

COAC Export Subcommittee
Export Mapping Work Group
Education Package

August 7, 2013

Introduction

- Given the Subcommittee's [statement of work](#), the 12th Term findings, and the pending export regulatory changes, the initial tasking of the 13th Term Export Subcommittee was to begin with the basics of export education.
- The achievement methodology used was simple: uniquely discuss each export type and produce a presentation package containing a current state process map, with trade areas of opportunity and potential advance data issues identified, and initial trade solutions noted.
- The tasking was assigned on March 6, 2013 and was closed on August 7, 2013 with the attached education packages and follow-on recommendations to COAC. It is important to note that the recommendations were developed in response to the emergence of solutions to areas of opportunity discovered as recurring themes. For ease of transparency, solution descriptions found in each education package are provided beneath the recommendation heading.

Introduction

- In order to deliver a timely, accurate, and comprehensive work product, the Export Subcommittee's subject matter expertise was required to expand; therefore, the Export Mapping Work Group (EMWG) was established to engage both government and trade subject matter expertise.
- The EMWG convened weekly via conference call over a 3 month period for discussion and the analysis of work products in the following subject matter areas:
 - Commodity (Licensed, Non-Option 4 / Pre Departure Except Licensing, Option 4)
 - Manifest (Air, Ocean, Rail, Truck)
 - Mexico/Canada (validation point)
- Additionally, the EMWG sought and incorporated public input using three export surveys individually targeted at exporters, carriers, and brokers.

Introduction

- The Education Packages produced via the EMWG process are a trade work product designed to educate - both government and all sectors of the supply chain - on the practical functioning and challenges of today's U.S. export system, and to elaborate trade's concerns with potential advance data developments already underway.
- They are presented to CBP as a starting point for further discussion, to be used as a base reference document in the development of synthesized, comprehensive recommendations by the follow-on work groups that the Export Committee has recommended to COAC.
- In addition to the trade input already obtained via the EMWG itself and the exporter, broker and carrier export surveys, the Export Subcommittee determined that it was desirable to publish these export education packages to the general trade community for the purposes of generating additional discussion/commentary and validating the export recommendations to be delivered over the course of the 13th (and likely into the 14th/15th) COAC term.

Introduction

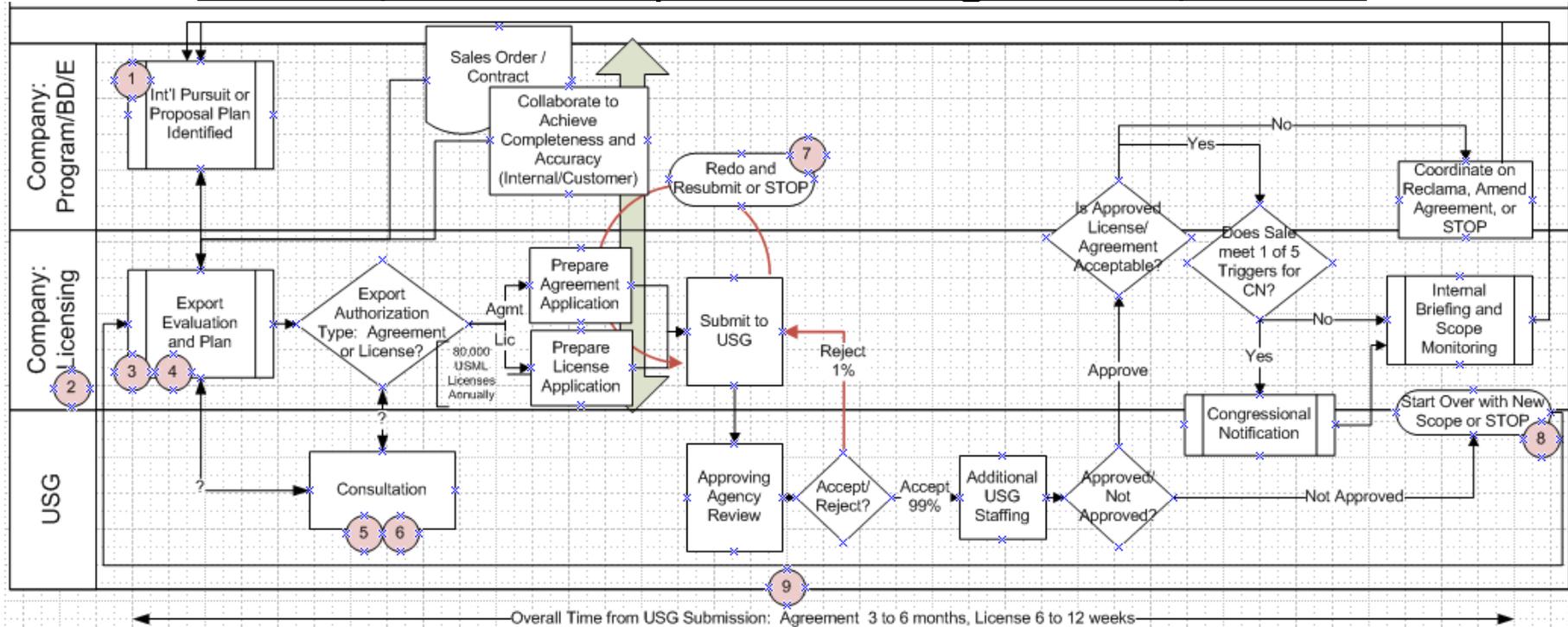
- The individual Education Packages are found on the following slides:
 - Commodity – Slides 6-22
 - Licensed: Slides 6-11
 - Non-Option 4 – Pre-Departure Except Licensing: Slides 12-15
 - Option 4: Slides 16-22
 - Manifest – Slides 23-68
 - Air: Slides 25-42
 - Ocean: Slides 43-54
 - Rail: Slides 55-63
 - Truck: Slides 64-68

