

CUSTOMS PUBLISHES FINAL RULE REGARDING ADVANCE FILING OF CARGO DECLARATION

November 1, 2002

Carriers of containerized and certain break bulk ocean freight will be required to present to US Customs timely and accurate information regarding the cargo at least **24 hours before lading** on a vessel making a call on a US port. The new rules take effect December 2, 2002, however Customs is prepared to begin accepting the information today. Both NVOCCs and VOCCs, if bonded, may file this information through US Customs' Vessel AMS (Automated Manifest System).

In late summer of this year, Customs announced its intentions to collect this information and the trade community responded with its comments. While the trade may not be thrilled with these changes in their business practice, Customs views this as an absolutely essential element of their Container Security Initiative and of their efforts to target and identify cargo in sealed shipping containers that may pose a terrorist threat.

Most NVOCC interests were favorably addressed by Customs. In the final rule, Customs expanded the class of eligible NVOCCs from those licensed by the FMC (mostly domestic NVOCCs) to also include those foreign NVOCCs that are only required to register with the FMC. Under separate rulemaking soon to be issued, Customs will also visit the issue of expanding the list of authorized parties that may request confidential treatment of their manifest information. Since the cargo information required by Customs contains sensitive sales or proprietary information of an NVOCC, many are reluctant to give it to the vessel operator. Customs addressed this issue by allowing the NVOCC to be a Vessel AMS participant, provided they maintain a sufficient International Carrier Customs bond. Customs Headquarters will provide their Port Directors with guidance on establishing the amount of the bond.

Customs has agreed to a phase-in period of these new rules, albeit a relatively short 90 day period because of the overwhelming need to minimize threats that may harm Americans and the US and global economies. The rules take effect December 2, 2002, and Customs will NOT assess penalties or liquidated damages for non-fraudulent violations for the first 60 days. NVOCCs wishing to participate in the Vessel AMS will need to file the appropriate bond, acquire and/or develop the necessary software and communications infrastructure, and coordinate testing and implementation with US Customs.

Roanoke Trade Services is the leading US insurance broker for surety and insurance products for customs brokers, freight forwarders, and NVOCCs. As such, we submitted comments to the rulemaking notice and, upon review of the final rules, are now discussing with our surety markets the necessary underwriting guidelines for the NVOCC International Carrier bond. Such matters will be finalized in the very near future.

For further information, please contact your [Roanoke Trade representative](#). The complete text of the Final Rule as published October 31, 2002, in the Federal Register may be viewed at <http://www.roanoketrade.com/pdf/Rule&Regulations.pdf>.