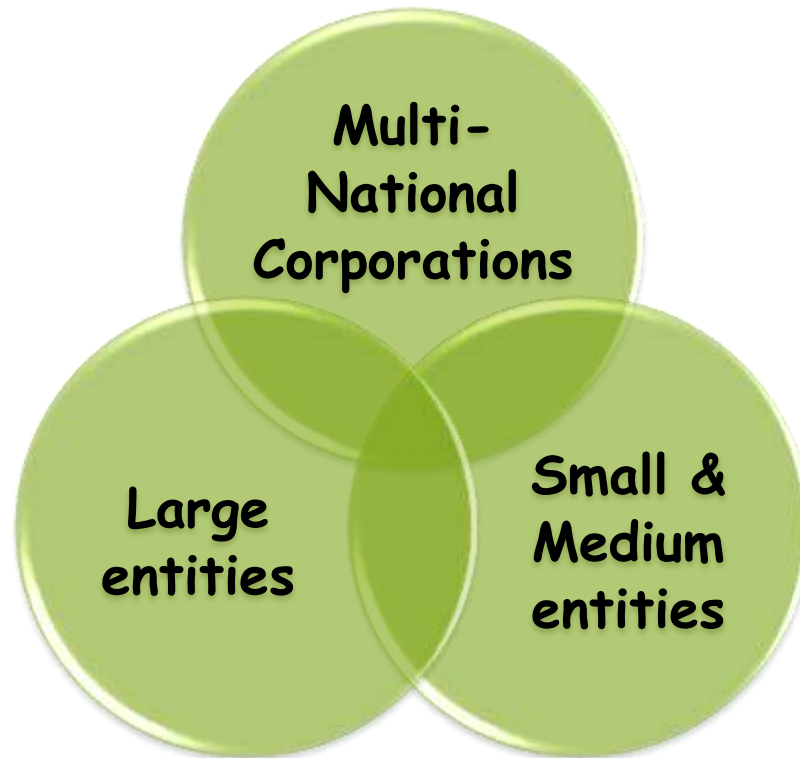
AEO Global Conferences

Aims & Objectives of Indian Customs AEO Programme

- To provide business entities with an internationally recognized certification
- To recognize business entities as “secure and reliable” trading partners
- To incentivize business entities through defined benefits that translate into savings in time and cost

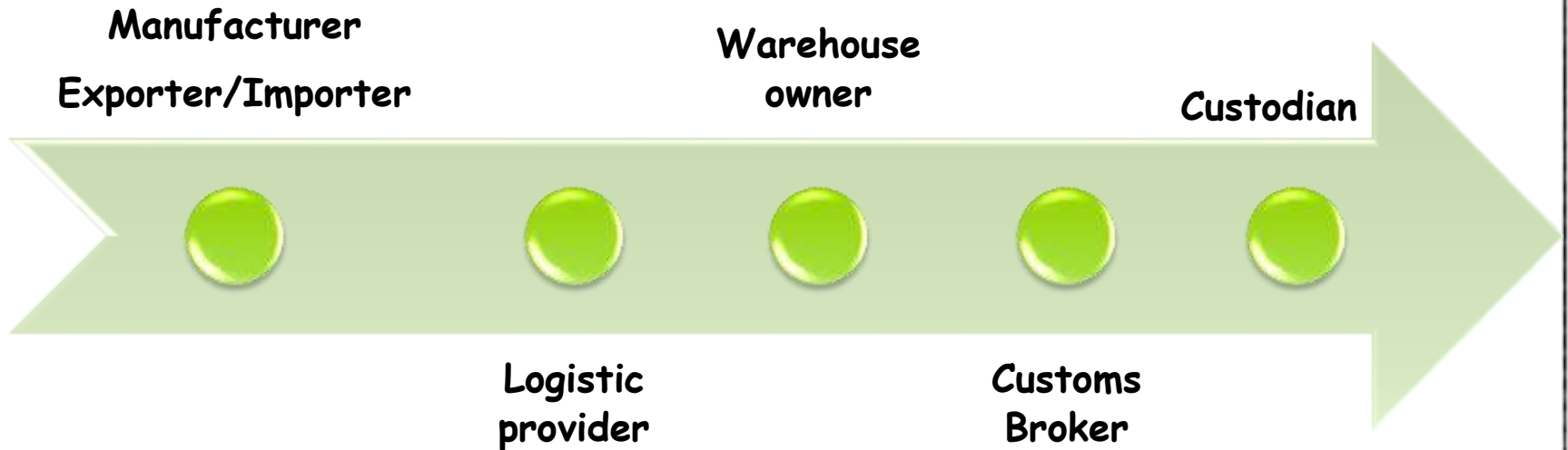


Trade centric approach to implementation



AEO programme is open to all entities registered in India with a certificate of registration issued by the Registrar of Companies