COAC Export Mapping Work Group *Commodity Education Package*

Group: Commodity

Category: Licensed

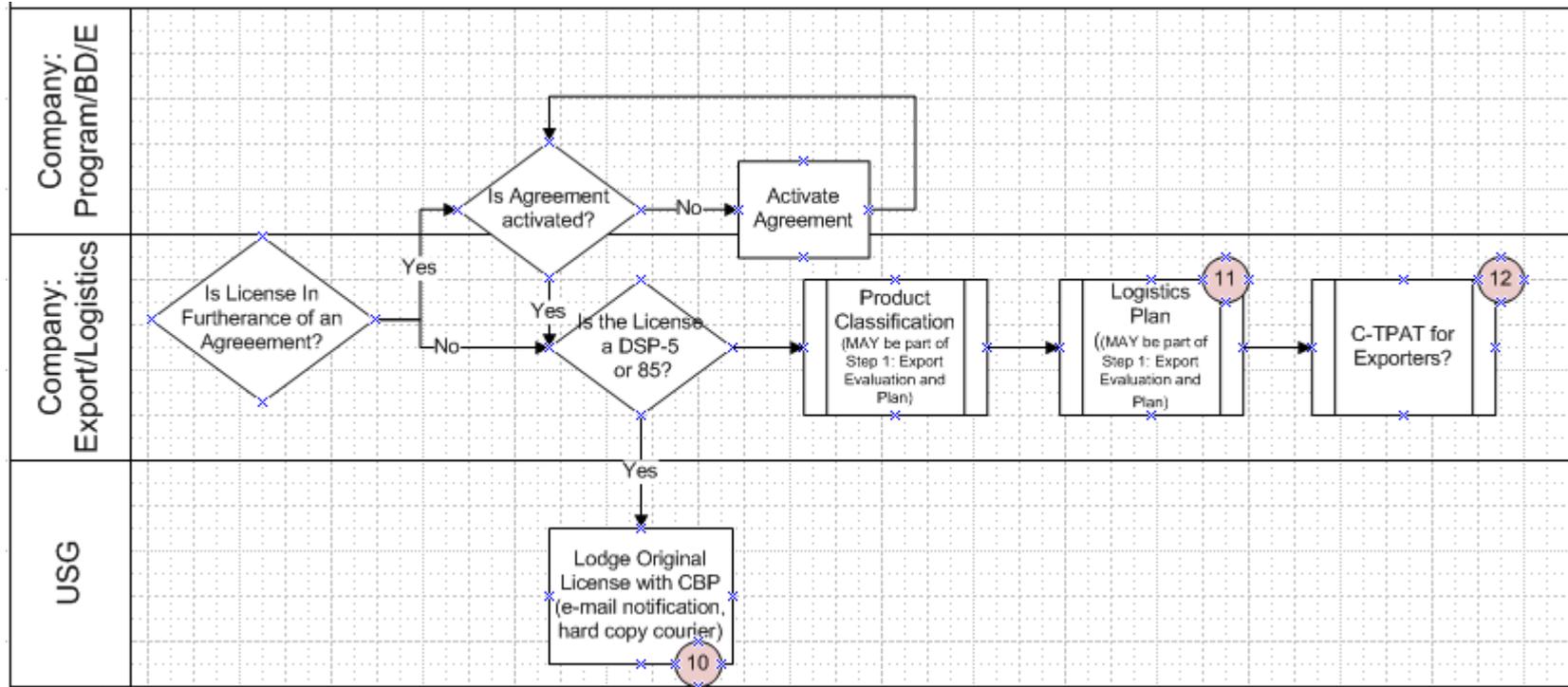
Commodity: License: Step 1: Obtain Agreement/License



Areas of Opportunity:

1. Denied party screening require use of several lists
2. Competency limitations between licensing, export, import, and logistics cause misunderstandings
3. USML or CCL? Confusion
4. USML to CCL to USHTS/B Translation Gap. Increases complexity
5. USG training and guidance gaps contribute to port variation
6. Several regulations contain varying controls that cause trade increased work. Misunderstood USG benefits.
7. Start license process over if the authorizing agency was interpreted incorrectly by the company
8. Limited flow down of authorization data elements
9. Time consuming: lost sales

