

# Agenda

- Review of U.S. Customs & Border Protection (CBP) E-manifest Initiative
- Review 19 CFR 141.86 Invoicing Requirements
- Review of the Ultimate Consignee Reporting Requirements
- Review of NAFTA and Best Practices to maintain NAFTA Eligibility
  
- Open discussion





# US Customs & Border Protection (CBP) Automated Truck Manifest (e-manifest) and Automated Commercial Environment (ACE)

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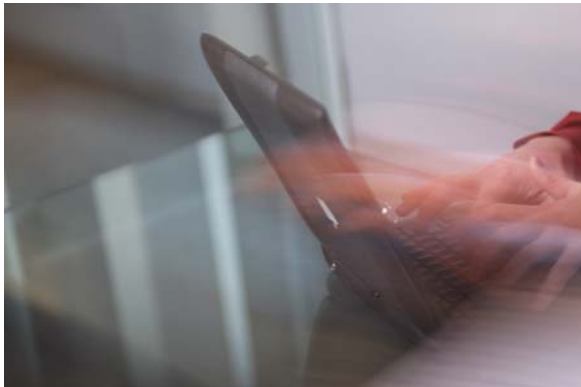
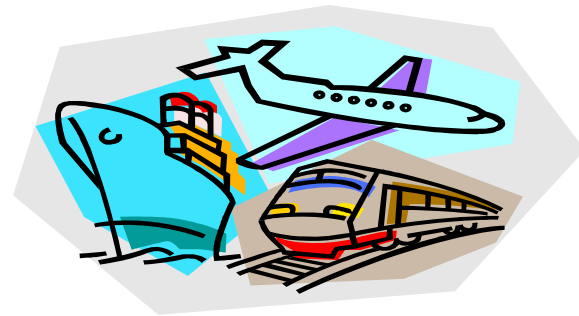
US Northern Border Compliance Mgr, UPS Supply Chain Solutions

# Automated Truck Manifest Facts

- ✓ 30,000 Trucks each day cross the Northern Border
- ✓ Currently, CBP received 150 e-manifests each day
- ✓ Presently, 250 Carriers are ACE certified
- ✓ Southern Border – 100% complete for e-manifest filing by June 1, 2006
- ✓ Northern Border – e-manifest filing required by CBP
  - ✓ Phase I – Late June/Early July – Washington State, North Dakota, & Minnesota
  - ✓ Phase II – Q3/Q4 06 – Michigan & New York
  - ✓ Phase III – Q1 07 – Montana, Ohio, Maine, & Vermont

# Automated Truck Manifest

- On December 5, 2003 Customs and Border Protection (CBP) published its final AECI rules requiring advance cargo information for all modes of transportation
- The rules were implemented in a staged fashion by mode of transportation



- The requirement for providing CBP with advanced electronic information is already in effect for air, ocean and rail imports

# Trade Act (Truck) Time Frames

- Any inbound truck required to report its' arrival under Sec. 123.1(b), (having commercial cargo aboard,) must send:



- shipment information to CBP no later than 1 hour prior to arrival at the first port of entry into the USA.

For truck carriers participating in the FAST (Free & n Secure Trade) program:

- CBP must receive cargo information no later than 30 minutes prior to arrival at the first port of entry into the USA.
- BRASS (Line Release) Shipments may only be carried by FAST carrier/drivers

# Responsibility of the Carrier

- Truck carriers are responsible for Inward Cargo Manifest and timely filing of manifest information. Information may be filed via:
  - PAPS
  - E-Manifest
- Other methods may be used to file certain types of manifest information: QP/WP or CAFES
- Paper manifests are still required by statute regardless of how the manifest information is filed.



# Carrier Responsibilities Prior to E-Manifest

- Pre Arrival Processing System (PAPS)
  - Bar Coded invoice sent to broker for transmission of Border Cargo Release data 1 hour in advance of arrival by the carrier at the port of entry.
  - PAPS is the precursor to e-manifest
- QP/WP ABI In Bond Transmission format (may be performed by the carrier or the broker)
- Customs Automated Forms Entry System (CAFES)
- Border Release Advance Screening & Selectivity (BRASS) – limited use, carrier must have FAST status
- Free & Secure Trade (FAST) through NCAP

