

EXECUTIVE SUMMARY - PAGE ONE:

1. CONTRACT OF CARRIAGE: THROUGH BILL OF LADING: AIRWAYBILL OR RAIL BILL: Port or points at which the issuing carrier's liability for transportation BEGINS and ENDS regarding the movement of the shipment. These contract of carriage ports or points may be the same or different from the ports or points declared to U.S. Customs for CARGO CLEARANCE. **CLEARANCE IS DEFINED AS EITHER CONSUMPTION into or EXIT out of the commerce of the United States.**

**FOR EXAMPLE: Ocean bill of lading is issued Paris to Milwaukee:
Ocean Carriers Manifest is issued to reflect the following:**

**Place of receipt: Paris, FR
Port of Load: Lehavre, FR
Port of Discharge: New York, N.Y.
Place of Delivery: Milwaukee, Wi.**

**THE CONTRACT OF CARRIAGE IS PARIS TO MILWAUKEE -
Yet the U.S. Customs clearance will be in CHICAGO, ILL.
Chicago Illinois becomes the Customs Clearance Point, (CCP).**

2. CUSTOMS CLEARANCE POINT: CCP

Port or Point where cargo is physically taken, by the primary or secondary onward, carrier. This port or point is declared to USC ONLY when it is different from the port or point on the original manifested, final destination.

a. RELEASE: U.S. Customs "**RELEASE**" is defined differently for import and export:

- **IMPORT:** The CCP is the port or point where the cargo is consumed **into** the commerce of the USA.
- **EXPORT:** For export, the CCP is the port or point where the cargo **was export cleared**.

In summary, the CCP would be communicated to USC in a **TRANSFER** message. The transfer message would be required whenever the port/point of **final destination on the carriers manifest is NOT the point of consumption or export clearance of the cargo into - or - out of the USA.**

3. ONWARD MOVEMENTS: Different scenarios were reviewed by the committee to more clearly illustrate the variety that exists in our diverse industry. We have tried to be consistent in our language for clarity sake. We have covered the scenarios where a **single** (custodial) bond, with multiple carriers/modes, is obligated, pre and post transmission; as well as the scenarios with **multiple** (custodial) bonds are obligated, by one or more carriers, again, pre and post manifest transmission.

a. ONE BOND : Through routing: FINAL DESTINATION = CCP

In this scenario, there is a single carrier bond obligated for the full and complete movement of the cargo. One through bill of lading or awb through to the destination listed on that billing.

Primary carrier obligates their own bond for the full movement.

Transfer message is NOT required because the final (manifested) destination is the same location as the Customs Clearance Point CCP.

PRIMARY custodial carrier's bond is obligated to USC up to the final destination on the primary carrier manifest.

b. ONE BOND: Through routing: FINAL DESTINATION IS DIFFERENT from the CCP: In this scenario, the timing of the manifest transmission is important to our study:

2 scenarios: PRE AND POST MANIFEST TRANSMISSION:

- **1. CCP** (only when different from the manifested final destination) is declared, or known, by the primary carrier **PRIOR** to the original manifest transmission
- **2. CCP** (when different from the manifested final destination) is **NOT** declared or known until after (post) manifest transmission.

EXAMPLES

Scenario 1: CCP is known prior to manifest transmission, then carrier would REQUIRE the capability to send a CCP field, from the carriers system to accommodate this CCP location **if/when** it is different from the manifested final destination.

For example, awb issued from Tokyo to Miami but the cargo is clearing at LAX. The CCP would be transmitted to USC as LAX (LAX is not the final destination) USC would **NOT know** about the final destination of Miami as this would become **a domestic move**.

This is the practice today when inbond destinations are known or declared by the importer prior to manifest transmission. **** USC and trade need to understand and agree for future ACE development.**

Scenario2. CCP is declared POST manifest transmission: CCP is not declared or known to be different (from the manifested final destination) prior to manifest transmission:

Upon receipt of the (different) CCP (either from the importer or broker) The Primary or secondary carrier would be required to send a TRANSFER message to USC to notify them of the new bonded destination.

When a CCP is created after manifest transmission, (similar to creating what we call today an "inbond") whether declared to the primary or secondary (onward) carrier **and whether or not the bond liability is changing**, a message is required to go to USC.

This message would be similar to a manifest correction because the port or point of "clearance" or "exit" is different from the location that was originally transmitted.

USC will acknowledge this change by sending a inbond authorization (like today's AMS inbond authorization "1j") This status code would be sent from USC to the party requesting the change and also the party under whose bond the first manifest was filed to ensure the primary carrier is aware of the transfer of bond and liability.

