



U.S. Customs Service

610 S. Canal Street
Chicago, IL 60607-4523

Pipeline 03-03
January 9, 2003

TO : Customhouse Brokers, Importers and Others Concerned

**SUBJECT: Guidelines for the 24-hour Advanced Cargo Declaration
Vessel Rule**

The Customs Regulations have been amended to require the advance and accurate presentation of certain manifest information (cargo declaration - CF 1302) 24 hours prior to lading on the vessel at the foreign port. Changes also have been made to allow non-vessel operating common carriers (NVOCC) having an International Carrier Bond to electronically present cargo manifest information to Customs. This information is required in advance and is urgently needed in order to enable Customs to evaluate the risk of smuggling weapons of mass destruction through the use of oceangoing cargo containers before goods are loaded on vessels for importation into the United States. At the same time, it will enable Customs to facilitate the prompt release of legitimate cargo following its arrival in the United States. The failure of carriers to provide the required information in the time period prescribed may result in the assessment of civil monetary penalties or claims for liquidated damages and/or the delay of a permit to unlade. The 24 hour rule only applies to the cargo declarations. All other vessel formal entry requirements remain the same.

Implementation

The effective date of the new regulation is December 2, 2002. Penalties for non-compliance (except for fraud) will not be imposed until February 1, 2003.

Cargo Declaration Reporting

The information must either be transmitted electronically through AMS or the paper cargo declaration must be submitted to Customs in the United States ports of arrival at least 24 hours prior to lading at the foreign port. After submitting the complete and accurate cargo declaration to Customs, the carrier may not lade any containers during the 24 hour time frame. The carrier will not be notified when the manifest review is complete; they will only be notified of those shipments put on hold.

The inward foreign vessel carrier that calls on many foreign ports before the U.S. will not have to retransmit cargo declaration information already provided from previous foreign ports. Multiple original manifest transmissions can be submitted for the same carrier, vessel or voyage so

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long as AMS vessel arrival has not occurred. Carriers will only be required to transmit new cargo declaration information for each port of lading. Any NVOCCs and slot charterers, who are authorized to transmit manifest data in vessel AMS, will be subject to the same requirements as the vessel carrier to provide manifest information on cargo destined to the U.S., including FROB, as defined later in this document, at each foreign port of lading.

Cargo Declaration Data Elements

Both automated and paper manifests will require accurate data. Failure by the carrier or NVOCC to provide information for all data fields in AMS will eventually result in the rejection of the manifest. Carriers will have 90 days to reprogram after Customs provides them with the Customs Automated Manifest Interface Requirements (CAMIR). Paper manifests having missing data fields will be returned to the carrier for the additional information. The 24 hour clock will restart once the bills are resubmitted. Consolidated shipments will not be accepted; each shipment within a container must have its own identifying bill of lading number.

The following data elements are required on all inward cargo manifests in addition to the current data elements that are required:

- ? Last foreign port before vessel departs for the United States – this data element will be programmed into AMS in the near future;
- ? The first foreign place of receipt where the carrier takes possession of the cargo destined to the United States;
- ? The carrier unique Standard Carrier Alpha Code (SCAC) assigned for each carrier;
- ? The carrier assigned voyage number;
- ? The date the vessel is scheduled to arrive at the first U.S. port in Customs territory;
- ? The carrier must transmit the quantity/piece count by the lowest external packaging unit. Containers and pallets are not acceptable manifested quantities. For example, a container containing 10 pallets with 200 cartons should be manifested as 200 cartons;
- ? The shipper's declared description must be provided for all sealed containers. All other shipments require a precise description or the Harmonized Tariff Schedule (HTS) number(s) to the six-digit levels, which is provided by the shipper;
- ? Generic cargo descriptions, specifically those such as "FAK" ("freight of all kinds"), "general cargo", "STC" ("said to contain"), and "dummy" are not acceptable;
- ? Weight of the cargo;
- ? The shipper's complete name and address, or identification number from all bills of lading. (The identification number will be a unique