# A Word About BRASS

- CBP does not require advance notification for shipments approved through either the Customs Automated Forms Entry System (CAFES) or the Border Release and Selectivity System (BRASS)
- New BRASS applications are no longer being accepted or processed by CBP effective August 18th, 2004
- Current BRASS users MAY be allowed to submit additional applications & receive approval for additional products. However, it is Custom's intention to phase out BRASS in the near future.
- Importer/shippers combinations must have a minimum of 50 BRASS transactions during the last calendar year or the BRASS application may be cancelled.
- The minimum number of transactions required to qualify for BRASS may be changed by CBP
- Drivers must be FAST approved to carry BRASS shipments

# Carrier Responsibilities Using E-Manifest

- Truck carriers are responsible to file the Inward Cargo Manifest and can participate in e-manifest using the following options:
  - Via ACE Web Portal (internet based)
  - Via EDI/EDIFACT
  - Via a Truck AMS Service Provider
- Trucks participating in e-manifest substitute the Shipment Control Number (SCN) for the Pre Arrival Process System (PAPS) number
- Broker requires the Customs documents and the SCN number in order to process the release via ABI
- UPS-SCS is currently looking at developing an e-manifest service to assist our clients and carriers.

# Carrier Responsibilities Using E-Manifest

- All e-manifest shipments are individually identified by a Shipment Control Number (SCN) that consists of the Carrier's SCAC code and unique identifying number, (same format as the PAPS code)
- The PAPS code may be used in the e-manifest environment – however the PAPS bar code should not be presented to CBP upon arrival at the border.
- Brokers prefer carriers use the PAPS barcode for their Shipment Control Number, as we can scan barcodes into our computer system and avoid key entry errors



# Carrier Responsibilities Using E-Manifest

- E-manifest allows the following transactions
  - Consumption Entry and Temporary Import Bond entry of goods
  - Section 321 clearances (goods valued less than \$200 upon CBP and OGA approval)
  - In Bond movements of goods
  - Instruments of International Traffic
  - BRASS Shipments
- Further enhancements to e-manifest are coming, including messaging to the carrier that the broker has filed the entry release.

# E-Manifest & ACE

- CBP has rolled out ACE (Automated Commercial Environment) processes to support e-manifest at the following locations:
  - Blaine, WA and all US Northern Border Ports in Washington State
  - Pembina, ND and all US Northern Border Ports in North Dakota
  - Detroit, Port Huron & Sault Ste Marie, Michigan
- What does ACE mean for carriers, brokers and the trade? Inspectors now have new tools for security targeting and cargo inspection.
- Where will it be deployed next? Buffalo & Champlain, NY

# What is the impact?

- Truck shipments using PAPS and arriving at the U.S. Port of Entry without shipment information transmitted to CBP in advance, within the specified time frame, may be delayed or refused entry
- CBP must receive ALL the advance shipment information within the specified time frame, of particular concern to carriers hauling less than truckload (LTL) freight
- Shippers may be requested to submit shipment invoicing to their broker along with the carrier Shipment Control Number (SCN) so the broker may process the entry.

# PAPS VISIBILITY TOOL

## For Shipments exported to the U.S.

**UPS Supply Chain Solutions - Microsoft Internet Explorer**

File Edit View Favorites Tools Help

Address <http://www.ups-scs.ca/>

### What's new?

Our new site provides a new way to find [Tools](#), [contact information](#), and [helpful forms](#).

### How Can I Get Started?

Want to learn more about UPS Supply Chain Solutions?

- [Freight Forwarding](#)
- [Customs Brokerage](#)
- [Logistics & Distribution](#)
- [Trade Management Services](#)
- [Technology](#)
- [E-Commerce Solutions](#)
- [Financing Solutions](#)
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### Supply Chain News

UPS provides services that "synchronize commerce" - the seamless management of the flow of goods, funds, and information around the world. Our expanding range of supply chain services helps clients strengthen their business performance.

