

CBP makes headway on simplified entry

U.S. Customs and industry representatives on Monday outlined how a simplified process for filing import declarations would look and said a trial program will start soon to demonstrate how fewer documentation requirements could benefit the government and importers alike.



The goal is to give trusted traders a more streamlined process to get goods released by linking security and admissibility data requirements. A simplified customs entry would resemble the Importer Security Filing (ISF) with a few extra data elements such as a 10-digit Harmonized Tariff System code, the estimated value and an entry number, reporters were told during a telephone briefing about last week's Trade Support Network plenary session.

Importers need to be in Tier 2 or Tier 3 of the Customs-Trade Partnership Against Terrorism, a voluntary supply chain security program, to be eligible for simplified entry. The importer named on the ISF form has to be the same as the importer of record on the entry and have a continuous customs bond. Finally, the entry summary that details shipment information, and acts as a receipt for CBP, will need to be transmitted to the new Automated Commercial Environment instead of CBP's legacy data system -- without any sub-bills of lading.

The TSN is a large gathering of industry representatives that provides Customs with feedback on agency modernization efforts.

The ISF program, which went into full force in January 2010, requires importers to electronically file 10 types of origin-to-destination and content data 24 hours prior to vessel loading of the container in an overseas port. The information is run through an automated system to identify high-risk containers for inspection. Importers or their agents have the option of using a six-digit, eight-digit or 10-digit harmonized tariff code. The 10-digit number provides the most specificity about the product being shipped, but if the full details are unavailable from the supplier the abbreviated number is used for release. The full number must then be listed on the entry summary to settle payments. However, many large companies making repetitive shipments now pre-classify goods to the 10-digit level at the time of purchase and use that number on the ISF.

The majority of the ISF data elements, but not all, will be required on the simplified entry. And, unlike ISF, which only applies to ocean shipments, the new entry type can be used for air, rail and truck shipments too.

According to a meeting summary supplied by the TSN, the data elements to be filed by the importer or broker are:

- Importer of record.
- Ship to party name and address.
- Bill of lading/house air waybill.
- Buyer name and address.
- Manufacturer/supplier name and address.
- Entry number.
- Container stuffing location (mode specific).
- Shipper name and address.
- HTS 10-digit.
- Country of origin.
- Estimated total shipment value.

Missing from the ISF are the seller (owner) name and address, consignee number and the consolidator.

The "ISF-lite plus value" doesn't have to be submitted 24 hours prior to vessel loading, but the earlier the form is filed the sooner CBP will be able to provide a release decision, Melissa Irmien, senior vice president

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product and strategy for trade management software firm Integration Point, said in a telephone interview. The simplified entry can take the place of the ISF as long as it meets the filing deadline, she added. The reduction in the number of ISF data elements is a function of CBP taking a hard look at what information it truly needs to make an informed decision about release and the security risk of the shipment, said Irmen, a TSN member who has been involved with CBP's simplified entry working group.

Under current practice, CBP can give a release decision up to five days prior to estimated date of arrival for ocean transport. The timing of release notification is "wheels up" for air cargo and time of arrival for rail and truck shipments. Shippers want to know in advance if there is a security or compliance issue so they can provide CBP any necessary information to resolve the matter and avoid a shipping delay, or make contingency plans for getting inventory to stores or factories.

Having an advance release decision is especially "critical" for non-ocean forms of transportation where shippers normally can't get an early release decision, Irmen said.

"So we're anxiously waiting to find out how many days prior to arrival that will be" for ocean and other transport modes, she said.

The streamlined entry would reduce the number of filings required prior to cargo release from two to one, Tom Gould, a customs compliance consultant in Acton, Calif., and TSN member, said on the conference call.

"Ultimately, that could eliminate the need for a 3461 filing," Cynthia Whittenberg, CBP's director of trade facilitation and administration, said at a public meeting on trade matters held in Los Angeles on Aug. 18. The 3461 is the internal name for the customs entry form that must be filed to obtain immediate release of imported goods at the port before duties, fees and taxes are determined.

