

India works with FTA partners for system to plug abuse of deals

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NEW DELHI

India is installing a new system to allow customs authorities here and their counterparts in free trade partner nations to generate and exchange key documents before shipments reach their shores as part of a drive to check abuse of free trade deals, two persons informed about the development said.

The proposed system allows customs authorities to generate and exchange “country of origin” certificates, a key document based on which duty concessions available under Free Trade Agreements (FTAs) are claimed by importers and are granted by the authorities.

This will help the customs department in the receiving country to be sure of the document’s authenticity and to do away with the need to verify the document submitted by importers for grant of duty



Merchants have been caught routing shipments via FTA nations to exploit duty benefits

benefits. It will speed up the processing of shipments, one of the two persons cited above said.

The new system will also eliminate the abuse of FTAs as merchants will not be able to falsify documents and route products from other countries through trade deal partner nations to exploit duty benefits.

The Central Board of Indirect Taxes and Customs (CBIC) is working on implementing

the system in 2023 under an agreement signed with South Korea last September for enhanced customs cooperation, the person said, and added India will start talking to other FTA partners countries, starting with Australia.

An email sent to the finance ministry on Friday seeking comments for the story remained unanswered at the time of publishing.

Earlier, the South Korean government had enabled the facility for India to access the country of origin certificates on a database to verify their genuineness.

“But we are now moving beyond that. We’ve entered into an agreement with the South Korean government so that both of us will generate the country of origin certificates electronically and exchange the same electronically. So, by the time the import is received in the other country, we would