**11/22/2004** - [UPS Canada Resumes Service](#)

**11/18/2004** - [Pre-Arrival Processing System \(PAPS\) Visibility Tool](#)

**11/5/2004** - [CTSA peak season surcharge](#)

### Other news

**10/6/2004** - [UPS to Acquire Menlo Worldwide Forwarding](#)

**9/24/2004** - [New Advanced Truck Manifest](#)

**9/20/2004** - [Pre-Arrival Processing System \(PAPS\)](#)

**9/20/2004** - [Full Classification Required For All Commercial Shipments Entering the United States](#)

### PAPS Tracking

**Border Times and Alert Code Status**

- [Canada Border Wait Times](#)
- [US Border Wait Times](#)
- [US Alert Status](#)

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# PAPS VISIBILITY TOOL

The screenshot displays the UPS Supply Chain Solutions PAPS (PAPS) number verification and tracking interface. The main content area is titled "PAPS Shipment Tracking Status" and contains the following information:

SCAC	BOL
TLSD	0000192
Port #:	3801
Port Name:	DETROIT, MI
Status:	CBP-customs released-DOES NOT INCLUDE FDA OR OTHER AGENCY RELEASE
Date:	Time:
30NOV04	16:12

A "Track" button is located below the status information. The interface also includes a "Close Window" button in the top right corner of the tracking window.

At the bottom of the page, there is a copyright notice: "Copyright © 1994-2004 United Parcel Service of America, Inc. All rights reserved." and a link to "US Alert Status".

# Summary

- UPS Supply Chain Solutions will require all shipment information in advance of the arrival (of the carrier) at the first U.S. port of entry.
- Advanced information ensures shipments are processed on time and processing delays are eliminated
- Importers and carriers should review all U.S. border information and understand the impact these programs have on your business
- For further information, please contact your local UPS Supply Chain Solutions representative or log on to [www.ups-scs.ca](http://www.ups-scs.ca)





# **19 CFR 141.86**

## **Bureau of Customs & Border Protection**

### **Regulations on Invoicing and General Requirements**

# U.S. Customs & Border Protection (CBP) Invoicing Requirements

- §141.86 CFR General Information required on the invoice:
  - ❖ Port of Entry where the merchandise is destined
    - ❖ UPS SCS recommends you also include the name of your Customs Broker on the documentation
  - ❖ Parties to the International Transaction
    - ❖ Full name & address of the Shipper
    - ❖ Full name & address of the Buyer, including their EIN or SSN for CBP reporting purposes
    - ❖ Full name & address of the Deliver To Party

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ Detailed description of the merchandise including:
  - ❖ Name by which each item is known
  - ❖ Grade or quality of the good
  - ❖ Marks, numbers and symbols under which the good is sold and
  - ❖ Marks and numbers of the packages in which the good is packaged.
  - ❖ Harmonized Tariff Classification of the good
- ❖ Quantities: weights & measures

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ The unit purchase price and the total purchase price of each item in the currency of the purchase, if the merchandise is shipped in pursuance of a purchase or an agreement to purchase.
- ❖ If not purchased as noted above, the value for each item in the currency in which the transaction is usually made, or, in the absence of such value, the price in the currency that the manufacturer, seller, shipper or owner would have received for the merchandise if sold in the ordinary course of trade in the usual wholesale quantities in the country of exportation.

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ The kind of currency, whether gold, silver or paper. For paper, be sure to indicate the Country associated with it. For example:
  - ❖ US Dollars versus Canadian Dollars
- ❖ The country of origin of the merchandise
- ❖ All rebates, drawbacks and bounties, separately itemized, allowed upon exportation of the merchandise.

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ All charges upon the merchandise, itemized by name and amount, including freight, insurance, commission, packaging and packaging costs and any expenses incurred in bringing the merchandise alongside the carrier exporting the goods to the USA.
  - ❖ Documentation to support actual charges must be available. Any charges without documented proof must be labeled as Estimated Charges.
- ❖ All discounts from list or base price which have been given or may be allowed shall be listed.

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ All goods or services furnished for the production of the merchandise (e.g., assists such as dies, molds, tools, engineering work) not included in the invoice price.
- ❖ Invoice and all attachments must be in the English language or have an attached accurate English translation.
- ❖ Packing List – each invoice shall state in adequate detail what merchandise is contained in each individual package.