- number assigned by U.S. Customs upon the implementation of the Automated Commercial Environment);
- ? The complete name and address of the consignee or the owner's or owner's representative, or identification number from all bills of lading. (The identification number will be a unique number assigned by U.S. Customs upon implementation of the Automated Commercial Environment);
 - ? The vessel name, country of documentation, and official vessel number. (The vessel number is the International Maritime Organization number assigned to the vessel);
 - ? The foreign port where cargo is laden;
 - ? Internationally recognized hazardous material (HAZMAT) code when such materials are being shipped;
 - ? Container numbers (for containerized shipments);
 - ? The seal number for all seals affixed to containers;
 - ? Foreign cargo remaining on board (FROB). This is cargo that is laden in a foreign port, is intended for discharge in a foreign port, and remains aboard a vessel during either direct or indirect stops at one or more intervening United States ports. FROB must be separately listed either on the CF 1302 (Cargo Declaration) or a Customs-approved electronic equivalent; and
 - ? Manifest information will be submitted in English.

Manifest Discrepancies

Current manifest discrepancy reporting (MDR) regulations apply to all data elements and are authorized for amendment. However, each time a bill of lading is amended Customs will restart the 24 hour clock in order to review the bill of lading due to the information change.

Non-Automated Carriers

In presenting cargo declaration information to Customs, a non-automated vessel carrier may utilize an automated domestic Vessel Agent, Service Provider, Port Authority or the non-automated carrier may utilize either an automated or non-automated business partner. Where the carrier utilizes an automated party to present cargo declaration information electronically to Customs, notification of holds will be conducted via the vessel AMS program. However, if a non-automated vessel carrier chooses to submit its information via a domestic representative using paper, Customs will ONLY notify the local U.S. representative of any holds. It will be incumbent upon the U.S. representative to notify their counterpart in a foreign nation. Notification by Customs to the U.S. representative may additionally be made telephonically or by fax for the purpose of expediency. However, written notification will occur. This notification will be indicated on a document that the local representative may pick up at the Customs port offices. It will be

the local U.S. representative's responsibility to ensure that necessary information is provided to the ocean carrier (i.e. holds).

Submission of Paper Manifests to U.S. Ports

Each port will designate a location that will be available 24 hrs/day for submitting paper cargo declaration information and will establish the location and time that the notification documents can be obtained (i.e. holds). Carriers and NVOCCs are not authorized to submit the cargo declaration to Customs via fax.

NVOCCs

The conditions of the International Carrier Bond (19 CFR 113.64) were amended to recognize the status of a Non-Vessel Operating Common Carrier (NVOCC) licensed or registered with the Federal Maritime Commission as a manifesting party and to obligate any NVOCC having such a bond and electing to provide cargo manifest information to Customs electronically under § 4.7 and 4.7a to accurately transmit such information to Customs 24 or more hours before the related cargo is laden aboard the vessel at the foreign port. Carriers are only required to submit their bond to one port for national coverage. An NVOCC directly interfacing with U.S. Customs, using a service provider or Port Authority is required to have an international carrier bond. Breach of bond obligations will result in liquidated damages against the NVOCC. NVOCCs can apply for carrier bonds in the same manner as vessel operators. Bond minimum is \$50,000, however at the Port Director's discretion, bond amounts can be increased based on the history of the entity.

Automated NVOCCs

If an NVOCC is a participant in the vessel AMS program, the NVOCC will be treated as a carrier for Customs purposes. Vessel operators who currently slot charter to other vessel AMS carriers will utilize the same procedures for notification that the slot charter has used in providing its manifest to Customs. The vessel operator is only responsible for ensuring that the NVOCC's Standard Carrier Alpha Code (SCAC), as described in 19 CFR 4.7a(c)(2)(iii), is included on the Customs Form (CF) 3171 that is presented to Customs. Failure to present the SCAC of all NVOCCs and slot charters on board the vessel will result in a penalty against the vessel carrier under 19 U.S.C. 1436.

Shippers' associations may not participate in the electronic filing program. Such associations of shippers are membership-only groups that are not currently regulated under U.S. law, and they are not licensed or registered with the Federal Maritime Commission.

Non-Automated NVOCCs

Non-automated manifest submissions from NVOCCs will not be accepted. A non-automated NVOCC may utilize an automated business provider or may submit a hardcopy directly to the Carrier. If an NVOCC chooses to submit a hardcopy to the carrier, the NVOCC must provide all of the manifest information in order for the carrier to provide a complete manifest to U.S. Customs.

