Commercial Customs Operations Advisory Committee (COAC) Secure Trade Lanes Subcommittee

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COMMERCIAL CUSTOMS OPERATIONS ADVISORY COMMITTEE

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In-bond Modernization White Paper, Version 12

Introduction:

The dramatic growth of in-bond transactions[1] has highlighted the need to reduce process inefficiencies and ensure robust compliance oversight, and as a result CBP has begun a process of regulatory and system changes to modernize the in-bond process. In-bond shipment reconciliation has been enhanced with the introduction of new automation and reporting requirements, and opportunities have grown for the facilitation of low-risk cargo.

Despite this progress, significant gaps and inefficiencies remain. In automation, gaps are most apparent in limited visibility and the lack of in-bond interoperability among CBP's multiple ACE systems.[2] In Policy, inefficiencies are baked into a regulatory framework that was built on 20th century paper in-bond and manifest processes and that is inconsistent with the modern principles enshrined in the Trade Act of 2002 and CBP's 21st Century Customs initiative.

To address these issues, CBP established an In-bond Working Group ("In-bond WG", "WG")[3] to examine the in-bond process in-depth, anew, from today's perspective. Since 2018, the In-bond WG has been actively engaged in the identification of issues and pain points by various modes, the examination of policy and regulatory inefficiencies and encumbrancers, and the analysis of technical gaps. The end-goal of this effort has been to propose a holistic strategic plan for an efficient, modern, and equitable in-bond system that supports trade efficiencies while not compromising the need to retain regulatory controls.

This In-bond Modernization White Paper ("white paper", "paper") represents the current status of those initiatives, and is a living strategy document that will be updated, as appropriate, with new information, insights and potential recommendations as the In-bond WG continues its analysis and evaluation work. This paper focuses on five strategic pillars critical to a modernized in-bond system:

- PILLAR 1: Rationalization of In-bond Regulation and Policy, including Proper Apportionment of In-bond Liability among Supply Chain Parties
- PILLAR 2: ACE Modernization to Provide All Trade and CBP Stakeholders with Needed Visibility to In-bond Transactions and Statuses
- PILLAR 3: ACE Modernization to Provide Seamless In-bond Interoperability among All Manifest and Broker Systems
- PILLAR 4: Alignment of In-bond Regulations and IT Functionality Baselines among All Modes of Transport[4]
- PILLAR 5: Maximum Nationwide Harmonization of Port-level In-bond Policies and Processes

[1] In 2018 alone, CBP identified over 46 million discrete in-bond transactions.
[2] These include 4 import manifest systems (Air, Ocean, Rail and Truck), broker systems (ABI, QP/WP), and 4 planned and/or partially-implemented export manifest systems.
[3] Under the auspices of the Secure Trade Lanes Subcommittee
[4] Excluding pipeline. We note here that when the phrase "all modes of transport" is used in this document, we are referring to the following: conventional air, express air, ocean, rail and truck.

For each pillar, the paper provides the following:

- A high-level overview statement
- Itemized recommendations for regulatory, policy and technical changes to support CBP's rationalization of the in-bond regime.
- A list of identified issues that were the basis for the working group's discussion and analysis.

The final section of the paper identifies several "miscellaneous" pain points representing in-bond needs that did not fit neatly into any of the identified pillars. The In-bond WG believes that many of these items may represent "low-hanging fruit" for consideration by CBP as short-term policy and technical "tweaks", perhaps stand-alone, perhaps as logical, low-cost adjuncts to other policy reviews or already-funded ACE enhancements.

Finally, to effect the goal set out in COAC recommendation 10323,[5] the In-bond WG is refining the Statement of Work (SOW) and creating a separate White Paper, derived from the IB WG white paper. This is to identify the Technical issues identified for transmission to the Trade Support Network's In-bond Committee, charging them with the responsibility of a comprehensive information technology plan across multiple ACE modules that will facilitate full and seamless in-bond automation from a technical perspective.

The revised In-Bond SOW will encompass not only the substance of Recommendation 10323, but also the strategic direction found in the five Pillars of this white paper, the pain points that were identified through the In-Bond Working Group's discussion and analysis, resulting in the development of this paper, and the technical solutions that have been identified so far.

This White Paper is both a comprehensive in-bond reference, serving as a "one-stop shop" compendium of COAC/CBP in-bond work, and a strategic map to a modernized in-bond landscape. At its July 2020 meeting, CBP approved a COAC recommendation[6] that CBP use this white paper as the strategic foundation of its in-bond modernization work. The paper has also incorporated the substance of past COAC in-bond recommendations into their appropriate Pillars

[5] COAC Recommendation 10323 of 2/27/2019 reads: COAC recommends that CBP work closely with industry stakeholders to develop a comprehensive Information Technology (IT) plan across ACE modules to facilitate In-Bond automation. The principles informing the development of this plan should include the following: i. Carriers in all modes should be provided with the necessary functionality to accomplish all carrier related In-Bond automation requirements in the Automated Manifest System (AMS) and not be required to access the Automated Broker Interface (ABI) for such functions. ii. The timing to develop/implement new ACE functionality to allow efficient implementation of the final rule automation requirements should determine the effective date of a given automation requirement. iii. Automated solutions should be developed on a systemic basis to ensure stakeholders do not have to engage in manual workarounds to implement partial functionality. iv. CBP should leverage existing ACE automation projects, such as truck refactoring and automated export manifest, to the maximum extent to develop full In-Bond automation capabilities for both import and export across all modes. v. A timeline of no later than December 31, 2019 should be established by CBP to require all facilities that handle In-Bond freight to automate their In-Bond processes.

[6] COAC Recommendation 10461 of July 2020 reads: COAC recommends that CBP accept the White Paper as the basis of an in-bond modernization strategy. The white paper identifies key issues including trade and CBP visibility to all in-bond transactions, clarity of liability for bonded partners, the need for automated hand-offs between trade partners, addition of all modes of transportation to automation requirements, national policy harmonization and short term technical requirement changes to improve the current process, and align with the 21st Century Framework. The document provides strategic level solutions that will support movement toward regulatory changes, policy changes and / or technical changes across these issue areas. The In-bond White Paper is a working "living" document and will be modified and updated as solutions to the issues raised solidify, and give rise to future recommendations.

and included the text of the recommendation in Appendix 1. It is expected that additional formal COAC recommendations will be generated from the In-bond WG's continuing analysis work, and the white paper will be updated accordingly.

PILLAR 1: Rationalization of In-Bond Regulations and Policy, Including Proper Apportionment of In-bond Liability among Supply Chain Parties

As stated in the introduction, the in-bond regulatory framework was developed with manual and paper in-bond processes in mind and has not kept pace with the vision of ACE, nor with the modern principles enshrined in the Trade Act of 2002 and CBP's 21st Century Customs initiative. The result is the perpetuation of non-optimal in-bond policies and processes that generate inefficiencies for all stakeholders. The In-bond WG has identified key regulatory concepts requiring modernization and/or rationalization, as set out below. In particular, the Working Group noted a lack of clarity and clear definition regarding the transfer of in-bond liability among trade parties in standard modern in-bond scenarios.

