September 2017 - Info Expeditor

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Pacific Coast Council of Customs Brokers & Freight Forwarders Assns., Inc. (PCC)

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CBP Issues Final Rule on Changes to the In-Bond Process

Courtesy: NCBFAA

U.S. Customs and Border Protection (CBP) have announced, in the September 28, 2017 edition of the Federal Register, their final ruling adopting, with several changes, proposed amendments to CBP regulations regarding changes to the in-bond process published in the Federal Register on February 22, 2012. After receiving comments and concerns related to the original proposed rulemaking, CBP has made the following changes:

- **In-Transit Time for Merchandise Transported by Barge:** The final ruling will extend the in-transit time for in-bond merchandise transported by barge to 60 days, while maintaining the proposed 30-day transit time for the other modes of transportation.

- **Uniform Timeframe for Report of Arrival, Notice of Export and Other Events:** In the final rule, CBP is retaining the current time limit of two working days for bonded carriers to report the arrival of merchandise at the port of destination or port of exportation with one technical change.

- **Description of Merchandise:** First, CBP will require that in-bond merchandise subject to the authority of a U.S. government agency be described with sufficient accuracy to enable the agency concerned to determine the contents of the shipment. Second, CBP is removing the requirement that the in-bond filer identify prohibited or restricted merchandise. Third, CBP is removing the requirement to provide information regarding textiles and textile products for all in-bond applications. Fourth, CBP is eliminating the requirement that the filer of the in-bond application "must provide" information regarding merchandise for which the U.S. Government, foreign government or other issuing authority, has issued a visa, permit, license, or other similar number or identifying information and stating instead that the filer "may provide" this information. In lieu of requiring all of the information above, CBP is requiring the filer to provide the six-digit HTSUS number.

October 12 - 15, 2017. It's not too early to register.

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WESCCON 2017 will be on October 12-15 and registration is now open! You can check out the latest information -- including program details -- and register online by visiting the WESCCON website!

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This year's host hotel is the Rancho Las Palmas in Rancho Mirage, CA. WESCCON is pleased to offer a discounted rate of $199/night. You must be registered for WESCCON to receive this special rate. **Click here** to register for WESCCON 2017, so you can book your hotel room as soon as possible.

WESCCON 2017 Sponsors

WESCCON 2017 is still accepting sponsors. Contact Kathy Beaubien (404-697-5056) for more information.

WESCCON Exhibitors

Booth space is filling up FAST. Contact Stephen Hudson or Abigail Struxness (202-783-3333) to find out more and receive your registration code.

Stay tuned for more important information regarding WESCCON 2017.

See you in Rancho Mirage!
WESCCON Committee

If you have questions about WESCCON or any registration problems, please contact info@WESCCON.com, or call 202-783-3333.

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WESCCON is the premier event for Customs Brokers, Freight Forwarders and NVOCC's. The three day conference registration fee includes all meals and

- **Reporting the Quantity of In-Bond Merchandise:** CBP received many comments about the requirement to provide "the quantity of the merchandise to be transported to the smallest piece count" in the in-bond application. CBP is changing the text in the final rule to require "the quantity of the smallest external packing unit."

- **Divided Shipments:** The current regulations allow an in-bond shipment to be split after the shipment reaches the port of destination with a portion of the shipment entered for consumption or warehouse while the remainder of the shipment is forwarded under a new in-bond to a different port of destination. That provision is contained in §18.5, which governs in-bond shipments diverted from one destination port to another. Because the provisions for splitting a shipment are not limited to diverted shipments we are moving the text of this provision, currently proposed §18.5(d), to a new paragraph (m) in §18.1.

- **Clarification of the Term "Bonded Carrier":** "Bonded Carrier" is now defined as a "carrier of merchandise whose bond under §113.63 of this title is obligated for the transportation and delivery of merchandise." The party that will be ultimately liable is the party whose bond is obligated in the in-bond record for the in-bond movement.