THE CARRIERS SHIPMENT IDENTIFICATION NUMBER (AWB OR B/L) IS THE CONTROL NUMBER - NO INBOND NUMBER IS GENERATED.

- 4. REOPENING THE AWB OR B/L: CLOSING PRIMARY and (SECONDARY if applicable) carriers MANIFEST AND BOND LIABILITY :** When an entity, be it an onward carrier, a customs house broker, a direct importer or an NVOCC, decides to arrange for a transfer of the cargo to another customs clearance port/point, or another location within the same USC district, this transfer may be accomplished under the primary carriers awb or bill of lading number.
This process will be known as RE-OPENING the bill.

The purpose of re-opening the bill is to notify USC of the identity of the party making the onward arrangement, to declare the location/ facility where the cargo is being taken, to name the trucker or conveyance operator who is performing the onward movement and most importantly to declare the custodial custody BOND that will be obligated for this onward movement.

USC can approve or disapprove the onward forward movement. Either way, a status notice would be required.

RE-OPENING A BILL: (contd.)

If approved, a notification message should be sent to all carriers involved in the transaction confirming the transfer of cargo and liability **and CLOSING the primary carriers manifest and bond liability.**

5. ONWARD ROUTINGS - MULTIPLE MODES ONE BOND

In this type, Multiple MODES of transportation are used obligating only ONE BOND to U.S. Customs. This is the way most (ocean) traffic moves today in combination with rail and truck moves.

If the CCP is different from the bill of lading final destination then this CCP is declared to USC, either pre or post arrival, as described above.

In this routing, when only ONE BOND is obligated, **a transfer message nominating the onward carriers is NOT required.**

No new number required - primary carriers bond is obligated through to final destination or CCP.

6. ONWARD ROUTING - MULTIPLE MODES - MULTIPLE BONDS ; TRANS Message:

In this ROUTING type, the primary carrier is aware of the bond liability transfer because it is a known traffic and it will not be the primary carriers bond obligated to move the cargo to the final, through destination on their manifest.

When the final destination and the second / onward carrier is known, then the ONWARD CARRIER can be nominated by the primary carrier at the time of manifest transmission to USC.

This is similar to the onward carrier function available today in AIR AMS.

FUNCTIONALITY:

We require multiple functionality here:

1. Primary Carrier knows the onward carriers bond and transmits the bond number when transmitting the onward carrier nomination:

We propose that the primary carrier may or may not send the onward carriers bond number. If the onward carriers bond number is known and can be sent when the onward carrier is nominated then a check to the ACCOUNT PROFILE SYSTEM WOULD be generated at this time. A response message back from ACE would be required only if there is a "problem" with the nominated onward carriers profile.

2. PRIMARY CARRIER DOES NOT TRANSMIT THE ONWARD CARRIERS BOND NUMBER ONLY SENDS THE IDENTIFIER OF THE ONWARD CARRIER: SCAC, ICAO OR OTHER RECOGNIZED CODE:

TRANSFER (ACCEPTANCE) MESSAGE:

The nominated onward carrier would be required to ACCEPT THE NOMINATION by sending an acknowledgement to the primary carrier and u.s. customs.

THIS ACCEPTANCE MESSAGE WOULD HAVE TO CONTAIN THE CUSTODIAL BOND OF THE ONWARD CARRIER IF NOT ALREADY SENT WHEN NOMINATED BY THE PRIMARY CARRIER.

When approved by U.S. Customs, a similar posting to the AMS "1W" would be sent to all carriers involved in the postings.

THE TRANSFER ACCEPTANCE MESSAGE WOULD CONSTITUTE TRANSFER OF BOND LIABILITY AND CLOSE THE PRIMARY CARRIERS MANIFEST RESPONSIBILITY.

THE TRANSFER ACCEPTANCE MESSAGE WOULD BE GENERATED WHEN THE ONWARD CARRIER ACCEPTS THE NOMINATION OR WHEN THEY TAKE PHYSICAL POSSESSION OF THE CARGO. EITHER WAY, AS SOON AS THEY ONWARD CARRIER GENERATES THE ACCEPTANCE, THEN THEIR BOND BECOMES OBLIGATED TO U.S. CUSTOMS.

ACCOUNT PROFILE CHECKS WOULD CONTINUE TO OCCUR WHENEVER A BOND TRANSFER MESSAGE IS RECEIVED/UPDATED. THIS WAY, THERE IS A CONTINUED CHECK TO INSURE ONLY PROPERLY BONDED AND VALID CARRIERS ARE MOVING INBOND CARGO.

7. TRANSFER MESSAGE:

The transfer message is required whenever there is a change, in bond liability or final destination after manifest transmission.