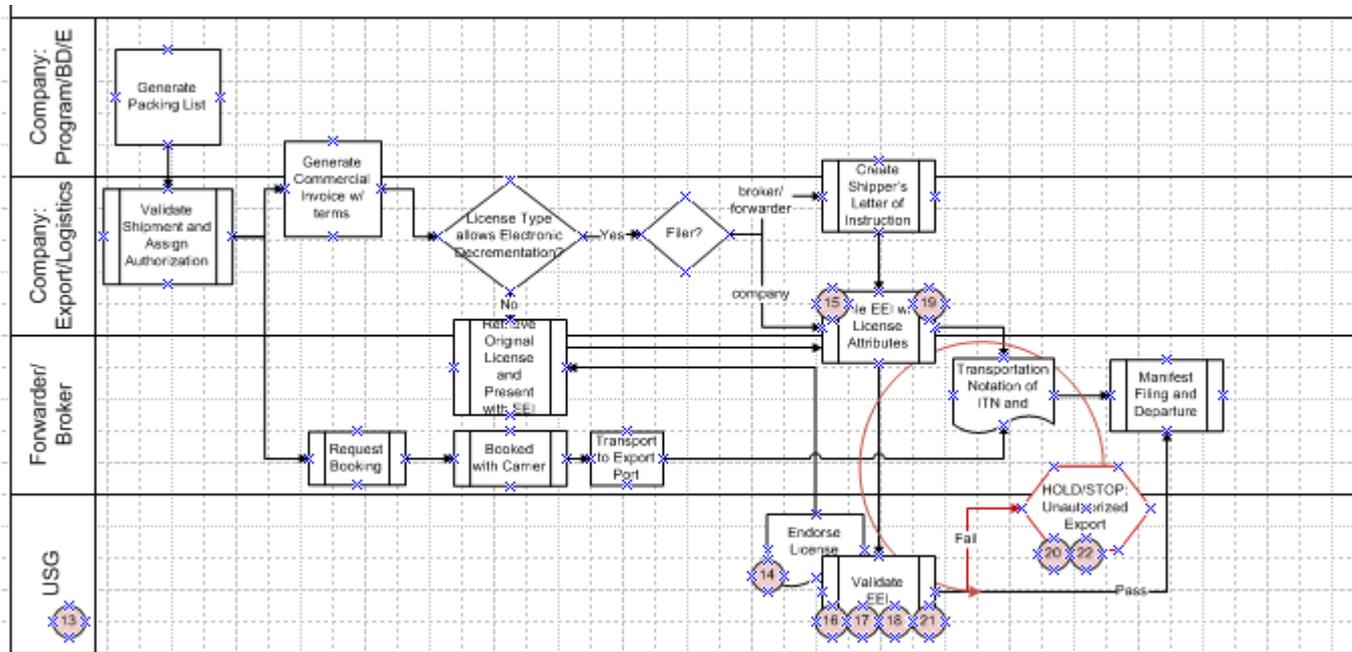
Commodity: License: Step 2: Pre-Shipment and Declaration Preparation



Areas of Opportunity:

10. ITAR lodging of DSP-5
11. Identifying transport entities and routings at the time of license submission
12. Customs- Trade Partnership Against Terrorism for exporters

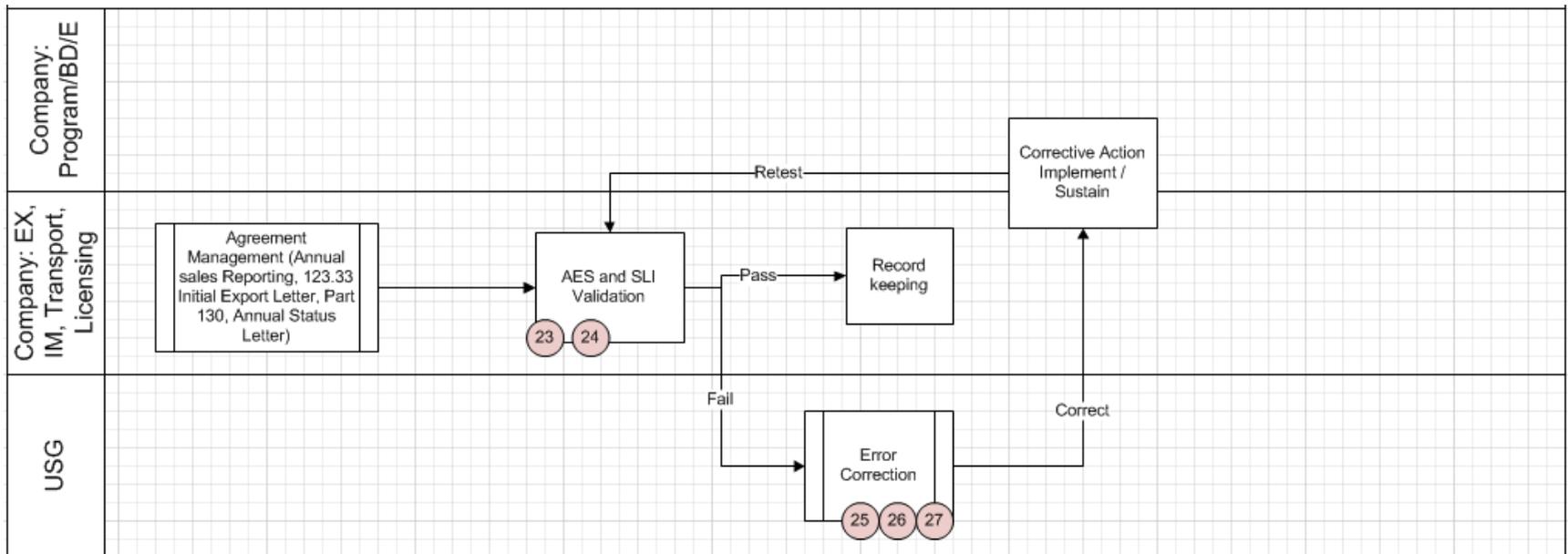
Commodity: License: Step 3: Export Declaration Filing