Many of the identified regulatory issues reflect persistent technology limitations, such as: the non-automated status of certain parties that accept, handle and release in-bond shipments; the general circumstance that neither CBP's ACE system nor trade IT systems have the necessary functionality to allow end-to-end automated in-bond processing; and the lack of real-time visibility to in-bond statuses and movement for all stakeholders. It is the intent of CBP and the COAC In-bond WG - as set out in Pillars 2 and 3 of this white paper - to systematically address and eliminate these technology deficiencies, paving the way for the elaboration of a rationalized and efficient in-bond regulatory regime. In accordance with modern principles, this regime should place in-bond responsibilities on the proper party, should minimize gray areas by clearly delineating the in-bond liability, and should allow for the clear and efficient transfer of in-bond liability between bonded parties regardless of the mode of transportation or the system in which the in-bond was created.

Proposed Regulatory Solutions:

- Modernize in-bond regulations to eliminate the unnecessary closure of active bonds and filing of subsequent in-bonds by allowing a single in-bond to move among multiple bonded parties, with the presumption of in-bond liability resting with the party in possession of the shipment.[7]
- Clarify regulatory provisions regarding the transfer of liability between trade parties,[8] ensuring that they are informed by real world scenarios and account for the recommended automation and policy improvements found throughout this white paper.
- To the maximum extent possible, establish clear liability provisions that minimize the gray zone of joint or shared liability. Where unavoidable gray areas remain, clearly elaborate the factors that underlie determinations of liability.

[7] This topic has been addressed in COAC recommendation 010508 of October 2020. See Appendix 1.
[8] For example, when an in-bond shipment transfers between parties, the regulations could state that the handoff notification to CBP from the "transfer-from" party and the acceptance notification from the "transfer-to" party is considered a presumptive transfer of liability.

- Mandate universal minimum automation of all facilities that accept, handle and/or release in-bond shipments to allow the appropriate level of in-bond responsibility to be placed on them with regard to liability transfers and cargo release.[9]
- Review regulations requiring bonded carriers to physically take possession of cargo in order to obligate their bond for use by a subcontractor or other agent. Regulations should recognize business relationships and allow for acceptance of liability based on that relationship.
- Require that parties who file an in-bond under another party's bond liability retain certain responsibilities, such as a requirement to track the in-bond movement, to notify other need-to-know parties of a shipment's in-bond status,[10] and to ensure that the in-bond is closed in a timely manner.
- Regulations should establish clear timeframes and definitions for electronic handshakes for physical cargo transfer (shared liability); switch in the presumption of liability happens with a concurrence, bonded warehouse entry or export.
- Clarify and clearly define permitted and prohibited manipulation of goods under in-bond movement by elaborating regulatory provisions distinguishing the difference between Manipulation as reflected in 19CFR § 19.11 Manipulation and include Review of merchandise for pieces count, quantity, and serial numbers if required in 19CFR § 18 with CBP approval.
- Remove outdated or contradictory requirements including labeling and shipment level sealing.
- Amend Part 146.66 to better reflect current processes for transfers of cargo within a port where the originating bill is already closed. Current regulations require an IT, which conflicts with in-bond rules requiring two ports for an IT move.
- Align time frames to file e-214, direct delivery and direct arrival from arrival of cargo at FTZ with the liability transfer and close the carrier's bond. Timeframes are currently out of alignment between 19CFR §146 and 19CFR § 18.

<u>Proposed Policy Solutions:</u>

- Elaborate policy as required (where possible) to support automation developments and reflect regulatory rationalization of in-bond movement, including providing additional scenario driven clarity on in-bond liability transfers to support trade compliance.
- Refine the joint CBP/Trade "Automated In-bond Processing Business Process Document" document and promote it to the supply chain.
- Require that the party transferring an in-bond shipment send a transfer notification to ACE – i.e., the "transferor handshake" – and that the party taking possession of an in-bond shipment send an acceptance notification to ACE – i.e., the "transferee handshake". Upon completion of these two notifications, there should be a presumption that in-bond liability has passed from the transferor to the transferee.[11]

[9] This topic has been addressed in COAC Recommendation 10380 of 8/21/2019. See Appendix 1.
[10] This would be similar to Foreign Trade Regulation requirements for USPPIs to provide AES citations to transportation providers.
[11] This topic is discussed in more detail in Pillars 2 and 3.

- ACE air manifest functionality already allows the electronic transfer of electronic in-bond authorization from the arrival carrier to the subsequent air carrier. The subsequent carrier's acceptance of the shipment and its FSQ messaging to ACE, which provides the subsequent carrier's with electronic in-bond visibility, also gives CBP notice of the party in possession of the shipment. CBP should consider making use of this functionality mandatory and, further, clarify that a presumption of in-bond liability lies with the receiving carrier after that carrier's FSQ has been sent. This model could provide a guide for all modes for physical custody tracking.
- Require that parties opening an in-bond under an export carrier's liability provide a sufficient amount of shipment data at the time the in-bond is opened to allow the shipment to be linked in ACE to the export carrier and to the transportation bill on which that carrier is moving the shipment. This will allow sufficient notice to be provided to the obligated party so that it can fulfill its in-bond obligations.
- Require that all automated receiving terminals and facilities, if they have the capability to do so, electronically acknowledge acceptance of the arrival of in-bond merchandise at their terminal/facility, as well as ensuring the capability to manage response messages and act accordingly in relation to in-bond cargo moves at their terminal/facility.
- Make all necessary policy adjustments to implement a requirement for universal minimum automation of all parties that accept, handle and release in-bond freight as per the regulatory solution above.

Proposed Technical Solutions:

- Create a full buildout of ACE multimodal, end-to-end automation, to allow seamless real-time electronic in-bond transfers within and across all modal manifest systems and broker systems. This would include functionality to complete in-bond "handshakes" between parties when cargo is physically transferred from one party to another (i.e., a message from the first party that the in-bond shipment has been transferred and from the second party that the in-bond shipment has been physically received.) This item pairs with the regulatory and policy solutions identified above and is discussed in Pillars 2 and 3 below. Allow for transfer of liabilities messaging from CBP within respective facilities within required reporting time limitations.
- Develop necessary automation for all facilities that accept, handle and/or release bonded cargo. In doing so, strive for cost-efficient and minimally burdensome implementation.[12]
- Develop the ability to manage in-bonds against the house bill level in all modes and further the ability to query ACE transaction notifications at the house bill level.
- Add piece count to the portal truck in-bond record.
- Establish automated notifications and permits to manipulate.
- Provide the trade with more robust and nuanced ACE controls over in-bond use.
- Develop push messaging to allow real-time notice to bonded parties when a bond obligation attaches.

[12] E.g., consider the provision of mobile applications, ACE portal functionality for basic visibility and notifications, etc.

