

**Commercial Customs Operations
Advisory Committee (COAC) Intelligent
Enforcement Subcommittee
Bond Working Group
Draft Recommendations**

July 15, 2020



Due to the COVID-19 pandemic and its impact on the economy to businesses of all sizes, it is more important than ever to ensure bonding requirements are fair and uniform to avoid any unnecessary burden on the trade while protecting CBP at the same time. Accordingly, it's important that CBP update [Customs Directive 3510-004 Monetary Guidelines for Setting Bond Amounts](#) which provides the procedures the trade can follow to establish bond amounts.

Since the COAC meeting on April 15, 2020, the Bond Working Group reviewed prior recommendations to determine a path forward. We prepared the following recommendations and background paper to present at the COAC meeting on July 15, 2020.

Recommendation

Customs Bond Directive: In support of prior recommendation 10095, COAC recommends that CBP update Customs Directive 3510-004 prior to the next COAC meeting scheduled in October 2020. This directive was issued in 1991 and has not been updated to reflect the current environment in ACE for single transaction bonds and other bond types.

In addition, the directive does not provide uniform guidance to determine the amount of Foreign Trade Zone (FTZ) Bonds per recommendation 10307 or Pipeline Operators per recommendation 10338. COAC recommends the Customs Directive be updated to include the following changes:

- a) Pipeline Operators should be defined so it is clear which bonds are required to transact business.
- b) FTZ Operators should have a defined continuous bond formula that all ports can follow uniformly, subject to a \$50,000 minimum per current regulation. The Bond Working Group provided several suggestions for bond formulas CBP can consider given the very low risk of duty exposure and loss experience including:
 1. \$50,000 minimum + \$10,000 per additional FTZ location.
 2. 10% of the duty liability for the goods stored in the warehouse based on the daily snapshot of FTZ inventory.
 3. 3% of the value that is dutiable based on the daily snapshot of FTZ inventory.