Areas of Opportunity:

13. USG request for guidance flowing up; USG interpretation flow down
14. ITAR manual endorsement process for temporary licenses
15. Export/Import manual matchup (Import decl. of customer returns)
16. Exception and exemption (e.g. body armor) management and CBP declaration requirements
17. Defense Trade Cooperation Treaties
18. Incorrect ECCN/License
19. New FTR Regulations: License value
20. Exodus Team and Transparency
21. Routed transactions
22. Variable Port Practices (ex non-technical errors and FTR penalties)

Commodity: License: Step 4: Post-Shipment Export Controls



Areas of Opportunity:

23. Cumbersome military duty free post-entry evidence process
24. Lack of a trade-facing (e.g. USPPI) government portal containing export data and export corrections
25. Non-technical errors produce FTR penalties
26. Understood, agreeable, and automated post entry process
27. Hand Carriage of licensed goods cause compliance concern due to port and traveler variation

Prioritized Solutions

- The team reviewed 53 recommendations associated with the 26 unique areas of opportunity and developed the following categorization of the recommendations:
 - Develop a Combined Government Approach to Risk, Process, Guidance and Correction to aid Licensed Exporters
 - Reduce Redundancies/Streamline the Licensed Export Process, including DSP-73/61 automation and DSP-5 lodging
 - Increase Export Visibility and Transparency and Question/Correction Operations for Licensed Exporters
- Feedback from Small Business sector:
 - Tax incentives for SBA export compliance staff
 - Continued promotion of the US Export Assistance Centers
- For detailed information relating to the areas of opportunity and solutions, please review the attached document:



Microsoft Word
Document

COAC Export Mapping Work Group

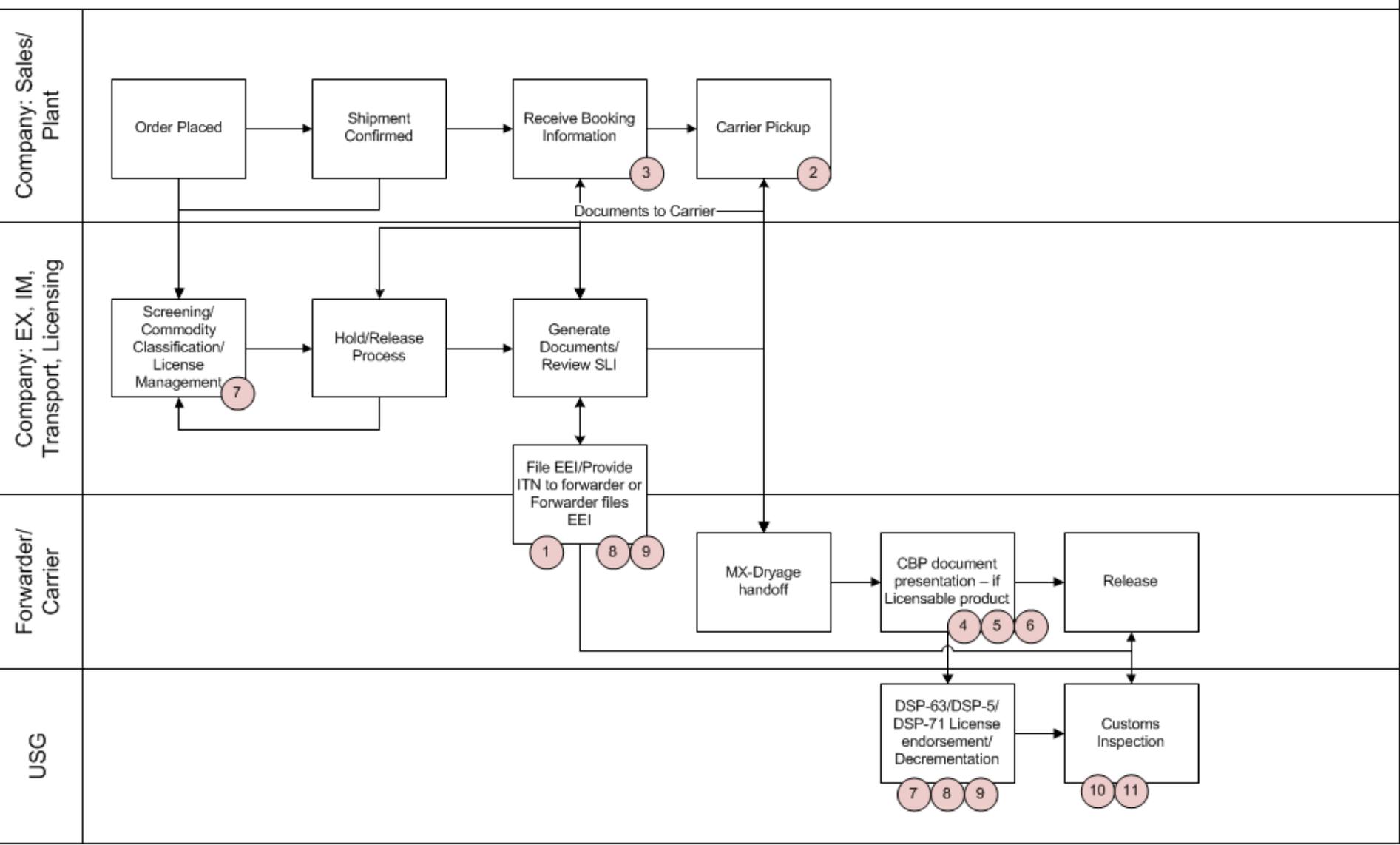
Commodity *Education Package*

Group: Commodity

Category: Non-Option 4

(Pre-Departure except Licensing)

Non-Option 4



Non-Option 4 (Pre-Departure Filings other than Licensing) Areas of Opportunity – All Modes:

1. Self filers - Exporter may not have all the information relating to the carrier/trailer and/or drayage due to changes/the exporter located too close to the port; exception handling relating to truck breakdowns etc.
2. Port changes due to traffic or weather or strike and if EEI already filed, potential violations and penalties. Also, documents handed off to the inland carrier but not the forwarder/outbound carrier
3. Lack of carrier information or confirmed quantities/products for locations close to the border
4. Possible changes to shipment data due to - Value changed / sold to changed / Quantity License document missing or incorrect license document provided
5. Outbound autos – stop for 72 hours for customs verification (self propelled vehicles)
6. Manual OGA documents – Health certificates, USDA inspections, HAZMAT docs
7. Customs endorse wrong value on DSP-63; decrements wrong DSP-5/or decrement wrong values or quantities. Exporter cites wrong exception/exemption and/or license. Lodging of DSP License and communication issues between exporter and forwarder due to manual submissions.
8. Communication issues between broker/carrier/forwarder (missing paperwork, ITN, license etc.)
9. Authorization from exporter to forwarder to file EEI
10. Shipment holds on consolidated shipments
11. Letter of Credit changes due to shipment delays

Solutions:

- Centralized data portal with EEI, License, CJ, CCAT information
- Centralized screening portal
- Correction of Data Elements without penalties such as port, quantity, value etc. for non-licensable items through a Post Shipment Correction process on the web
- Further discussion on types of changes that can be done for licensable project ex. Changes to port, departure time, MoT etc.
- Ability to transmit carrier BoL data elements after the EEI commodity data is filed
- Separation of the carrier data and the exporter data – ability to file separately and AES to connect
- Ability to file with Part/SKU and even serial numbers – makes it easier for tracking and tracing and for returns/repairs (in particular SMEs). This will also help in license management
- Trusted supply chain partner set-up in AES by exporter (electronic authorization on who can file)
- Access to routed shipment data through the portal (need to be more data elements than what is currently provided on the FOIA requests)