Identified Pain Points That Informed the Working Group's Pillar 1 Discussion[13]

1. Admission of merchandise to an FTZ within the regulatory time allowed.[14] The 30-day maximum transit time to transport and close an in-bond requires the transfer of liability from the bonded carrier to the FTZ. Customs requires admission of merchandise to an FTZ within the regulatory time allowed. The admission to the FTZ should close the in-bond calendar and complete a transfer of liability. Ocean carriers who deliver containers to an FTZ should not be required to ensure the FTZ files the CBPF 214, applies for temporary deposit, or files other Customs documents in a timely manner, but that the FTZ must complete concurrence within the regulatory period.
2. Rail carriers can already electronically pass bond information between interchanging railroads on EDI interline waybills. There should also be a transfer of in-bond liability in the rail mode when interchanging in-bond shipments between rail carriers.
3. Transferring cargo from bonded carrier to bonded facility or second bonded carrier currently has no electronic accept or concurrence process. There is a desire to replicate the e-214 process, in which the recipient of bonded cargo would be required to notify to CBP the acceptance and concurrence of in-bond cargo that is delivered. This notification should represent acceptance of in-bond liability by the receiving party and should also therefore serve as a transfer of liability from the transferring party to the receiving party, similar to FTZ concurrence. [this will not occur until concurrence]
4. There are several key pain points associated to situations where a party opens an in-bond placing liability not on itself, but on another party. First, ACE does not yet provide sufficiently-nuanced control of in-bond use to allow a carrier to ensure that those using its bonds have authorization to do so [there is no regulatory requirement for party obligating another parties bond to have any POA in place]; the current functionality is overly-cumbersome and not operationally feasible for high-volume carriers. Second, ACE reports do not provide effective notice of in-bond liability to carriers in reports, as sufficient data may not be present in the in-bond record to allow the identification of the shipment. Third, ACE does not provide real-time notice of in-bond creation to the party whose bond is obligated and by whom it was obligated. Finally, the current system sets up a non-ideal allocation of in-bond liability, as the party originating the shipment and opening the in-bond evades all responsibility for in-bond tracking and closure.

[13] The In-bond WG notes that while the individual pain points under this Pillar and the four that follow may focus on one supply chain party and/or one mode of transport only, they likely apply more generally. The WG's intent is that they apply to all parties and modes as appropriate.

[14] Currently, for Zones under Direct Delivery, the Regulations allow the Zone Operator to "Arrive" the cargo at the Zone indicating physical receipt. The arrival function is an acknowledgement that the conveyance/load has arrived, but it has not been counted, placed into the ICRS, "admitted" and Concurred. The Regulations provide up to 15 days after Arrival for Admission/Concurrence. Arrival at the Zone sets up the shared liability that you have spoken often about but it cannot close the in-bond entirely as the cargo has not been counted and there may need to be a Discrepancy Report filing and the Bill of Lading/AWB cannot be closed until all underlying bills on the in-bond are accounted for. Since the zone can only arrive what it has physically received, the full liability of the carrier should not be discharged until the concurrence occurs.

PILLAR 2: ACE Modernization to Provide All Trade and CBP Stakeholders with Needed Visibility to In-bond Transactions and Statuses

The trade has identified lack of visibility to in-bond transactions and statuses as a significant driver of cost and inefficiency and an impediment to full compliance with in-bond requirements. This lack of visibility impacts the entire trade community. For CBP, robust in-bond oversight requires that the status of bonded shipments be available in real time, and that CBP have the capability to identify the party in possession of an in-bond shipment. Trade and CBP "visibility pain points" manifest most sharply in cases where in-bonds move between modes of transport and supply chain partners – i.e., where the in-bond movement, in effect, touches more than one ACE system. While the identified visibility issues have various causes, they are all solvable with a small number of common solutions.

Regulatory Solution: Mandate universal minimum automation of all facilities that accept, handle and/or release in-bond shipments[15] to allow them necessary visibility to the real-time status of in-bond shipments in order to ensure proper handling of in-bond cargo and facilitate expedited handling of released cargo, and to allow them to send notifications to ACE that will allow real-time visibility of transactions and statuses to CBP and other interested in-bond stakeholders.[16]

Proposed Policy Solutions:

- Elaborate appropriate and consistent national policies to clarify in-bond liabilities and responsibilities that are commensurate with visibility enhancements.
- Implement data transmission requirements on the party that is opening the in-bond to provide sufficient information to allow the identification of the shipment by the exporting carrier. For example, for a shipment to be exported by air, provision of the export air waybill number would allow the carrier to receive incoming CBP in-bond status notification messages, apply them to the shipment in its own IT system, and send relevant transaction messages to ACE, such as in-bond arrival and export.[17]
- Provide the in-bond destination's inland FIRMS location visibility to Customs status prior to in-bond arrival at the destination FIRMS location (but after arrival of the conveyance at the port of arrival). This would include in-bond destination holds and subsequent in-bond approvals.
- Make all necessary policy adjustments to implement a requirement for universal minimum automation of all parties that accept, handle and release in-bond freight as per the regulatory solution above.

Proposed Technical Solutions [validation and effective solution to come from TSN]

- Enable ACE to provide system-interoperable, real-time visibility for in-bonds opened on "domestic in-bond exports", which will often be created not in a manifest system but in QP/WP, and provide notification to the exporting carrier of that status in a manner that allows

[15] Such as bonded FIRMS locations, bonded warehouses, rail depots, FTZs, CFSs, and G.O. warehouses.
[16] This topic has been addressed in COAC Recommendation 10380 of 8/21/2019. See Appendix 1.
[17] Note, a house bill number is insufficient for identification today, but in conjunction with the automated export manifest system that will link the house bill to the master bill, it may be sufficient in the future. This technical in-bond need should be captured in CBP's export manifest work.

the exporting carrier to clearly identify the shipment in question. [how will this be communicated to parties that do not have access to QP/WP?]

- Update automation in ACE to provide push notifications to notify carriers when an in-bond has been created under their liability and when changes/updates to the in-bond occur.
- Enhance ACE data extract/load processes to allow ACE reports to reflect near to real-time in-bond status.
- Implement system edits to require that sufficient information be provided at the time of in-bond creation to ensure that carriers can accurately identify every shipment for which they have an in-bond obligation. This identification need applies to both ACE reporting and real-time push notifications.[18] This item pairs with the policy solution identified above.[19]
- Create account types in ACE that would allow currently non-automated facilities to connect to CBP to receive real time notifications of status and/or report arrival/disposition of cargo in those facilities.
- Provide the ability to amend in-bond transactions rather than the current process of having to delete and re-add full details of an in-bond record. Efficiencies would be gained by both the trade and CBP with this functionality enhancement.[20]
- Develop ACE functionality to send push notifications to the party whose bond has been obligated and the party currently in possession when a shipment is nearing the 30-day maximum time, in order to facilitate compliance with the new maximum 30-day total in-bond transit time.[21] This is similar to the ACE general order clock functionality that generates 1R/1S-type notifications in advance of the G.O. deadlines for notification and transfer.
- Development of the minimum-necessary automation functionality for all facilities that accept, handle and/or release bonded cargo. In doing so, strive for cost-efficient and minimally burdensome implementation.[22]
- Automate requests for a permit to manipulate cargo and the creation of new notification messages of the permit's approval, with approvals against the lowest level bill.
- Provide an automated solution to accommodate transmission of the required notations for zone-restricted cargo to facilitate CBP enforcement of the FTZ Board or TTB required export or destruction of ZR merchandise. Current process requires making notations on paper.