The simplified entry process is part of a series of reforms championed by Customs and Border Protection Commissioner Alan Bersin to modernize customs clearance, duty collection and border security. Teams of CBP managers, working closely with trade sector partners, have moved within a matter of months to translate the initial concepts into concrete proposals designed to reduce transaction costs for cross-border shipments.



Allen

CBP is drafting a *Federal Register* notice that will provide details about the pilot and solicit participants. Officials don't know yet how many companies will be involved in the test program, but will limit the scope to "vanilla," or straightforward, shipments, Cindy Allen, executive director of the ACE Business Office, said. The program will be expanded as problems are ironed out and the system is able to handle more complex transactions.

Customs and trade industry officials ultimately want the simplified entry to apply to other government agencies, such as the Food and Drug Administration, that have jurisdiction over imports and make admissibility calls too.

"When we can get participating government agencies to offer release ahead of time that's when we will hit tremendous benefits for the trade," Irmen said.

The working group is already consulting other agencies about the simplified entry and will engage them further as the development process evolves, she said.

Allen said CBP is trying to figure out which piece of the ACE system to use for the simplified entry, which could then serve as a building block for the cargo release functionality that the agency has targeted as one of its next priorities for ACE.

Commissioner Bersin agrees with import-export stakeholders that any entry simplification project not derail progress on the long-awaited ACE deliveries and told staff any ACE programming code developed to accept the simplified entry data and make a release decision should become the foundation for cargo release writ large, she added.

"I think CBP is looking at this like it would be the start of cargo release and from here they'd build in the more complex scenarios. But at least it gets us started," Irmen said.

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The simplified entry concept differs from the unified entry associated with the ISF. A unified filing is a way for importers to submit their customs entry early, if they have complete information. Only one document must be filed, but it combines all the data elements required on the entry and the ISF. Where there is overlap, data need only be provided once. The unified filing is not popular because it is difficult for shippers to get manifest data generated by the carrier in advance, especially in the air cargo environment. Pieces of data from the manifest, such as the flight number, number of cartons, boxes or pallets and time of arrival, are required on the entry.

TSN members said that the simplified entry won't require the importer to provide the manifest information.

"It's nice. It really separates the information that's the responsibility of the carrier and the broker," Celeste Catano, principal business analyst for trade software maker Kewill, said on the call.

CBP will design its systems to marry the manifest information with the simplified entry, which will eliminate the need for the broker to duplicate the manifest quantities and arrival information as well as discrepancies over how the carrier and broker described the unit measure that could lead to delays, she said.

Descriptions and quantities can differ because a broker may pre-enter information from the commercial invoice about the type of packaging, which may have a different final configuration for reasons such as the supplier using a different packing method, whether a shipment got rolled over to another flight or voyage, or whether it had to be split up because it couldn't fit in a container.

"The beauty of simplified release is you only have to report the stuff you know. So that's why we see simplified entry being much more successful than unified entry," Irmen said.

CBP is also working to simplify the financial processing component of the import process and deliberately separate the release process from the post-release activity. That project is not as far along as simplified entry. The simplified summary entails the creation of a single entry representing imports occurring over a period of time and allowing a periodic, consolidated filing rather than a submission for each shipment received, according to Whittenberg.

The idea is to allow companies to file duties in a way that aligns with when they close their accounting books, with less need for follow-up and costly corrections.

Importers who use ACE now can take advantage of periodic monthly statements, but payments must still be made based on a fixed schedule determined by CBP.

The agency intends to allow importers for the first time to stagger the way it pays the government.

"This is going to require a huge paradigm shift in way we look at summary filing," Whittenberg said. "It's really saying it's up to the importer to report to us how they received those goods into their inventory and accounting systems and then tell Customs what they received and pay us the proper duties for a given period that makes sense in their accounting cycles." — **Eric Kulisch**