- **Transfers (Transshipment) From One Conveyance to Another:** CBP has reevaluated this requirement in light of the comments and has concluded that the requirement to notify CBP when in-bond merchandise is transferred from one conveyance to another is not necessary. The important information for CBP is which party has assumed liability for the shipment of the in-bond merchandise. Accordingly, CBP is changing proposed §18.3 by removing the requirement to notify CBP when merchandise is transferred from one conveyance to another. Additionally, CBP is changing proposed §18.3 to require that when in-bond merchandise is taken over by a subsequent bonded carrier which assumes liability for the merchandise, a report of arrival must be filed by the original bonded carrier and the subsequent carrier must submit a new in-bond application pursuant to §18.1 for the merchandise to be transported in-bond.

- **Seals - Transportation of Bonded Merchandise with Non-Bonded Merchandise:** CBP is changing the sealing requirements y adding new provisions §18.4(b)(2) and (3) in the final rule that allow for the transportation of in-bond merchandise with non-bonded merchandise in a container or compartment that is not sealed, if the in-bond merchandise is corded and sealed, or labeled as in-bond merchandise. This will allow in-bond merchandise to be transported with non-bonded merchandise in a container that is not sealed and will facilitate the filling of containers that would otherwise be less than container load shipments.

This ruling will go into effect on November 27, 2017.

For the full ruling, please see the Federal Register.

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2017 Educational & Program Events

FDA - CBP ACE Seminar
11/15/2017
Details to Follow!

FDA Product Code Builder Seminar
12/06/2017
Details to Follow!

Events Around the Bay

- P.A.E.I - Professional Association of Exporters and Importers
- www.paei.org.

- OWIT NC - Organization of Women in International Trade Check website for updates
- Monterey Bay International Trade Association (MBITA) - Monterey Bay International Trade Association
Check Website for updates
- Norcal W.T.C. - The Northern CaliforniaWorld Trade Center
Check Website for updates
- PTA. - Pacific Transportation Association
Check Website for updates

Can Cargo Airlines Bypass Freight Forwarders?

Courtesy: Air Cargo News

Speaking on condition of anonymity, the head of cargo at one carrier revealed to Air Cargo News that his company is taking steps to prepare for direct engagement with shippers.

He pointed to a convergence of factors – chiefly a need for shippers to curtail costs and the evolution of tools that facilitate direct dealings with airlines – as the major drivers of this development.

Ram Menen, the former head of cargo of Emirates, noted that the new IATA-FIATA Air Cargo Agreement is paving the way for this.

The new regime, which redefines the relationship between the two sides from an agency constellation to a partnership of principals, is **currently in the pilot phase in Canada**, with full global implementation planned for next year, except in the US.

"Now the airline is free to work directly with the shipper with no barriers, as they are the real principals," he commented.

Airlines have dismissed suggestions that they are interested in pursuing this avenue, reiterating their earlier statements that the forwarders are their customer.

"The freight forwarders are our valued customers and will remain valued customers. If the market changes, then we will adjust, but I don't see that happening yet," declared Lufthansa Cargo boss Peter Gerber.

"We have a department of industry development that is always talking with the end customer about their needs, but the business is always with the freight forwarder or together with the freight forwarder."

The debate is not new, but it has been widely accepted so far that the airlines lack the wherewithal to deal directly with shippers. To read article in its entirety, please click here.

Top 25 Freight Forwarders 2017: Digitization & E-Commerce continue to reshape the marketplace

Patrick Burnson, Executive Editor - Logistic Management

Over the course of 2016, real revenue and volume growth in the air and sea freight forwarding markets was remarkably similar globally, but this disguises significant differences across important countries and regions, say analysts who keep a close eye on the market.

For example, airfreight forwarding growth in China is thought to have been robust this past year, while sea freight growth was much weaker. Conversely, the United States saw moderate expansion in sea freight as air cargo growth faltered over the same period.

Looking ahead to the next 12 months, the market is anticipated to grow at a real compound annual growth rate of 4.1%, as global trade volume growth accelerates. Meanwhile, logistics managers moving freight globally should plan their budgets accordingly.

According to the new "Global Freight Forwarding 2017 Report" compiled by the London-based think tank Transport Intelligence (Ti), a continuation of excess capacity issues and lower average oil prices in 2016 led rates to fall in both air and sea freight, meaning most forwarders reported lower year-on-year revenues. To read the article in its entirety, please click here.

CSMS# 17-000618 - Deactivation of FDA Product Code (PA/PY) & AOC (AA/AY) Application IDs in ACE - 10/28/17

The Food and Drug Administration (FDA) now validates their own product codes and CBP no longer maintains FDA product code information. As such, the following changes have been and are being put in place.