<u>Identified Pain Points That drove the Working Group's Pillar 2 Discussion</u>

1. "Domestic" in-bond shipments that originate from an FTZ or bonded warehouse. For these shipments, the transportation document appears to cover a domestic export, with a U.S. origin and foreign destination. Today, a carrier's only notice of the in-bond status of such shipments is provided by paper documentation. While submitted by conventional air, this pain point likely applies to all modes of transport.
    - Carriers would note here that while the visibility and notification needs outlined in this pillar are driven by a carrier's need to know about in-bond shipments for which it is

[18] For example, if a conventional air carrier's bond is obligated, entry of the carrier's AWB number should be required.
[19] This is a follow-on item from closed COAC Recommendation 10314 of 2/27/2019. See Appendix 1.
[20] This topic has been addressed in COAC Recommendation 10321 of 2/27/2019. See Appendix 1.
[21] This topic has been addressed in COAC Recommendation 10315 of 2/27/2019. See Appendix 1.
[22] E.g., consider the provision of mobile applications, ACE portal functionality for basic visibility and notifications, etc.

liable, implementation of the desired policy and IT enhancements will also result in significant benefits for CBP and trade stakeholders overall. These enhancements – combined with the implementation of the electronic export manifest – will give a carrier the ability to report the arrival and export of ALL in-bond shipments that it transports. This better aligns the in-bond system with the Trade Act's direction that the party with the best knowledge of specific information should provide that data to CBP.

2. Ocean carriers, truckers, importers, and inland FIRMS warehouses want Customs status visible prior to in-bond arrival at destination. Currently, transportation often cannot be arranged because Release / Hold status is not evident until cargo arrival at IB-Bond location, creating delays and demurrage costs for cargo that has already been released prior to arrival.
3. Related to the point above, bonded rail sites (FIRMS locations) should be automated so that there is visibility at the final release point that all necessary entries are closed out, and so that the corresponding in-bond is also closed.
4. When a broker submits an in-bond that obligates the carrier's bond - with authority from US or CA carriers – there is usually a lack of communication regarding the in-bond arrival or export, or any changes to the in-bond. Lack of real time visibility causes carriers to depend on reports, but ACE reports are often not helpful because 24 hours or more are needed before transactions are reflected in reports. Real time notification/visibility is required for all parties.
5. Updates from CBP on in-bonds (Holds, reviews) while in-transit or waiting for export. Notifications are needed to the appropriate parties to the in-bond transaction via CBP programming in the case of holds or reviews, including the ability to upload documents for review if required.
6. Queries of in-bond holds must be done through master bill. In-bonds moved at the house level still need to be queried at the master level causing additional work and allowing for less specificity in queries. (Refer to TSN)
7. In ocean, all in-bond postings are performed against the master bill – there is no CBP release posted against ocean house bills. (Refer to TSN)
8. ACE does not allow in-bonds to be simply amended and updated but instead requires them to be deleted and re-submitted. This causes problems for all parties including CBP when the in-bond is not added or the bond stays in deleted status.
9. Lack of mandatory use of electronic processes for visibility of release. There is a lack of automation of CFS and bonded warehouses for in-bond transactions. This causes carriers, brokers and others to default to a paper document, generating inefficiency and visibility gaps.

PILLAR 3: ACE Modernization to Provide Seamless In-Bond Interoperability among All Manifest and Broker In-Bond Systems

In-bond cargo moves on all modes of transport and regularly transfers between modes. Further, in-bonds are often opened in one ACE system by one party under the in-bond liability of a different party that operates exclusively in a separate ACE system. In contrast to this supply chain fluidity, ACE's in-bond capabilities have been siloed into individual manifest and broker systems, with limited-to-non-existent interoperability and inter-system communication.

The in-bond automation and policy changes that have been implemented to date have moved the front- and back-end of the in-bond process from paper to electronic, enabling much-needed efficiency and oversight benefits for CBP. However, due to the ACE limitations described above,

the process is fully electronic only for in-bonds that are opened and closed in a single ACE system, and often only for in-bonds that are opened and closed by a single party. In all cases where an in-bond transfers between modes of transport or moves from a broker system to a manifest system, the in-bond effectively "drops out of ACE." The trade must revert to paper during in-bond transit and, at the end of the process, the final trade party must "re-automate" the bond for closure. In effect, the ACE changes made to date have created only an illusion of full in-bond automation – an illusion that is supported on the back of increased manual data entry and workarounds by the trade community.

While this problem is troublesome for all inter-modal in-bond movements, it is particularly troublesome for air-to-truck and truck-to-air movements due to both the speed of transport and the different treatment of air.[23] Of special concern are "flying truck" movements, where air waybills are moved into the U.S. via truck for further air movement and eventual export or clearance, or are moved into the U.S. via air and then exported by truck to Canada or Mexico.

Proposed Regulatory Solutions:

- Combine and standardize all in-bond regulations into a single chapter to support seamless ACE functionality.[24] This topic is discussed further in Pillar 4 below.
- Provide for additional multi-modal standardization of local bonded moves to ensure that the entire process is facilitated.
- Complete the regulatory requirements to establish electronic export manifesting for all modes, as seamless in-bond processing is dependent on the functionality that will be provided by automated export manifests.
- Evaluate if any regulatory changes are required to support the policy and technical solutions identified for the air mode's "flying trucks".[25]
- Mandate universal minimum automation of all facilities[26] that handle and/or release in-bond shipments to facilitate the development of a seamless, end-to-end electronic in-bond process.[27]

Proposed Policy Solutions:

- Make all necessary policy adjustments to implement a requirement for universal minimum automation of all parties that accept, handle and release in-bond freight as per the regulatory solution above.
- Create standard national policy and guidance as needed to ensure that seamless system interoperability is supported by both local ports and the trade community.
- Accelerate the deployment of and pilot participation in the Electronic Export Manifest (EEM) to support in-bond closure via EEM filing and departure. In particular, increase outreach by mode of transport to determine what factors are hindering pilot participation, and address

[23] This topic is discussed in more detail in Pillar 4 below.
[24] This topic has been addressed in COAC Recommendation 10378 of 8/27/2019. See Appendix 1.
[25] This topic has been addressed in COAC Recommendation 010183 of 3/1/2017. See Appendix 1.
[26] Such as bonded FIRMS locations, bonded warehouses, rail depots, FTZs, CFSs, and G.O. warehouses.
[27] This topic has been addressed in COAC Recommendation 10380 of 8/27/2019. See Appendix 1.

carrier concerns to the maximum extent possible in order to recruit new participants and ensure the pilot's ability to accumulate robust empirical data.

Proposed Technical Solutions:

- Provide all necessary functionality to allow effective in-bond automation across all modes of transport and between import and export cargo movements within the automated manifest systems, especially leveraging the planned truck refactoring and the automation of ocean export manifest processes in ACE.[28]
- Enhance all automated manifest systems to allow a carrier to accept an in-bond shipment from another mode of transport, to receive in-bond status information from ACE in its own manifest system, and to report in-bond arrival/export to ACE from its own manifest system. This will support the regulatory change discussed above (Pillar 1) to allow a bonded carrier to assume liability for an initial in-bond opened by another carrier and eliminate the need for multiple subsequent in-bond filing.[29] This functionality is needed within each manifest system (e.g., to allow a truck carrier to accept liability from another truck carrier) and between modal systems (e.g., to allow a truck carrier to accept liability from an air carrier).
- Development of the minimum-necessary automation functionality for all facilities that accept, handle and/or release bonded cargo. In doing so, strive for cost-efficient and minimally burdensome implementation.[30]
- Where there are modal ACE differences, create translation tables to facilitate ACE interoperability between different modes of transport.
- Allow for all bill of lading types to be used among all modes of transport for in-bond cargo.
- Standardize edits across all modes (e.g., for arrival and all other mandated notifications).
- Enhance the Electronic Export Manifest to ensure full in-bond closure upon departure of the export conveyance.
- Develop a multimodal in-bond process for flying trucks that allows seamless express and conventional air processing throughout the transaction.[31]
- Allow the use of both airport and 4-digit port codes in air manifest.