All players in supply chain can be certified



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

- Customs has changed the law in 2011 when Section 17 of Customs Act was amended to introduce self assessment . It is now the responsibility of the importers/exporters to assess the goods being imported and exported
- Objective to modernize Customs processes , ensure predictability, transparency, due process, maximum use of IT and modern customs techniques like Risk management , non –intrusive inspection, pre arrival information and post clearance audit
- An importer/exporter as AEO in the Customs Community system must therefore ensure compliance to Laws that Customs enforce

Customs Blueprint for Modernization in the 21st Century

- AEO is recognized the world over being a WCO concept
- It stands for a brand which means “Compliant and Trustworthy”
- Other Customs administrations also recognize the AEO entity being a trusted partner and conduct very few checks resulting in quick release of goods , reducing dwell time and transaction costs

World recognition

- An AEO has to follow the security and safety standards prescribed by the national customs administration
- In India CBEC Circular 28/2012 lays down the standards and benefits that an AEO can enjoy
- Many companies numbering about 38 have already applied and obtained AEO status in India
- Brand New Policy will be announced by May 2016
- Direct Port Delivery
- Deferred Payment of Duty
- Onsite Annual Post Clearance Audit
- MRA with US, Korea & Hong Kong

Indian AEO standard

- An entity which has a sustainable business must care for the security and safety of the goods in the international supply chain
- It is our common goal to make the world a safer place
- Companies must voluntarily apply and obtain the AEO status in India , which is recognized the world over
- The AEO logo can be printed on the letterhead etc of the legal entity certified by Customs
- Substantial future benefits under new Governments “ Make in India” programme

Brand benefit of
an AEO

- As an AEO you first understand the international standards in securing the supply chain and then follow it
- It plugs existing loopholes and flaws and enables better compliance
- Customs compliance being now a statutory responsibility of importers and exporters , it makes sense to apply and obtain the AEO status .
- Companies eligible to become an AEO must appoint compliance officers who will deal with Customs compliance as well as security and safety of the goods in the supply chain .
- Apply in prescribed form if you fulfil the eligibility criteria

What must be
done to comply
and become
AEO?

- Faster Release & Lower Trade costs
- Increased Revenue due to better compliance
- More FDI & economic competitiveness in today's Globalized World
- Promote Security , society and human health
- Win Win situation for the government and the Trade partners dealing with Customs

Benefits for
Customs
administrations
with more AEOs

- International Recognition unlike ACP programme
- Powerful Brand : Secure Trader , Reliable trader
- Benefits given by Customs : defined by CBEC circular
- Compliance is the responsibility of the trade: Sec 17 of The Customs Act 1962
- Will help businesses to fix their loopholes to ensure security and compliance.
- Voluntary programme but it is in the interest of the trade to join AEO : fits well with self assessment etc
- Promotes Good governance

Why Join AEO

- Less checking for Importers & Exporters
- Importers to give reduced Bank guarantee
- Exporters will get benefit of reduced % of examination
- AEO Logistics providers get waiver of Bank Guarantee and reduced permissions
- AEO Custodians will get extensions for 10 Years at a time
- AEO Customs Brokers licences will have validity till they hold AEO status without any fees for extension
- AEO warehouse operators will get reduced bank guarantee and longer extension of warehousing period.

Benefits under AEO

Future roadmap & Challenges

- India has an exciting future with 6-9% GDP Growth
- With extension of self assessment & AEO programme our companies will get mutual recognition in other countries
- Data exchange with other customs administrations to know beforehand about arrival of goods
- With very less interdiction ,legitimate trade should move freely
- With 100% e-filing ,e-payment etc customs clearance will be not a bottleneck
- Direct Port Delivery, Deferred Payment of Duty etc will be part of new AEO programme
- Customs supervision will remain with anti-evasion and audit controls
- Strong Need to use 360 degree analysis of Risk using Business Intelligence Tools and Data Warehouse of CBEC
- Follow International Best Standards and develop the Customs administration with a professional , Knowledge based Service Culture

Challenges and opportunities

- Moving towards Mutual Recognition Agreements - international acceptance of Indian AEO norms:
 - Signed MRA with Hong Kong ,US & South Korea. Others have shown interest.
- This is a win-win situation for participating countries.
- Now that the WTO Agreement on Trade Facilitation has been adopted, AEO certification would gradually become an industry standard

- Thanks for Your attention
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