On November 25, 2016, CBP removed the Product Code Query (PA/PY) from the PGA Queries chapter of the ACE ABI CATAIR.

Additionally, on March 20, 2017, FDA deployed the Product Code Builder Application Program Interface (PCB API), which is a separate interface for trade to search/query FDA product codes. This interface can be found at the following link:

https://www.accessdata.fda.gov/scripts/ora/pcb/index.cfm?action=main.pcb

On October 28, 2017, CBP plans to disable the following application ID's in PRODUCTION, which means they will no longer be available in ACE: PA/PY (Product Code Query) and the AA/AY (FDA AoC Query).

CONTACT INFO:

For technical questions regarding the PCB API please e-mail ORAAPIRequests@fda.hhs.gov.

If you require assistance with general product code questions, please see the Product Code Builder page (https://www.accessdata.fda.gov/scripts/ora/pcb/index.cfm?action=main.pcb) for product code tutorials and submit questions through the feedback link (PCBFeedback@fda.hhs.gov).

Import Fee on Cotton and Cotton-Containing Products to be Increased

Courtesy: Sandler, Travis & Rosenberg Trade Report

Assessments paid by importers of cotton and cotton-containing products under the Cotton Research and Promotion Order will rise 4.5 percent under a direct final rule issued by the Department of Agriculture's Agricultural Marketing Service. This rule also amends the Import Assessment Table, which indicates the total assessment rate due for each HTSUS number subject to assessment, to reflect this change.

Assessments will be increased from $0.011012/kg to $0.011510/kg to reflect an increase in the average weighted price of upland cotton received by U.S. farmers in 2016. The revenues generated by these assessments are used to finance research and promotion programs designed to increase consumer demand for upland cotton in the U.S. and international markets.

This rule will be effective as of Nov. 6 unless significant adverse comment is received by Oct. 5, in which case it will be withdrawn.

CSMS# 17-000612 - UPDATED WOOD PACKAGING MATERIAL PENALTY GUIDANCE

Issuance of Penalties as a Consequence of Wood Packaging Material Violations

Pursuant to U.S. Code of Federal Regulations 7 CFR § 319.40-3 (effective since September 16, 2005), non-exempt wood packaging material (WPM) imported into the United States must have been treated at approved facilities at places of origin to kill harmful timber pests that may be present. The WPM must display a visible, legible, and permanent mark certifying treatment, preferably in at least 2 sides of the article. The mark must be approved under the International Plant Protection Convention (IPPC) in its International Standards of Phytosanitary Measures (ISPM 15) Regulation of wood packaging material in international trade (https://www.ippc.int/en/publications/640/). Any WPM from foreign origin found to be lacking appropriate IPPC-compliant markings or found to be infested with a timber pest is considered not properly treated to kill timber pests and in violation of the regulation. The responsible party (importer, carrier, or bonded custodian) for the violative WPM must adhere to the Emergency Action Notification stipulations and be responsible for any costs or charges associated with disposition.

The purpose of the WPM requirement is to prevent the introduction of exotic timber pests. Introduced exotic pests lack the natural environmental controls that may be found in their respective native lands to keep them in check. When exotic timber pests go unchecked they can cause widespread tree mortality with detrimental ecological impacts. Additionally, there may be economic impact for the lumber, fruit, and nut industries, as well as the loss of horticultural trees. Eradication efforts can prove to be very expensive and ineffective once an exotic pest is introduced, as is the case with the Emerald Ash Borer which was introduced with infested WPM. Therefore, preventing introduction is critical with these exotic pests.

U.S. Customs and Border Protection is responsible for enforcing the regulation at ports of entry. To motivate WPM compliance, effective November 1, 2017, responsible parties with a documented WPM violation may be issued a penalty under Title 19 United States Code (USC) § 1595a(b) or under 19 USC § 1592. This is a change from the previous published threshold of 5 violations. There will be no yearly reset for calculating repeat violations as each WPM violation may incur a penalty.

As trade industry members, you are encouraged to educate your supply chains about ISPM 15 requirements. Informational material on WPM is available from U.S. Customs and Border Protection.

Related CSMS No. 17-000609