Identified Pain Points identified by the Working Group's Pillar 3 Discussion

1. For movement between modes, ACE automated intermodal transfer capability does not exist. ACE currently provides no mechanism for in-bond information to pass between modal systems such that bonds are truly electronic. Instead, when an intermodal transfer takes place, the bond must revert to paper and then be "re-automated" at the end of the process, a significant burden on the supply chain.
2. There is a disconnect between Air Manifest & QP/WP. Express Consignment Operators need the ability to effectively manage in-bond shipments originating from FTZs/Bonded warehouses and PGA refusals.
3. Despite electronic in-bond requirements, the trade is still forced to use paper documentation because not all parties handling in-bond cargo are automated. Although an in-bond may be

[28] This topic has been addressed in COAC Recommendation 10377 of 8/27/2019. See Appendix 1.
[29] This topic has been addressed in COAC Recommendation 10378 of 8/27/2019. See Appendix 1.
[30] E.g., consider the provision of mobile apps, ACE portal functionality for basic visibility and notifications, etc.
[31] A short term fix could be provided by CBP providing capability for truck carriers to pull AWBs from air carriers into their truck manifest declaration without having to re-key the data

electronic, paper CBPF 7512 or equivalent paper documentation must still be produced by the trade to secure release at non-automated CFS warehouses and other locations. Warehouse release processes should be automated.

4. In-bound and out-bound flying trucks. It is difficult for carriers to manage shipments that are moving under an air waybill when those shipments are crossing the border by truck. Desired end-state is the allowance of mixed reporting of air waybill on trucks, with air waybill data reported by the air carrier, and truck-specific elements reported by the truck carrier. For exports, allow use of truck port codes in air manifest.
5. Issue: In-bond shipment moves to a non-automated party, especially General Order warehouses. In-bonds moving to G.O. are not closed electronically by the movement to G.O. Further, although CBP has developed G.O. messaging within at least one manifest system (air), this messaging cannot be implemented because CBP has not required G.O. warehouses to automate. Automated transfer messages should be implemented, with the G.O.s required to electronically indicate acceptance, which should close out a carrier's in-bond movement and liability.

PILLAR 4: Alignment of In-bond Regulations and IT Functionality Baselines among All Modes of Transport[32]

Air in-bond regulations are contained in 19 C.F.R. Part 122, while all other modes of transport are covered by the "generic" in-bond provisions found in Part 18.[33] The different treatment of air versus all other modes of transport was impacted during the 2012-2017 timeframe, when CBP excluded air from its in-bond automation regulatory process.[34] This was further impacted when CBP adopted a very narrow definition of what constituted an air shipment for purposes of qualifying for air exclusion of the in-bond Final Rule. While justifiable, the definition resulted in a number of shipments generally considered to be "air shipments" being swept up by the rule's automation mandate, and resulted in CBP's issuance of policy exemptions allowing paper in-bond closure for two particularly challenging shipment scenarios involving air.[35]

Further, air carriers have long advocated that CBP impose automation requirements on "pure air" in-bond shipments – i.e., those for which the in-bond is both opened by an air carrier and arrived and/or exported by an air carrier. Despite the lack of a mandate, many such in-bonds are already opened and closed electronically within the air manifest system today, and it would be a relatively light lift for air to implement fully-electronic processing for all such "pure air" in-bonds. The catch, however, is that the specific operational conditions of air require that this switchover to full

[32] Excluding pipeline

[33] CBP identified this as a key issue in the In-bond Working Group's charter.

[34] A decision driven primarily by the differing ACE manifest implementation timelines for air as compared to ocean/rail.

[35] The two problematic classes of shipments are in-bond export shipments that originate from domestic bonded warehouses and FTZs, and shipments arrived or arrived/exported by air but for which the in-bond had been opened in a manifest system other than air. Due to the operational challenges posed by such shipments, and the lack of ACE manifest functionality to handle them efficiently, and in accordance with COAC recommendation 10385, CBP issued policy exemptions for these two types of shipments, which can be found on p.5 of the *CBP Automated In-Bond Processing Business Process Document* of July 26, 2019.

automation take place for all such shipments at all ports of entry simultaneously. To achieve that result, a CBP mandate is needed.

Finally, there are differences in the ACE system between air manifest and the other manifest systems. Port codes drive the ACE system, but the air mode is built around airport codes. When transactions occur outside of an airport, there is no ability to use an identifying port code, and the air bond must revert to paper, causing operational challenges. Additionally, unlike other modes of transport, air does not have the ability to arrive its own conveyance/manifest at the port of arrival. CBP must perform this function manually, and there is no trade visibility to a failure to arrive until there is a later problem with a subsequent in-bond. Because this problem manifests far downstream from fight arrival, it requires an inordinate amount of work for carriers and their downstream forwarder and broker partners to identify the issue and reach out to CBP for resolution.

Proposed Regulatory Solution: Rewrite 19 C.F.R Parts 18 and 122 to provide a single source for all in-bond regulatory requirements and create the regulatory foundation that, along with the ACE modernization strategy set out in this white paper, will support the establishment of a modern and efficient in-bond regime.

Proposed Policy Solution: Develop policy and guidance to implement and support regulatory changes, for both CBP local ports and the trade at large.

Proposed Technical Solutions: [through TSN]

- Provide the capability to utilize port codes in addition to airport codes in air manifest, and to link air in-bonds to ports of entry with a port code.
- ACE should allow carriers of all modes of transport to arrive their manifests upon conveyance arrival in the U.S.

PILLAR 5: Maximum Nationwide Harmonization of Port-level In-Bond Policies and Processes

Port-to-port variation in in-bond policy and process generates significant cost and complexity for the trade community. These include port-specific requirements for additional manual processing, and the potential for liquidated damage and penalty claims due to non-compliance with varying port-specific rules. While recognizing that narrow deviation from national standards may be justified based on local conditions, there is a strong preference for regulation, policy and IT functionality to support the nationwide harmonization of port-level policies and practices.

As the in-bond regulatory and policy world is modernized, it is critical that CBP also elaborate national port-level policies and guidance and develop training to ensure that all ports are operating under current national policy.

Proposed Regulatory Solutions:

- Review all regulations with an eye towards clarity and enforceability to ensure uniform enforcement on a national basis.

- Review the port-director centered nature of certain regulations. In the case of centralized national systems such as manifest and in-bond, national harmonization should be the default, with port-level discretion allowed only when justified by local circumstances.

Proposed Policy Solutions:

- Develop national level policy to meet all port needs and provide appropriate guidance and training.

Proposed Technical Solutions: None identified, beyond expanded technical training to ports, perhaps utilizing enhanced computer-based training based on best practices learned during the COVID-19 pandemic.