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ Weights & measures – additional documentation may be required to ascertain duties based on weight
- ❖ When more than one invoice is included, each invoice shall be consecutively numbered.
- ❖ If the invoices consist of two or more pages, each page shall be consecutively numbered
- ❖ Any information required on an invoice can be provided by an attached & noted document

# U.S. Customs & Border Protection (CBP) Invoicing Requirements cont'd

- ❖ Each invoice shall identify by name a responsible employee of the exporter, who has knowledge or can readily obtain knowledge of the transaction.
- ❖ Certain classes of merchandise require additional invoice information per § 141.89
  - ❖ Textiles & Footwear
  - ❖ Iron & Steel Products
  - ❖ Watches
  - ❖ Ball & Roller Bearings

# Ultimate Consignee Requirements

# Ultimate Consignee Requirements Effective 10/01/2004

- Customs regulations require:
  - That the Importer provides, at time of clearance, the applicable U.S. identification number (IRS EIN or social security number) of the ultimate consignee
  - The Ultimate Consignee number will be required for release of any shipment
  - The carrier will not be allowed to proceed without the Ultimate Consignee number
- THEREFORE:
  - If the U.S. Identification number is not available when the goods arrive at the port of entry, Customs will deny entry of your goods into the United States

# Ultimate Consignee Defined

**What is the  
Ultimate  
Consignee?**

- (1) The Ultimate Consignee at the time of entry or release is defined as the party in the United States, to whom the overseas shipper sold the imported merchandise.
- For Example:
  - ABC Company of Winnipeg, MB sells 5 boxes of widgets to John Smith Company whose place of business is Denver, CO. We would be required to report John Smith Company's information to CBP
  - ABC Company of Winnipeg, MB sells 5 boxes of widgets to John Smith Company in Denver, CO, who requires the goods be delivered to their customer, Jones Hardware. The ultimate consignee to be reported is John Smith Company since they are the 'sold to' party who caused the goods to be imported.


# Ultimate Consignee Defined

- (2) If at the time of entry or release, the imported merchandise has not been sold, then the Ultimate Consignee at the time of entry or release is defined as the party in the United States to whom the overseas shipper consigned the imported merchandise
- For Example:
  - ABC Company of Winnipeg, MB ships 5 boxes of widgets on consignment (goods are not sold) to John Smith Company whose place of business is Denver, CO. We would be required to report John Smith Company's 'UC' information to CBP.

**What is the  
Ultimate  
Consignee?**

# Ultimate Consignee Defined

- (3) If the merchandise has not been sold or consigned to a U.S. party at the time of entry or release, then the Ultimate Consignee at the time of entry or release is defined as the proprietor of the U.S. premises to which the merchandise is to be delivered.



**What is the  
Ultimate  
Consignee?**

- For Example:
  - ABC Company of Winnipeg, MB is sending 5 boxes of widgets to the National Widget Trade Show in Denver, CO where the widgets will be used as door prizes for ABC's trade show booth. The ultimate consignee required to be reported is the National Widget Trade Show

# Ultimate Consignee Requirements

- What is a proper U.S. Identification number?
  - The IRS Employer identification number (EIN.)
  - If no EIN has been issued to the U.S. ultimate consignee, the social security (SSN) will be accepted.
- Additional brokerage service charges may result if the Ultimate Consignee information is not on file or not provided.
- Goods may be delayed or detained while we contact the Ultimate Consignee to obtain the correct U.S. identification number.

# Ultimate Consignee Requirements

- CBP prefers the Ultimate Consignee identification numbers, however,
- If the total value of all goods sent to one 'Ultimate Consignee' are valued less than US\$2000.00, CBP will accept the transmission of the name & complete address of the Ultimate Consignee in lieu of a proper U.S. identification number
- CBP may require paper documents to be filed, increasing the entry costs.
- "Complete" address must include physical street address and zip code. An address containing only the post office box information is not acceptable.

# Ultimate Consignee Requirements

## Consolidated Entries

- Consolidated Entries consist of shipments from a single shipper, on one truck, destined to multiple consignees in the USA.
- If the total value for each Ultimate Consignee is equal to or greater than US\$2000.00, the actual Ultimate Consignee identification number is required
- If the total value for each Ultimate Consignee is under US\$2000.00, the “complete” name and address may be transmitted – entry may be paper required. However, the actual Ultimate Consignee number is preferred.
- Consolidated Entries must be processed in Border Cargo Selectivity and the ultimate consignee information must be reported for every invoice and HTS classification line.