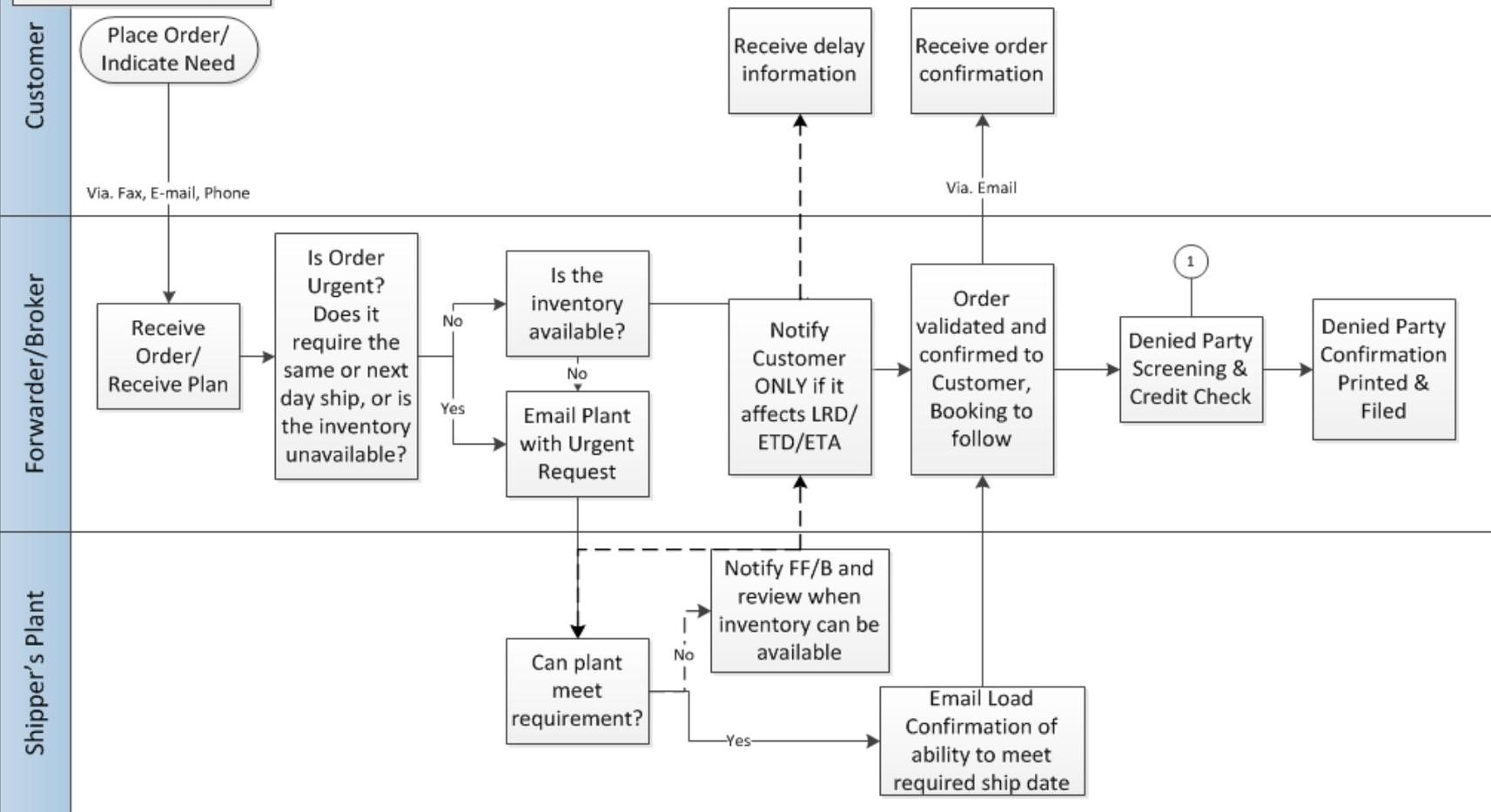
COAC Export Mapping Work Group *Commodity Education Package*

Group: Commodity

Category: Option 4

Option 4 Export Process Flow (1)

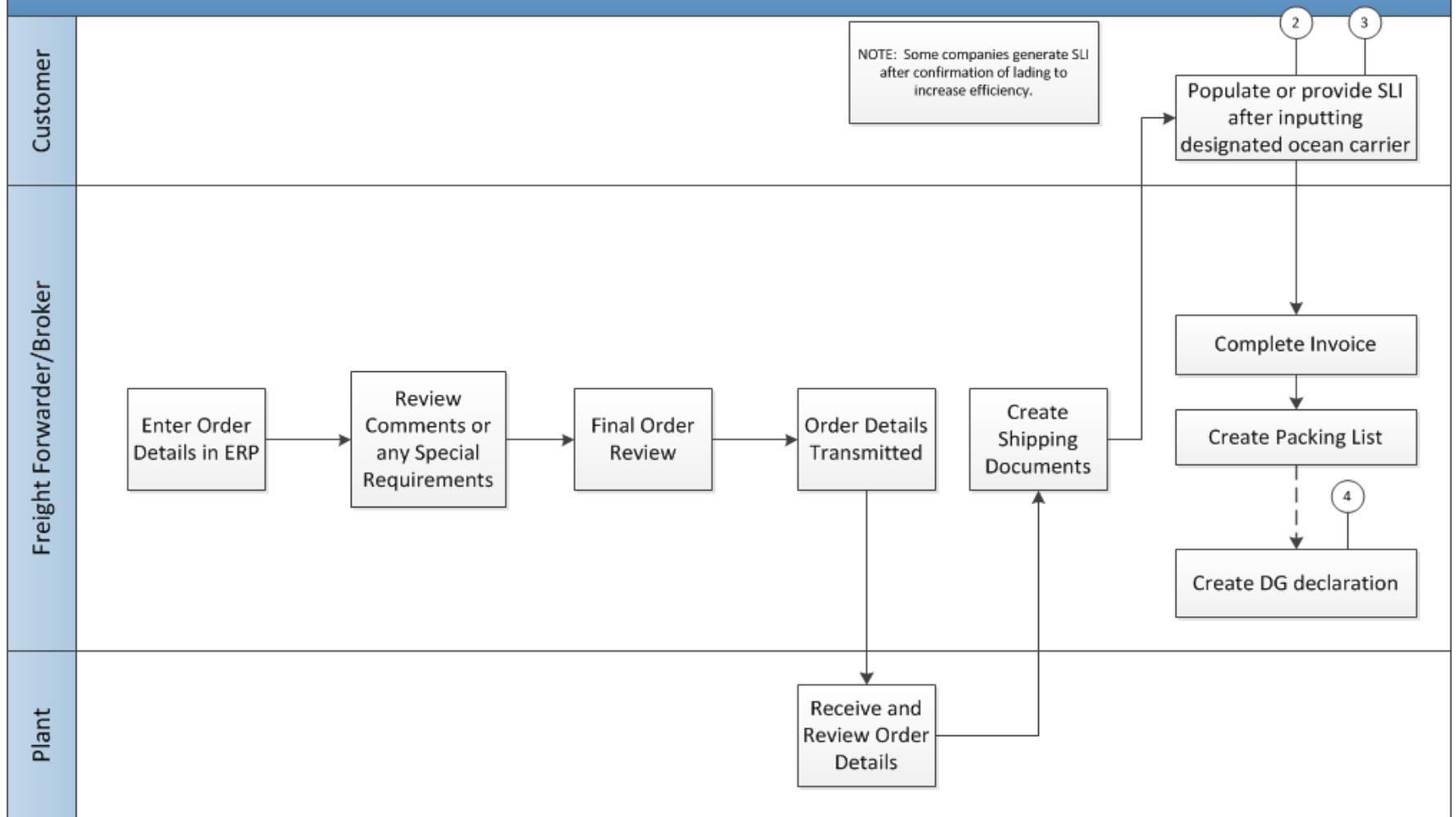
NOTE: This process begins with an order, and is representative of only some exporters. This flow was provided to reflect all possibilities, and should be read accordingly.