Identified Pain Points That were identified by the Working Group's Pillar 5 Discussion

1. Although there is HQ-level guidance for in-bond procedures, port policy still results in varied local application. In-bond policy should be uniform across all CBP ports.
2. Miami local port IBEC practices should be brought into alignment with current practices for in-bond and export manifest.
3. Issue: Business relationship between customs brokers & carriers (clarity with port on HQ guidelines) Pain point - Trade Sector business agreement on CBP port practices with HQ updated guidelines for in-bond to align port practices and ensure understanding of CBP Officers.
4. There is port level variation regarding manipulation. Clarification of manipulation has been set out in Headquarters issued policy, including a clear definition of manipulate that would allow in-bond merchandise for foreign export to be reviewed under specified circumstances. Such clarifications and definitions should be applied in a consistent way across all CBP ports.

Miscellaneous High-Pain Items (Some of which are Potentially Low-hanging Fruit in Terms of Short-term Policy or Technical Fixes)

In its work, the In-Bond Working Group amassed a collection of miscellaneous in-bond pain points and potential solutions – technical and policy – that do not fit neatly into any of the five identified pillars of the white paper. The contents of this section reflect issues that add cost and inefficiencies to the in-bond process, but that appear to be solvable in the short term without regulatory change. Some of these may be simple technical or policy fixes, representing high-return low-hanging fruit. Among these are timing of notifications in ACE, conveyance arrival capability in air manifest, piece-level in-bond arrival capability, FIRMS code improvements, and several others.

Items with Potential Policy Solutions:

- Policy guidance to accompany IT changes: For technical items below, evaluate whether policy guidance should accompany the given IT recommendations for solution. Where needed, revise existing policy or issue new guidance, and ensure universal distribution thereof.

- Carrier outreach: Except for in-person venues such as CESAC, CBP outreach to carriers is limited to day-to-day interaction in the processing of documentation. CBP should consider adding focused outreach, including enhanced user guides and videos.

Items requiring Policy and Technical Solutions:

- Merchandise Processing Fee multiplies when in-bond ocean freight enters the U.S. at a border port by rail: ACE does not recognize a single multi-container shipment from a vessel that is split onto multiple trains, which generates much higher costs to the U.S. Importer. This is a CBP policy and system issue. When importers/brokers clear a single in-bond shipment from a vessel calling on a Canadian port, made up of multiple containers re-billed and crossing the border on different trains, they should be able to file a single entry. Today, these shipments would require a single bill with split arrival at the container level to allow for single consolidated entry at destination.
  Technical and policy potential solution: Rail carriers should have split shipment functionality for multi container ocean shipments that arrive in Canada or Mexico and that are re-billed for arrival by rail in the U.S.

Items with Potential Technical Solutions:

1. Transit from in-bond origin to destination in tranches: For shipments that move from the in-bond origin to in-bond destination in tranches, there is a mismatch between Air Manifest in-bond arrival functionality (full arrival only) and the 2-business day arrival requirement as interpreted by CBP (arrival report mandatory w/in 2 business days of arrival of first piece). Because ACE does not provide piece-level arrival capability, a carrier may be unable to be simultaneously in compliance with both requirements in cases where a shipment moves in tranches.[36] In modes other than air, there is a similar problem with ACE's lack of functionality to arrive in-bond shipments by container or at the house bill level.
   i. *Potential Technical Solution: Enable ACE to allow the partial arrival of goods, including by piece count or container, or at the house bill level.*
   ii. *Alternative Potential Regulatory/Policy Solution: Amend CBP policy and any associated regulations, if needed, to alter the 2-business day arrival requirement for shipments moving in tranches from "within 2 business days of arrival of the first piece" to "within 2 business days of the arrival of the last piece".*

2. T&Es that export through the first port of arrival cannot be arrived or closed due to system edits: There is a need to create T&Es that exit through the first port of arrival to address shipment returns and the rerouting of misrouted shipments. For example, a Caribbean-origin AWB might arrive at San Juan, PR, and then move in-bond to a carrier hub. When the shipment doesn't clear and must be returned, it must have a T&E in-bond from the hub back

[36] Specifically, in the case where some pieces have arrived at destination and been there for over two business days, but other pieces are still in transit, the carrier is in a no-win situation. It can arrive all pieces to comply with the 2-business day arrival rule, but this would terminate the in-bond authorization, leaving the shipment pieces still in transit in limbo. Or it can wait until all pieces arrive before sending the arrival notification, thus violating the 2-business day arrival rule. Note, it is understood that all pieces would need to arrive at the in-bond destination within the 30-day regulatory window.

to San Juan in order to return to the Caribbean origin). Current ACE Air edits do not allow a subsequent inbond to be returned to its original port. This works in Ocean and Rail.
Potential Technical Solution: Remove ACE air system edits that prevent a T&E in-bond from exporting from the first port of arrival.

3. FIRMS code processing is decentralized, manual, not real-time, and not incorporated into ACE: FIRMS code creation is a manual process, and administration is handled at the port level - with variation from port to port - leading to unnecessary complexity and confusion. Further, there is no automated FIRMS code reference within ACE. Instead, FIRMS codes are available only as a text file that is updated every 2 weeks. This hinders the use of active FIRMS codes, with ACE rejects being the only way filers are made aware of an issue with a particular code. This generates inefficiency and manual work for remediation.
Proposed Technical Solution: Centralize FIRMS code creation and administration in ACE, perhaps in the ACE Portal or with a stand-alone FIRMS code module. Automate processes for: requesting and creating new FIRMS codes; searching for or querying FIRMS codes; and requesting updates to FIRMS codes and accomplishing other related functions. Consider the addition of drop down FIRMS code functionality to ACE Truck and other manifest systems.

4. The 30-day in-bond transit clock does not "stop" when CBP places a shipment on hold: This appears to be an oversight in ACE programming. The trade is powerless to move a shipment when it is under a CBP or PGA regulatory hold. The in-bond clock (30 day), the G.O. clock (15 day) and the entry summary clock (10 day) should all stop if the goods are placed under a CBP hold and resume when the hold is removed.
Proposed Technical Solution: The in-bond clock should stop from the time when a shipment is placed on hold until the hold has been released. This is just a programming issue being addressed by CBP

5. Self-filer ability to file MAWB-level in-bond/local transfer: When an express carrier shipment moves on a conventional air carrier, confusion often arises when MAWB-level in-bonds and local transfers must be filed or adjusted. In cases where the conventional carrier has filed the MAWB with a nomination of the express carrier as agent, it would be efficient to allow the express self-filer to manipulate the MAWB TRN line.
Proposed Technical Solution: In air manifest, provide the ability for an express carrier house bill filer that has been nominated as an agent in the MAWB air manifest record to file in-bond/local transfers for the MAWB. This should be for AIR Only

6. Congestion delays: Congestion at origin rail ramps impacts the timely movement of in-bond shipments to destination.
Proposed Technical Solution: Have ability to stop clock based on delays at ramp, and have notice generated to CBP through ACE to allow clock extension until cargo physically moves. Customs to send an acknowledgement along with total new updated time remaining in the 30 day clock, which will now include the update from carriers.

7. The current regulations at 146.66(a) indicate that a transfer within port between zones with different operators may be done under an entry for immediate transportation via the in-bond application or other appropriate form with a CBP 214 filed at the destination zone. The existing QP/WP application however does not support the use of an IT since both the

origination and destination ports are the same. Additionally, as the original import bill of lading closed once the admission was concurred, there will be no existing open manifest record in the CBP's system to support the transaction. A manual bill (i.e. trucker' BOL) will be used for the transaction, which will not be reflected in the CBP manifest system. Although this cargo is a bonded move, this manual break creates a blind spot to visibility
Proposed Technical Solution: Create new single ACR/H01/ZCR that would allow carriers to submit at CTR or BL level indicating total "N" time of delay. Modify QP to accept a new type of transaction that would allow for the within port move using the same port code for origin and destination, if regulations continue to require IT. QP allow a manifest record to be created as part of the movement from the zone. Alternatively, create a stand-alone PTT capability that will create a manifest record, PID (unique PTT identifier) and provide visibility to the approval and receipt of the movement.