Responsible Parties

Customs may initiate penalty actions against any party responsible for providing the required information. For example, if a NVOCC elects to participate in the vessel AMS and transmits its information directly to Customs, the NVOCC is the responsible party and will be held liable for any manifest information found to be untimely presented and/or containing errors or omissions. This would also be the case if the NVOCC manifested cargo and the carrier notified the NVOCC of a shortage and the NVOCC failed to amend the cargo declaration.

Failure to Comply With 24 Hour Rule

Failure by carriers to provide the required information in the time period prescribed may result in the assessment of civil monetary penalties or claims for liquidated damages and/or the delay of a permit to unlade.

Bulk and Break Bulk

Bulk cargo as defined in the rule will be exempt from the 24 hour rule; and, further break bulk cargo may be exempted from the 24 hour rule on a case by case basis. Companies that are exempted from the 24 hour rule must submit their cargo declaration information to U.S. Customs 24 hours prior to arrival in the U.S. if they are participants in the vessel AMS program or upon arrival if they are non-automated carriers.

Customs defines such bulk cargo as homogeneous cargo stowed in bulk, that is to say, loose in the hold and not enclosed in any container such as boxes, bales, bags, casks, and so on. It is also called bulk freight.

Reference to a maritime dictionary reveals bulk cargo to be composed of (1) free flowing articles such as oil, grain, coal, ore, and so on, which can be pumped or run through a chute or handled by dumping; (2) articles that require mechanical handling such as bricks, pig iron, lumber, steel beams and so on.

Break bulk cargo is defined by Customs as not containerized, but which is otherwise packaged or bundled. This type of cargo may raise the same types of concealment and smuggling concerns as containerized cargo. Consequently, as indicated above, a carrier of break bulk cargo may apply for an exemption from the 24 hour rule; Customs will evaluate each application on a case by case basis.

Break Bulk Exemptions Requests

To apply for an exemption, the carrier must submit a written request for exemption to the U.S. Customs Service, National Targeting Center, 1300 Pennsylvania Ave., NW., Washington, D.C. 20229. Until an application for an exemption is granted, the carrier must comply with the 24 hour advance cargo declaration requirement. The written request for exemption must clearly set forth information such that Customs may assess whether any security concerns exist.

Break bulk carriers that receive exemptions will be required to keep the official letter of approval on file and will provide the letter to any Customs Officer on demand. In the future, Customs will post all exempted break bulk carriers on the Customs intranet web site.

Foreign Cargo Remaining On Board (FROB)

The definition of "FROB" cargo is cargo that is loaded in a foreign port and which is to be unloaded in another foreign port with an intervening vessel stop in one or more ports in the United States. Customs considers "FROB" cargo a security concern because although the cargo does not have a final destination in the U.S., the cargo is transiting the U.S. Currently, carriers must correctly report FROB cargo upon arrival in the United States. Under the new regulations, FROB cargo must be reported 24 hours in advance of loading.

Empty Containers

Carriers will not be required to submit information on empty containers 24 hours in advance of lading. For vessel AMS participants, information on empty containers must be submitted on a single bill of lading which lists all container numbers. For those carriers that present paper cargo declarations, empty containers must be listed on a single paper bill of lading with all container numbers listed. Submission of the empty container manifest information, whether paper or automated, will be due to U.S. Customs at least 24 hours prior to arrival in the United States, with the exception of those participants in the current vessel paperless manifest test, who must continue to file manifest information for empty containers 48 hours prior to arrival in the United States.

Points of Contact

Vessel Agents should contact the Customs Inspector at the following location to make arrangements to submit paper cargo declarations. It is important that vessel agents telephone in advance to ensure a Customs Officer is present to receive the documents.

U.S. Customs-Burns Harbor
Federal Marine Terminals
6619 South Boundary Road
Portage, Indiana 46368
(219) 787-9710

Other telephone inquiries should be directed to Supervisory Customs Inspector Paul Durbak, 847-616-4060 x116.

Robyn Dessaure
Port Director