Areas of Opportunity:

1. Multiple lists, risk of missing a list, process for resolution assistance is unclear/unresponsive.

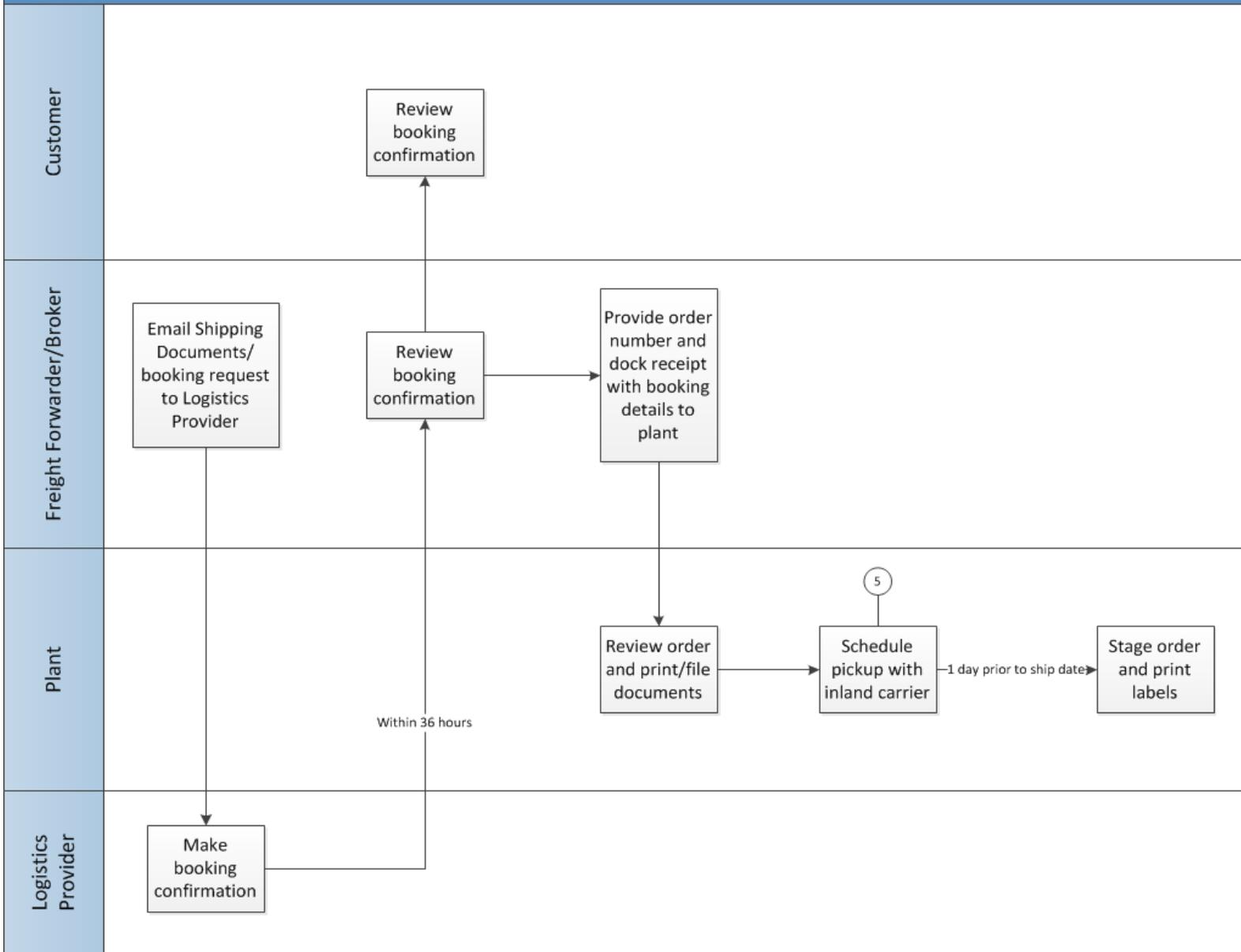
Option 4 Export Process Flow (2)