8. Bonded freight (FTZ and bonded warehouse) no longer traveling on the original bill of lading:
Currently there is a need to move by bonded carrier, shipments between or amongst FTZs and bonded warehouses located within the same CBP port. These movements are not tied to an international transportation bill and therefore cannot be handled under normal automated Permit-to-Transfer scenarios tied to a manifest or international transportation bill. The work around solution often used by local ports is to allow an in-bond to represent this intra-port movement, even though it is not allowed under the in-bond regulations.
Proposed Technical Solution: Automate the movement of bonded freight (FTZ and bonded warehouse) that is no longer traveling on the original bill of lading and is moving within the same port on a PTT that is created outside of manifest or e214 (currently using QP/WP).

END OF PAPER

Listed below are topics incorporated into the WP from the Facilities and Brokers "Home Work assignment"

COAC recommends the programming of house bill release in ACE to allow for the posting of CBP hold and release messages related to in-bonds against the house bill level, and the further the ability to query ACE notifications at the house bill level.	Topic 1	Added to topic 1
COAC recommends the creation of the automated ability to request a new FIRMS code for new facilities, within the ACE Portal.	Topic 6, Technical Solutions, Bullet Point 4.	Already contained within FIRMS code item in the misc. section
COAC recommends to automate the movement of bonded freight (FTZ and bonded warehouse), no longer traveling on the original bill of lading, within the same port on PTT created outside of manifest or e214 (currently QP/WP).	Topic 6, Technical Solutions, Bullet Point 12.	Added below the existing point on this topic in the miscellaneous section.
COAC recommends that all automated receiving terminals and facilities electronically acknowledge acceptance of the arrival of in-bond merchandise at their terminal/facility.	Topic 2	Added to policy section of Topic 2.
COAC recommends the automation of requesting a permit to manipulate cargo and the creation of new notification messages of the permit's approval, approvals against the lowest level bill.	Topic 2	Added to technical section of Topic 2.
COAC recommends giving the in-bond destination's inland FIRMS location Customs status visible prior to in-bond arrival at the destination FIRMS location.	Topic 1	Added to Pillar 2 in the policy section.
COAC recommends requiring all parties handling in-bond freight to be automated for visibility to real-time cargo status messages. This includes such entities as bonded warehouses, CFS, deconsolidation facilities and G.O. warehouses.	Topic 3	With edits, this has been added to the regulatory section of Pillars 1-3.

APPENDIX 1: TABLE OF COAC RECOMMENDATIONS ON IN-BOND

Rec. #	Date Approved	Recommendation Text	Rec. Status	WP	In-Bond WG Comments
10508	Oct. 2020	COAC recommends that CBP update the In-bond regulations to eliminate the unnecessary closure of active bonds and filing of subsequent in-bonds. Instead, a single in-bond should be able to be transferred among bonded parties, with liability for the in-bond shipment moving along with the physical transfers.	Open	Y	
10509	Oct. 2020	COAC recommends that CBP reprogram ACE to allow for the posting of CBP hold and release messages related to in-bonds against the house bill level, and the further the ability to query ACE notifications at the house bill level.	Open	Y	
10461	Jul. 2020	COAC recommends that CBP accept the White Paper as the basis of an in-bond modernization strategy. The white paper identifies key issues including trade and CBP visibility to all in-bond transactions, clarity of liability for bonded partners, the need for automated hand-offs between trade partners, addition of all modes of transportation to automation requirements, national policy harmonization and short term technical requirement changes to improve the current process, and align with the 21st Century Framework. The document provides strategic level solutions that will support movement toward regulatory changes, policy changes and / or technical changes across these issue areas. The In-bond White Paper is a working "living" document and will be modified and updated as solutions to the issues raised solidify, and give rise to future recommendations.	Open	Y	
10386	TBD	COAC recommends that CBP provide the bonded carrier (not only the QP Filer) with visibility of any in-bond HOLD, prior to the report of arrival at the destination port. Since carriers are no longer required to physically report to the port office, visibility is required for the real time routing of goods when an exam is requested by the port of destination after normal business hours. (recommendation 10 of 10)	Open	?	
10385	TBD	COAC recommends, due to the complexity and supply chain process needed for effective implementation of the proposed in-bond regulations, that CBP allow two (2) narrow categories of air shipments be exempted from the current intended IB-FR requirements for electronic arrival/export until such time the automation can accommodate below scenarios: Cargo originating in the US from either bonded warehouses or FTZs and are subsequently exported by air,	**CBP**: Closed - requested policy exemptions have been granted **In-Bond WG**: Agree	**N**	*Reference: See page 5, bullet 2 – CBP Automated In-Bond Processing Business Process*

		and Cargo arriving in the US on a mode of transport other than air and are subsequently transferred to air for exportation from the US or movement to a US port of entry (Recommendation 9 of 10)			*Document, July 26, 2019*
10384		COAC recommends that CBP allow benefits for expedited clearance for in-bond participants using FAST lanes at border facilities to expedite border transit. (Recommendation 8 of 10)	Open	N	
10383		COAC recommends that CBP make available information on in-bond events regardless of mode (in-bond and export) related to FTZ and warehouse operations that provides details of events, transfers of liability, responsible parties and status. Information regarding and the ability to update transaction events to be available both through the ACE portal and an EDI solution. (Recommendation 7 of 10)	Open		
10382		COAC recommends that CBP provide an automated solution to accommodate the required notations for zone-restricted cargo to facilitate CBP enforcement of the FTZ Board or TTB required export or destruction of ZR merchandise. (Recommendation 6 of 10)	Open	?	
10381		COAC recommends that CBP provide specific functionality be programmed across ACE modules to facilitate the movement and disposition of cargo that has CBP/PGA refusal/disaster recovery requirements, to allow the extension of the 30-day clock and/or the provision of a status/reason code for the post 30-day status, to facilitate effective handling of cargo that is refused entry or is impacted by an impediment to effective movement to final in-bond location. (Recommendation 5 of 10)	Open	Y	
10380		COAC recommends, due to the impacts of non-automated facilities within the in-bond supply chain, that CBP require all facilities that handle in-bond cargo to automate to the extent necessary to allow visibility into the transfer of liability of cargo and subsequent closure of in-bonds at the respective facilities. (Recommendation 4 of 10)		Y	
10379		COAC recommends that CBP develop written guidelines for electronically reporting the diversion of in-bond cargo, including the handling of entry filings in shipments that have been diverted. (Recommendation 3 of 10)		?	
10378		COAC recommends all automated manifest systems, and associated CBP policy, should be significantly enhanced to allow a carrier to assume liability (with approval from the initiating carrier) of the initial in-bond shipment, where the initial in-bond was applied in another mode and confirm the appropriate arrival/export by the assuming carrier. This will eliminate the need for multiple subsequent in-bond filing. (Recommendation 2 of 10)		Y	
10377		COAC recommends that CBP provide all necessary functionality to allow effective automation across all modes and between import and export cargo movements within the automated manifest systems, especially leveraging the		Y	