# Ultimate Consignee Numbers

- CBP is currently reviewing Ultimate Consignee numbers in their system, comparing the numbers with Internal Revenue Service Records, and voiding numbers they consider invalid.
- CBP has threatened penalties for failing to exercise reasonable care when an incorrect Ultimate Consignee is submitted in the entry process.
- To avoid any unnecessary delay and/or additional costs please provide the correct U.S. Identification number on all import documentation into the United States

# North American Free Trade Agreement

# NAFTA Review

- NAFTA grants benefits to goods that 'originate' in one of 3 regions (USA, Canada or Mexico). Originating is defined as:
  - Goods wholly obtained or produced in the NAFTA region (containing NO foreign materials or parts from outside the NAFTA territory):
    - Mineral Goods extracted from the ground;
    - Vegetable goods grown and harvested;
    - Live Animals born and raised;
    - Goods obtained from hunting, trapping or fishing in one of the NAFTA regions
    - Goods taken from the sea by vessels registered or recorded in the NAFTA region

# NAFTA Review

- Goods produced on board factory ships from goods in (e) provided such factory ships are registered or recorded with that country and fly its flag;
  - Goods taken by Canada, Mexico or the US or a person from these countries from the seabed or beneath the seabed outside territorial waters;
  - Goods taken from outer space provided they are obtained by one of the NAFTA countries
  - Waste & Scrap derived from production in the NAFTA country or used goods collected in the NAFTA country, provided they are fit only for the recovery of raw materials.
- Goods produced in the NAFTA region wholly of originating materials;

# NAFTA Review

- Goods meeting Annex 401 origin rules: a good may ‘originate’ even if it contains non originating materials, if the materials satisfy the rule of origin for that good.
  - Annex 401 rules are based on a change in tariff classification, a regional value content or both.
- Unassembled goods that do not meet the Annex 401 rule but contain 60 percent regional value content using the transaction method (50 percent using the net cost method)
  - Percentage of North American content is RARELY used to confer NAFTA eligibility.

# NAFTA Claims – Best Practices

- Perform an internal NAFTA audit every year, preferably prior to executing a new Blanket NAFTA certificate.
- The Audit should review:
  - Origin, tariff classification and value of each component used in the manufacture of your product
  - If foreign components are utilized, do they meet the tariff shift rules set forth in Annex 401?
  - Do the goods qualify for NAFTA?

# NAFTA Claims – Best Practices

- Establish a corporate purchasing policy dictating where key items are sourced
- Review your NAFTA certificate in the event you must deviate from your purchasing policy requirements to ensure the NAFTA claim is still valid.
- Notify your Customs Broker immediately if NAFTA claims should not be made for your product.

# NAFTA Claims – Best Practices

- UPS SCS does review (for a nominal fee) your NAFTA certificate to ensure it is properly prepared and executed.
- If you require further assistance in classifying your components and products, determining whether tariff shifts apply, etc. UPS SCS does offer consulting services
- CBP states that Importers must use Reasonable Care in preparing documents. Utilization of a licensed Customs broker is viewed as acting responsibly and using reasonable care.



# THE CUSTOMS & TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT) GOVERNMENT SECURITY PROGRAM

# Customs & Trade Against Terrorism (C-TPAT)



- C-TPAT is designed to enlist the co-operation of private industry in efforts to:
  - Enhance border security
  - Combat organized crime and terrorism
  - Increase awareness of customs compliance issues
  - Help detect and prevent contraband smuggling

# How to join C-TPAT

- The importer completes a memorandum of understanding (MOU). The MOU is a goodwill agreement that confirms the partnership between the company and CBP to enhance security, combat organized crime, and prevent and detect contraband smuggling and terrorism
- Within 60 days of signing the C-TPAT MOU, the importer must write an executive summary outlining elements of current security procedures



# C-TPAT Security

- Companies are asked to document its security measures in the following areas:
  - Physical security
  - Personnel Security
  - Service providers
- After reviewing the executive summary of current security measures, a CBP C-TPAT representative may make recommendations, and work with the company to improve its security measures



# Customs & Trade Against Terrorism (C-TPAT)

- Organizations that demonstrate their commitment to a secure trade chain by joining C-TPAT are eligible to participate in the Free and Secure Trade Program (FAST).
- FAST enhances security while making cross-border commercial shipments simpler and subject to fewer delays



# For more information

- Visit the following Websites:
- [U.S. Customs and Border Protection – Import](#)
- **C-TPAT**
- [http://www.cbp.gov/xp/cgov/import/commercial\\_enforcement/ctpat/](http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/)
- **FAST**
- [http://www.cbp.gov/xp/cgov/import/commercial\\_enforcement/ctpat/fast/](http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/fast/)
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- <http://www.cbp.gov/xp/cgov/toolbox/about/modernization>



# OPEN DISCUSSION



**Thank you for coming today!**