

Commercial Customs Operations Advisory Committee (COAC)

Secure Trade Lanes Subcommittee: In-bond Working Group Government Issue Paper

February 2019



U.S. Customs and
Border Protection

Office of Field Operations, Cargo and Conveyance Security
In-bond Working Group
February 2019

Action Required:

- Informational Only

Background:

- The in-bond regulatory package was published on September 28, 2017. After discussions with Trade Groups, implementation of the regulations was pushed back 6 months;
 - July 2, 2018 – Paper CBP Form 7512 will no longer be accepted for input into ACE; Electronic filing will be responsibility of the Trade;
 - Shipments arriving in the U.S. by air will not require electronic reporting until air in-bond regulations are rewritten
- The working group met on February 22-23, 2018 and discussed issues affecting implementation.
 - Air carriers have raised concerns that CBP manifest systems do not allow for reporting of in-bond arrivals and exportations at a land border or seaport. CBP acknowledges this as an issue.
 - Air carriers have identified high costs and long timeframes to implement the ABI QP/WP alternative to manifest for reporting arrival and export as it was not originally a business requirements. They have requested an additional delay of 18 to 24 months in the rule implementation. CBP acknowledges the issue but does not agree with the timeframe.
 - Truck carriers have identified issues with the reporting of export and arrival of in-bonds due to a lack of visibility for carriers that are not the bonded party in ACE truck manifest. CBP acknowledges the issue.
 - Participants in all trade modes have identified an issue in visibility via ACE reports. They do not allow visibility for bond obligation against their IR number only via a SCAC code. When the bond is extended to another carrier (or utilized by another carrier) there is not visibility to allow for oversight of arrival and export notifications. CBP acknowledges the issue.
- As part of the consultation with the trade through the working group, CBP determined that the initial implementation dates needed to be extended further.
- For the remaining regulatory changes, additional extensions were granted moving much of the implementation back to February 4, 2019. Due to the government shutdown, that date has been extended pending discussion with the In-bond working group.
 - Electronic reporting of all transactions will be mandatory and ACE edits will be turned on.
 - In-bond shipments originating in a mode other than air will still be allowed to be arrived on paper until that date.
 - Electronic arriving and export filers will be allowed 2 additional days to report without penalty.
 - The implementation of the 6-digit HTS requirement for description of in-bond shipments is being suspended to allow for a full review of the requirement and its implications on trade.

- CBP is working to identify technical solutions to some of the problems identified by trade partners and continue to identify existing solutions available. CBP is also working on enhancing reports both generally and for in-bond reporting to allow better visibility into in-bond usage;
 - The Office of Field Operations issued an in-bond Business Process document to assist filers and CBP with in-bond questions. The working group is working to identify updates and improvements to the document and other in-bond documentation.
- OFO has worked collaboratively with the working group to identify and clarify recommendations for the December meeting.
 - These recommendations are consistent with CBP automation and process goals and support the direction of the in-bond program.

Issue:

- By utilizing both CBP Subject Matter Experts and a varied group of industry experts, this workgroup is being established to identify CBP and trade issues with in-bond automation, operational requirements and regulatory framework.
- One goal is to identify current best practices and existing requirements that provide the most efficient utilization of resources and provide the best security for both revenue protection and national interests.

Current regulatory requirements will also be discussed in an effort to provide feedback to the regulatory reform efforts of COAC and CBP.

Next Steps:

- Conduct phone calls and face to face meeting, scheduled for April 3, 2019 to resolve open issues and establish a new enforcement date and parameters.
- Continue with working group calls focused on identifying technical fixes and business process improvements.
- Discuss legal liability issues to include clear guidance in the in-bond business process document.
- Identify potential regulatory changes including the movement of air in-bond into the same requirements as other modes of transportation.

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