

**Commercial Customs Operations Advisory
Committee (COAC)
Secure Trade Lanes Subcommittee
In-Bond Working Group
Background**

February 2019

COAC

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

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Background

In February 2012, CBP issued a Federal Register notice indicating significant changes being proposed to the In-Bond process. On the 28th February, 2017, after a period of dialogue with the trade – CBP published the In Bond Final Rule making many significant changes to the In-Bond process effective from November 27th 2017. As a result of significant comments from Trade participants to some of the changes to the In-Bond Regulations – it was decided to convene a COAC Working group to review and address some of the areas of concern and the overall process changes being proposed through the new In-Bond regulation. A Working group was therefore set up in January 2018, initially under the Global Supply Chain subcommittee. After two initial conference calls to review the process and identify some of the key areas of concern, a two day face to face meeting between various members of the trade community actively involved in the In-Bond process and CBP was held on the 22nd and 23rd February, 2018.

The IBWG decided to focus on three distinct areas as part of the overall 2 day review:

- 1) Operations
- 2) Automation, and
- 3) Regulatory changes / reform

The operations group primarily focused on situations that remained unclear from a day to day operational perspective – including some of the following

- The handling of in-bond arrivals – particularly those within an FTZ, and the appropriate visibility, closure and liability post arrival,
- Proof of export – particularly on the southern border – where the requirements are not clear
- PGA (FDA) refusal and re-export handling
- Clear manipulation guidelines to avoid unnecessary penalties
- Handling of third party obligation of Carriers bond – specifically in relation to Directive 3240-036A, and the required letter of authorization
- Multi modal handling with different transportation modes during the In-Bond process

The Automation team reviewed areas that impact the ability to efficiently handle in-Bond cargo through automation requirements and the lack of visibility to In-Bond status, including:

- Proactive coordination with trade stakeholders to a realistic plan and schedule to attain true automated In-Bond processing, including across the import / export processes
- Better visibility of obligated In-Bonds by third parties to allow effective closure and minimize open In-Bonds and subsequent penalties
- All modes (especially with the Truck refactoring development) should have a primary requirement to support automation to facilitate cross mode functionality and capability,
- Handling of HS codes within In-Bond ITs
- FTZ automation process to close In-Bond and transfer liability.

From a Regulatory perspective, the review was more on Reg Reform to change the process for handling In-Bond cargo to create better efficiencies including:

- Visibility to cargo release / hold status to the Bond filer, equal to broker status visibility
- Physical arrival at designated FIRMS locations, where cargo is already released for consumption
- Cargo manipulation process
- Potential benefits for FAST partners
- Requirement for HTSUS numbers on In-Bond movements
- Modification of In-Bond filing without complete replacement

The working group compiled the 9 recommendations for this COAC meeting, based on the overall 2 day discussion and some of the key items that did not require additional review and the formulation of specific, longer term recommendations to the final In-Bond process. Further evaluation will also be made in future Working Group discussions to determine additional recommendations within these three categories as well as defining a longer term strategic plan for In-Bond Regulations in the future.

Accordingly, in addition to providing these current recommendations, the IBWG is committed to continuing discussions until the areas of concern are addressed to ensure compliance with regulatory and security initiatives, as well as the capability for Trade to support and comply without hindrance to legitimate commerce.