CIRCULAR NO. 14/2007-CUS

F.No.450/99/2005-CUS-IV
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
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New Delhi, dated the 16th March, 2007.

Subject:- International transshipment of LCL containers at Indian Ports- regarding.-

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The Board has received references from the trade and industry on the issue of introducing a procedure for transshipment of goods meant for ports outside India. The Consolidators Association of India has also made certain suggestions and have projected the benefits in terms of earnings in foreign exchange, attraction to foreign investment, employment opportunities, freight benefits to Exim Trade, low transshipment cost etc.

2. The issue has been examined by the Board. As per sub-section (2) of section 54 of the Customs Act, 1962 transshipment of imported goods to any place outside India, shortly referred as 'International transshipment' is allowed. However, such transshipment facility is not allowed in respect of prohibited goods under section 11 of the Customs Act, 1962. Presently, international transshipment of imported goods in Full Container Load (FCL) is being permitted by the field formations. Board has decided to introduce transshipment facility for imported goods in Less than full Container Load (LCL) also at approved places under the jurisdiction of identified Custom Houses. To begin with, such facility would be provided at Cochin, Chennai, Tuticorin and Nhava Sheva. This additional facility would also be a measure of trade facilitation and is expected to provide transshipment facility to international shipping lines and enable ports to act as Transshipment Hub in the Indian Ocean region.

3. The following procedure shall be adopted on arrival of the international transshipment (ITP) containers of Less than Container Load (LCL) cargo,-

(i) The application for international transshipment of FCL cargo can be made by master of the vessel or his authorized agent, Non-Vessel Operating Common Carrier (NVOCC) or any other person duly authorized in this behalf by the foreign supplier.

(ii) No goods for international transshipment should be unloaded from the vessel until the permission for the same has been given by the AC/DC authorized in this behalf by the Commissioner of Customs, on the basis of manifested details in IGM.

(iii) The ITP container details such as Container Number, broad description of goods etc. shall be mentioned in the Import General Manifest. In the electronic manifest, there are fields for specifying (a) Port of destination, and (b) 'cargo movement' code. For cargo

movement, there are three codes which need to be filled correctly with proper port of destination. These are explained in details as follows:

(1) 'LC' - Local Cargo: This refers to the port code where cargo is delivered. It is the same as the port of arrival.

(2) 'TC' - Transshipment Cargo: It refers to international cargo and the port of destination shall be the port code where transshipment cargo is destined to or delivered.

(3) 'TI' - Transshipment to ICD: This is the local cargo where the cargo meant for transshipment to hinterland port i.e. ICD. The port of destination is the port code of the ICD.

As regards the electronic manifest message, there is a field to specify that whether the cargo is FCL or LCL or 'EMPTY'. This field is called 'Container Status'. The line and the sub-line numbers provide the inter-linkage between the cargo details and the container details. Therefore, the existing EDI System in ICES can be used for Customs documentation and processing.

(iv) The unloading of such ITP containers at gateway port would be in presence of Customs Officers. The containers would be taken to approved place / premises under Customs escort. Custodian of such premises would provide a segregated secure space for ITP containers.

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(v) Customs Officers would examine the Seal of the ITP Containers. In case of tampering of the Seal, such Container should be immediately resealed with the Customs Seal in the presence of the Custodian / Shipping agent and same should be recorded. Such containers will be examined 100% by the Customs Officers and findings recorded thereof. Such cases will be put up to the AC / DC in charge for further action.

(vi) LCL Cargo meant for a foreign port (any port outside India) would be de-stuffed in the presence of Customs Officer and stored in a secured area as provided by Custodian. LCL Cargo may contain consignments meant for transshipment to any port outside India (Foreign Port) as well as consignments for home consumption or transshipment to Inland Container Depot (ICD). This would necessitate segregation of the two types of cargo at the time of de-stuffing and moving them to respective storage areas under customs escort. Till such time, sufficient precaution should be taken to avoid duplication / mixing up or manipulation of cargo meant for Transshipment / Home-consumption.

(vii) Whenever the LCL cargo are required to be exported to foreign destination, The re-stuffing of such LCL Cargo meant for the foreign port along with the export cargo would be done under the supervision of a Customs officer. Further Container would be sealed in presence of a Customs Officer.

(viii) The details of LCL cargo would be entered in Export General Manifest.

(ix) Custodian would maintain the record of ITP LCL cargo, both loaded and unloaded, and submit a monthly summary to Customs. He shall execute a general bond for

an amount equal to the approximate value of goods expected to be imported in 30 days for the purpose of international transshipment. In such bond, custodian should undertake to export transshipment cargo within 30 days or within extended period as Commissioner may allow and follow all the relevant Acts, Rules & Regulations in force.

(x) Custodian would be responsible for safe handling of the LCL cargo and ensure that there is no intermixing of ITP LCL cargo with other cargo lying with the custodian.

4. International transshipment of cargo needs to be effected within 30 days of Entry Inward of the importing ship. The permission for transshipment would not be given to cargo having arms, ammunition, explosives and other cargo considered as constituting a threat to the security/safety and integrity of the country and other goods attracting prohibition under section 11 of the Customs Act, 1962. However goods which are 'restricted' as per the Foreign Trade Policy may be permitted for transshipment to destination abroad. Further, transshipment shall not be allowed to any port / destination, in respect of which any order or prohibition is in force for the time being. Commissioners may also prescribe any additional safeguard for securing safe transshipment. The provisions of Section 48 relating to the procedure in case of goods not transshipped within 30 days after unloading shall apply to the goods meant for transshipment as these are covered under the scope of "imported goods".

5. In order to introduce international transshipment of LCL containers, the Custom Houses need to identify suitable premises within the approved place under their jurisdiction for the purpose of safe custody of imported goods and for such other authorized operations. Commissioners should adopt consultative approach with the stakeholders / operators to identify particular premises for such international transshipment. Following factors may be considered by the Commissioner for identification of the premises,-

(i) Location of the premises.

(ii) Availability of adequate infrastructure - modern handling equipment for loading, unloading of containers from rail flats, chassis, their stacking, movement, cargo handling, stuffing/de-stuffing, refrigerated storage facility for perishable cargo etc.

(iii) Availability of sufficient secured area for segregation/ consolidation of cargo and for its safe handling.

(iv) The premises need to be connected with Custom House on EDI to handle the transshipment in ICES.

(v) Experience of Custodian in handling import export matters and working knowledge of Customs Act, rules and regulations.

(vi) Logistics arrangements including constraints, if any, in movement of containers between approved place / premises and port.

6. The above instructions may be brought to the notice of the Trade immediately through appropriate Public Notice. Jurisdictional Commissioners may also indicate detailed operational procedure, taking into account the requirements, physical movement involved in carrying goods to the approved place / premises etc. at individual Customs stations, keeping in view of the Board's instructions.

7. Receipt of this Circular may kindly be acknowledged.

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