

**PORT (CARGO)
INFORMATION
NOTICE**

NUMBER: 2018-001B
ISSUE DATE: **AUG 07 2018****SUBJECT:** Rule Changes Concerning In-Bond Processing (*Update 2*)**DISTRIBUTION:** All Calexico, Otay Mesa, Tecate, and San Diego Customhouse Brokers, Importers and Other Interested Parties**PURPOSE:**

Port Information Notice 2018-007 is issued to advise trade members that the Port of Otay Mesa will follow the guidance provided by CBP headquarters regarding implementation of the in-bond regulation rule changes and CBP's enforcement posture. Implementation dates remain as previously announced on PIN # 2018-001A however, local guidance on in-bond export procedure is included on page 2 under Procedures and Requirements.

REFERENCE:

CSMS message # 18-000466 In-bond Enforcement discretion for 8/4/18 implementation.
CSMS message # 18-000013, which notified the trade community of an Extension of In-Bond Regulation *Enforcement Dates. (Title 19, U.S. Code of Federal Regulations, Parts 18, 122 and 123).*

BACKGROUND:

On September 28, 2017, U.S. Customs and Border Protection (CBP) published a Federal Register Notice (FRN) with a Final Rule concerning changes to the In-Bond regulations (Title 19, U.S. Code of Federal Regulations, Part 18). A copy of this FRN is available at: <https://www.federalregister.gov/documents/2017/09/28/2017-20495/changes-to-the-in-bond-process>.

With the implementation of Automated Commercial Environment (ACE) Cargo Release functionality for in-bond shipments, carriers and their agents have the capability to arrive and export in-bonds in ACE. The information provided provides carriers and other trade stakeholders with guidance for compliance with the recent rule changes, and the requisite in-bond processing procedures.

Original August 6, 2018 Guidance:

Electronic reporting of all transactions will be mandatory; CBP will no longer accept paper copies of the CBPF 7512 to perform arrival and export functionality. These functions will be the requirement of the carrier. Electronic reporting will be mandatory. In addition, electronic reporting of diversion to a port other than reported on the original in-bond will be required. An ACE edit will reject arrival if not performed. Electronic reporting of bonded cargo location (FIRMS code) will be required. An ACE edit will reject arrival if not provided.

New Guidance:

Due to issues identified with electronic communication for intermodal movement of cargo and other operational issues identified by trade partners, OFO will defer enforcement as identified above for a 6-month period until February 6, 2019.

- In-bond shipments that arrive into the United States on a mode of transport other than air and are subsequently transferred to air for exportation from the U.S. or movement to a U.S. port of entry may continue to be arrived and exported by CBP.
- In-bonds that originate in the United States from either bonded warehouses or Foreign Trade Zones and are subsequently exported by air may continue to be arrived and exported by CBP.
- The use of FIRMS codes at arrival will not be enforced for those reporting electronically until Feb.6, 2019 or further notice.
- No automated edits in ACE will be implemented avoiding system reject messaging.
- CBP Officers at the port will assist traders with in-bond arrival and export reporting as needed.
- Timeframe enforcement for arrival and export reporting beyond the 2 business days specified in the regulations for those reporting electronically will be extended to 4 days.

Ports have been instructed to maintain an evaluation of the Trade's progress in compliance during this period, and a reevaluation will be made within the 6-month period. While ports are instructed to issue warnings rather than penalties during this time, ports will maintain the discretion to fully enforce for egregious or continued violations or a lack of demonstration of good faith efforts. Allowing for an extension until February 6, 2019, will also allow other government agencies an opportunity to further enhance and align their electronic systems with ACE.

Additionally until further notice, CBP will:

- Provide a stamp or perforation on a CBP Form 7512 verifying exportation upon request of the carrier. The carrier, in order for CBP to stamp or perforate an in-bond document, must provide proof of exportation (or physical verification).
- CBP will continue to defer enforcement of the submission of the 6 digit HTSUS number indefinitely

PROCEDURES AND REQUIREMENTS:

- Carriers or their agents are required to electronically file the in-bonds; however, **CBP will assist in posting arrivals and exports as needed.**
- Carriers will be required to electronically request and receive permission from CBP before diverting in-bond merchandise from its intended destination port to another port.
- A standard 30 day maximum transit time to transport in-bond merchandise between U.S. ports will be in effect for all modes of transportation (except barges).

- Carriers will be required to report the arrival and location of the in-bond merchandise within **four business days** of arrival at the port of destination or port of exportation. The in-bond procedures found in the air commerce regulations at 19 CFR part 122 have not been changed.
- A standard 30 day maximum transit time to transport in-bond merchandise between U.S. ports will be in effect for all modes of transportation (except barges).
- ***Otay Mesa will still require all carriers exporting in-bond merchandise to have their drivers report to the in-bond counter at the Export Facility for document review and/or physical verification. In-bond documents will continue to be perforated and reviewed prior to exporting the merchandise into Mexico. This will allow the carrier to use the perforated 7512 as proof of export for record keeping and audit purposes. Carrier/broker is advised not to post the export until after the shipment has departed the U.S.***
- Carriers will be required to post export within **four business days** as per the CSMS guidance dated 8/1/2018.
- The 6 digit HTS requirement will be enforced on a later date, to be determined.

Note: CBP may conduct random risk assessments of in-bond shipments and may place a hold on a shipment. If the carriers fails to hold that shipment, a Liquidated Damage claim may be issued for irregular delivery.

Proof of Exportation

CBP may conduct random verifications of bonded merchandise and request documentation for proof of exportation. The following documents and electronic transmission records will be accepted, provided they contain sufficient information that is clear, legible and corresponds with the in-bond entry to validate the exportation.

- Validated copy (signed and dated) of CBP Form 7512 certifying exportation, (the use of container numbers and booking numbers will create an audit trail linking the CBP Form 7512 to the bill of lading).
- Mexican Pedimento (Importation Document) with the specific exportation data for the shipment (accompanied by an English translation).
- Outbound bill of lading/air waybill or manifest with in-bond number and exportation data (date, description of merchandise).
- Canadian Statement with stamp of receipt for rail or truck.
- Delivery receipt/packing slip from foreign consignee (accompanied by an English translation).
- Paid freight bill (proof of payment from foreign consignee) (accompanied by an English translation).
- Custom Forms with the "certificate of lading" portion signed and dated by CBP.
- Automated Commercial Environment Exports (ACE / AES) assigned internal or external transaction number, ITN/XTN, Immediate Exportation (I.E.) only.

Should you have questions regarding processing in-bonds, please contact the Otay Mesa Cargo Post Audit team at the following numbers: (619) 671-8057, 8143 or 8264

For questions regarding this Port Information Notice, please contact Trade Supervisor Yvonne De La Cruz at (619) 671-8154 or Trade Branch Chief Carlos Robles at (619) 671-8131.



Rosa E. Hernandez
Port Director, Otay Mesa