

Minutes of the 5th meeting of 2nd Task Force on Transaction Cost in Exports

(i) The 4th meeting of the 2nd Task Force on Transaction Cost in Exports took place on 12th September, 2013 at 11.30 AM in room No. 04, DGFT, Udyog Bhawan, New Delhi under Chairmanship of Dr. Anup K. Pujari, DGFT. All members except members from Shipping, Railways, Civil Aviation, Environment and Forest, DG CII and DG FICCI were present. Representatives on behalf of members from Shipping, Civil Aviation and DG CII attended the meeting.

(ii) Five presentations were made on the specific issues relating to exports and imports. These were made by CII, Plant Quarantine, Animal Quarantine, Drugs Controller and Coffee Board. Presentations from CII, Animal Quarantine and Coffee Board were in power point format while in remaining two presentations, representatives explained the issues to the members. Copy of the three power point presentations will be placed on the DGFT website along with the minutes.

(iii) The following is the summary of proceedings of the meeting:

1-PRESENTATION ONE

Specific issues faced by exporters at various airports (Mumbai, Delhi & Chennai) and sea port (Chennai) by Ms Anjula Solanki, CII

Key issues highlighted

The presentation highlighted specific issues faced by Exporters at airports and sea port. Important issues discussed were:

- Currently there is extreme rush at 3PM for cargo clearance at the cargo facility. This could be avoided by allowing entry of Export trucks 24X7.
- Currently each export consignment has many identification numbers like AWB, MAWB, Carting application etc. WE can have one unique identification number for each export consignment.
- Exporters have to feed same details separately at custodian, CFA, and DGFT. This could be avoided by integrating the network systems of these systems .

- Over 30% of export consignments undergoes examination at port . This figure is large and needs to come down which might happen with RMS. Members felt that focus should be on completing a task on time .
- At times, the shipping lines do not charge any freight from exporters. However, the system does not accept “0 “value and the shipping bill is not generated.

CII has been requested to submit a revised presentation incorporating discussions in this meeting.

2-PRESENTATION TWO

Plant Quarantine related export and import procedures by Dr JP Singh, Joint Director, Directorate of Plant Protection, Quarantine & Storage ,Department of Agriculture & Cooperation

Key issues highlighted

Members were informed that the Department has online system for processing applications for issue of Phytosanitary certificates for agriculture and horticulture products.

Export Procedure

For exports, only those procedures are carried out which are prescribed by importing countries under International Plant Protection Convention (IPPC) 1951 of FAO. Phytosanitary certificate are issued after completion of sample and document related procedures. The export inspection involves sampling and detailed laboratory tests in case of seeds and planting material for propagation whereas visual examination with hand lens and washing tests, etc are carried out for plant material meant for consumption. The export inspections are conducted at exporters' premises also to facilitate exports for agricultural commodities meant for consumption. For collection of a sample, sometimes, Inspectors have to travel to 100-300 Kms. outside the municipal limit. The Department checks the description of the product as indicated in the shipping bill with the results of the sample drawn.

Import Procedure

An Importer intending to import agricultural commodities has to apply in advance for the issue of Import Permit in respect of the commodities listed in Schedule V and VI of PQ Order, 2003 in the prescribed form. Inspection of imported agricultural commodities is

carried out on arrival of consignment at the port of entry for preventing the introduction of exotic pests and diseases inimical to Indian Fauna and Flora through implementation of DIP Act, 1914 and Plant Quarantine (Regulation of Import into India) Order, 2003.

The import clearance involves various steps from receipt of reference from Customs until recommendation for its release or otherwise to the Customs including sampling, detail testing viz., bacteriological, mycological, entomological, nematological, etc., besides the post entry quarantine (PEQ) testing at the importers premises under the PEQ facility.

Members requested the representative of Plant Quarantine department to inform whether Inspection certificate which is currently being issued in hard copy can be transmitted online to clients.

Members also enquired whether information, which is not classified be shared on the web.

3-Presentation Three-

Export Import procedure relating to Animal Quarantine & Certification Services by Dr. Vijay Kumar Teotia , Regional Officer (NR), Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture

Key issues highlighted

It was explained that key objective of the department is protection of Indian animal and human population from exotic diseases through effective check on import and to ensure qualitative export. Towards this end the department issues:

A-No objection Certificate for import of animals- The imported consignment of livestock and livestock product are referred to by custom authorities for Animal Quarantine & Certification Service (AQCS) clearances. The samples of imported livestock and livestock products are sent to the designated laboratories for prescribed testing.

The presentation stressed the need for effective dealing of mis-declaration in certain product groups. For example, sometimes Importers mix animal origin materials which may be restricted or prohibited and also give false declaration regarding non-animal origin status of animal feed. To prevent this, proper technical examination of consignment becomes

necessary before release. Legal sanction to this, need to be given through Notifications issued by Ministry of Commerce and Industry and ITC (HS) Import Policy. These notifications must make Animal Quarantine Clearance (AQ) mandatory for imports.

B-Export Fitness/ Health Certificate-This certificate is issued as per international requirements [OIE (Office International des Epizooties) procedure]. The samples of livestock and livestock products to be exported are sent to the designated laboratories for prescribed testing.

Task force members requested the representative to explore the possibility of establishing a website for exporters and importers. The website should enable exporters to file online application. It should also provide links to third country websites that specify import product requirements of various countries will be useful to Indian exporters

4-Presentation Four-

Export, Import issued related to Drugs Controller by Shri Sunil M Joshi, Assistant Drugs Controller (I), DGHS, CDSCO

Key issues highlighted

It was explained that Drugs Controller is an advisory body to Customs on import of Pharmaceutical products. In addition, Drugs Controller General of India registers all imported drugs. Foreign Manufacturers have to apply for registration certification for their manufacturing premises and for the individual drug to be imported. It also conducts bulk of quality monitoring and inspections.

5- Presentation Five-

Transaction costs in Exports - Coffee by Dr D R Babu Reddy, Coffee Board of India Bangalore

Key issues highlighted

Presentation dealt with the transaction costs in Exports relating to Coffee in relation to Permits & Certificates, Customs and Ports, Logistics and Infrastructure. A case study how Vietnam emerged as a low cost producer and supplier was discussed.

(iv) Meeting ended with thanks to the Chair.