		planned truck refactoring and the automation of ocean export manifest processes in ACE prior to the next level of enforcement. (Recommendation 1 of 10)			
10336	Feb. 2019	COAC recommends that CBP automate the filing of the 7512 for in-bond pipeline movements across land borders to meet Census and data collection requirements as outlined in the SOP Appendix.		N	Pipeline WG recommendation. Captured here for reference due to in-bond tie-in.
10323	TBD	COAC recommends that CBP work closely with industry stakeholders to develop a comprehensive Information Technology (IT) plan across ACE modules to facilitate In-Bond automation. The principles informing the development of this plan should include the following: i. Carriers in all modes should be provided with the necessary functionality to accomplish all carrier related In-Bond automation requirements in the Automated Manifest System (AMS) and not be required to access the Automated Broker Interface (ABI) for such functions. ii. The timing to develop/implement new ACE functionality to allow efficient implementation of the final rule automation requirements should determine the effective date of a given automation requirement. iii. Automated solutions should be developed on a systemic basis to ensure stakeholders do not have to engage in manual workarounds to implement partial functionality. iv. CBP should leverage existing ACE automation projects, such as truck refactoring and automated export manifest, to the maximum extent to develop full In-Bond automation capabilities for both import and export across all modes. v. A timeline of no later than December 31, 2019 should be established by CBP to require all facilities that handle In-Bond freight to automate their In-Bond processes. (Recommendation 10 of 10)	**CBP**: Closed – superseded by incorporation into In-Bond WP and In-Bond WG intent to deliver Statement of Work to TSN In-bond Committee. **In-Bond WG**: agree	Y	
10322		COAC recommends that CBP publish clear and specific guidelines that explain what acceptable and adequate documents and/or procedures will satisfy CBP's Proof of Export requirements. Until an automated solution is available, suggested processes are to continue to allow CBP, upon request, to stamp CBPF-7512 or similar document containing the In-Bond number, outbound bill of lading, an official foreign government entry document or its electronic equivalent. (Recommendation 9 of 10)	**CBP**: Closed – requested procedures implemented and guidelines developed **In-Bond WG**: Agree	?	
10321		COAC recommends that CBP provide the ability to amend In-Bond transactions rather than the current process of having to delete and re-add full details of an In-Bond record. Efficiencies would be gained by both the trade and CBP with this additional functionality. (Recommendation 8 of 10)	Open	Y	
10320		COAC also recommends that the requirement for inclusion of a FIRMS code for all In-Bond cargo movements be	Open	N	

		deferred until there is mutual agreement to the capability and requirement for FIRMS application on all In Bond movements, including a suitable transition period to allow Trade to implement this new requirement. (Recommendation 7 of 10)			
10319		COAC recommends that CBP develop a capability, through the ACE portal or other electronic means, to provide real-time notice to the trade when a FIRMS code is activated or deactivated. This will ensure visibility to trade in the correct assignment of the required FIRMS codes for arrivals. This will ensure visibility to trade in the correct assignment of the required FIRMS codes for arrivals. (Recommendation 6 of 10)	Open	Y	
10318		COAC recommends that holds placed by CBP or a Participating Government Agency (PGA) on all cargo, including cargo moving In-Bond, should include disposition codes that identify the hold status of cargo by communicating what PGA has held the cargo, the reason the cargo has been held, the location the cargo must be moved to for inspection, and/or if the cargo is required to be exported or destroyed. (Recommendation 5 of 10)	Open	?	
10317		COAC recommends that CBP clarify and standardize what constitutes the legal boundaries that are allowed for the purpose of verifying content and piece count of In-Bond merchandise. In-Bond merchandise is frequently opened in order to verify the piece count and detailed specifications (make, model, serial number, etc.) of the goods prior to being exported. CBP periodically issues liquidated damage claims alleging unauthorized manipulation of the In-Bond merchandise. Since there is no definition of manipulation in the regulations, trade stakeholders lack the opportunity to know with certainty what actions are prohibited when verifying In-Bond merchandise. (Recommendation 4 of 10)	**CBP**: Closed – requested clarifications completed and guidance issued **In-bond WG**: Agree	Y	
10316		COAC recommends that visibility to CBP cargo status be given to both the carrier and broker as soon as possible and earlier than is currently done. Today, visibility to the CBP status of cargo moving under bond is not provided to the carrier until messages are received by CBP that report the arrival of the cargo at the In-Bond destination port, precluding the ability to effectively manage delivery within the In-Bond facility free time. (Recommendation 3 of 10)	Open	Y	
10315		COAC recommends that ACE functionality be developed to send push notifications to the party whose bond has been obligated when a shipment is nearing the 30 day maximum time, similar to the ACE General Order clock functionality that generates 1R/1S-type notifications, in anticipation of the enforcement of a strict maximum 30-day In-Bond total transit time. (Recommendation 2 of 10)	Open	Y	
10314		COAC recommends that CBP enhance ACE Reports to allow bond owners to access as much data as legally allowed, for every bonded movement of cargo that has	**CBP**: Closed – requested enhancement	Y	The implementation of Rec. 10314

		obligated their bond. This will enable bond owners to effectively manage legal obligations that are created by the use of their carrier or custodial bonds, based on below requirements: Regardless of the mode of transportation in which a bond was initiated at a minimum the report should display information that will identify the physical shipment i.e. arriving carrier, bill of lading, pieces and weight as well as the party that has obligated their bond. (Recommendation 1 of 10)	s completed and implemented. **In-bond WG**: Agree		has revealed a new and related issue: there is not always enough information returned in the report to allow carriers to identify all shipments for which they carry in-bond liability. This topic is addressed in the WP.
10183	Mar. 2017	Express air shipments moving multimodal (ground-to-air and air-to-ground) on trucks across the Northern and Southern Borders, commonly referred to as "Flying Trucks", are still required to stop at the border to present paper in-bond documents. This includes shipments exporting from an FTZ. The current manual processes result in inefficiencies and service delays. There are a number of disparities/gaps in functionality today, such as - Air Manifest-originated in-bonds can be closed in QP/WP, but QP-originated in-bonds cannot be closed in Air Manifest, and most carriers and many forwarders use only Air Manifest. - For shipments moving entirely by air, Air Manifest can be used to electronically arrive and close all in-bonds, but this electronic capability disappears once a shipment moves to a different mode. The same "full-electronic" capability should exist in all modes of transportation, including inter-modal moves. To automate in-bond processes, full and robust ACE functionality must be adopted to open, arrive (e.g., transmit an ASN 3 message) and close/export (e.g. ASN 7 message) all transportation in-bonds, including those for shipments moving inter-modally. We therefore recommend that functionality be incorporated into in Air (import) Manifest, QP/WP and the new export manifest systems (air and truck) so that all in-bonds, regardless of the modal or functional (e.g., ABI versus manifest) ACE system in which they were originated, can be electronically arrived and exported. The new functionality must include the ability to create - in the manifest system - electronic in-bonds for export shipments originating from an FTZ, and the ability to use both CBP 4-digit port codes or		Y	Export Subcommittee Rec. Captured here for reference due to in-bond nexus.

		three-letter airport codes in all ACE applications to enable creation and arrival/export of in-bonds.			