Areas of Opportunity:

2. Holding SLI for transportation information
3. Providing paper SLI to filer causes EEI errors
4. Manual HazMat Documents and other government agency documentation

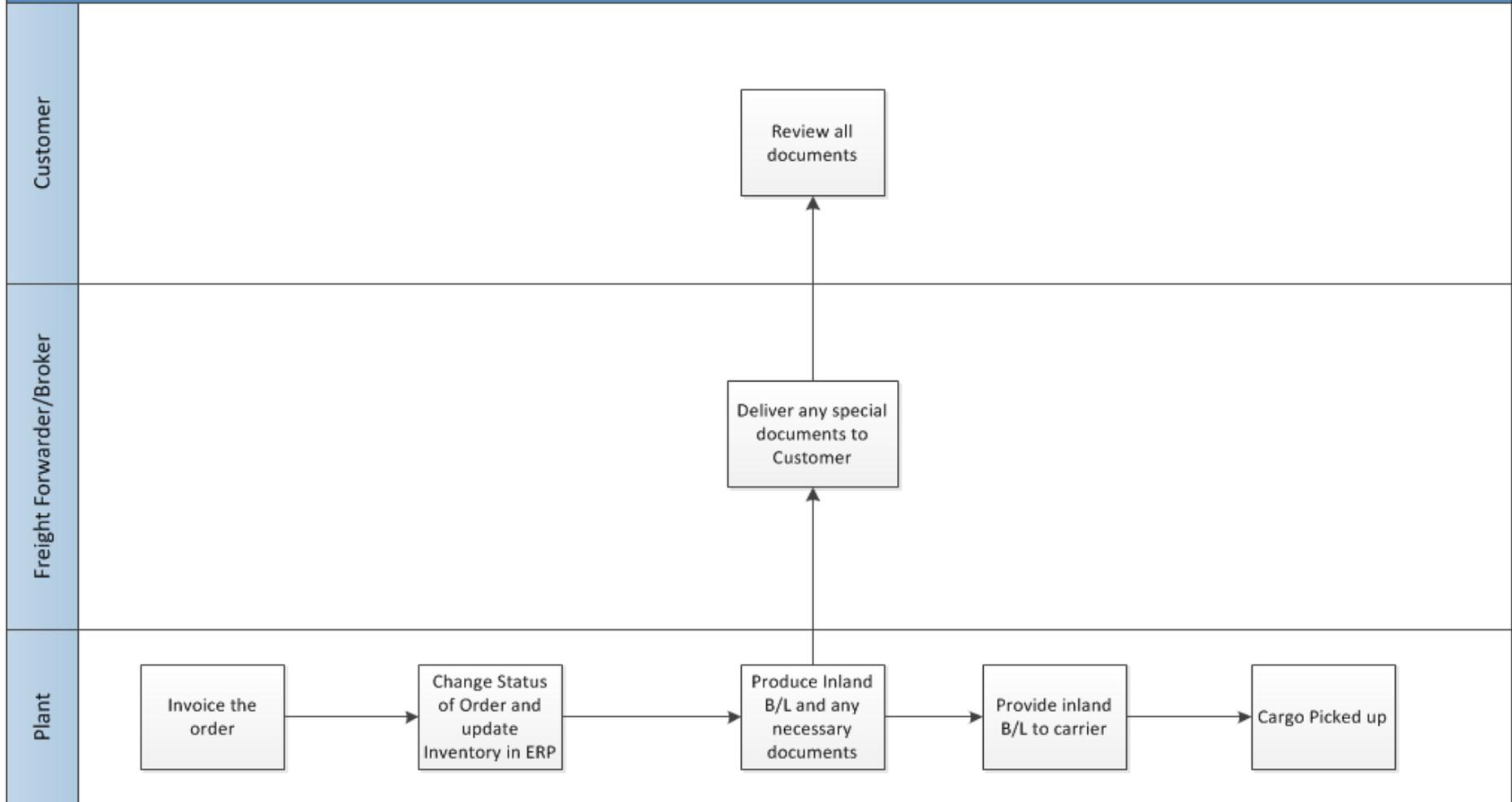
Option 4 Export Process Flow (3)



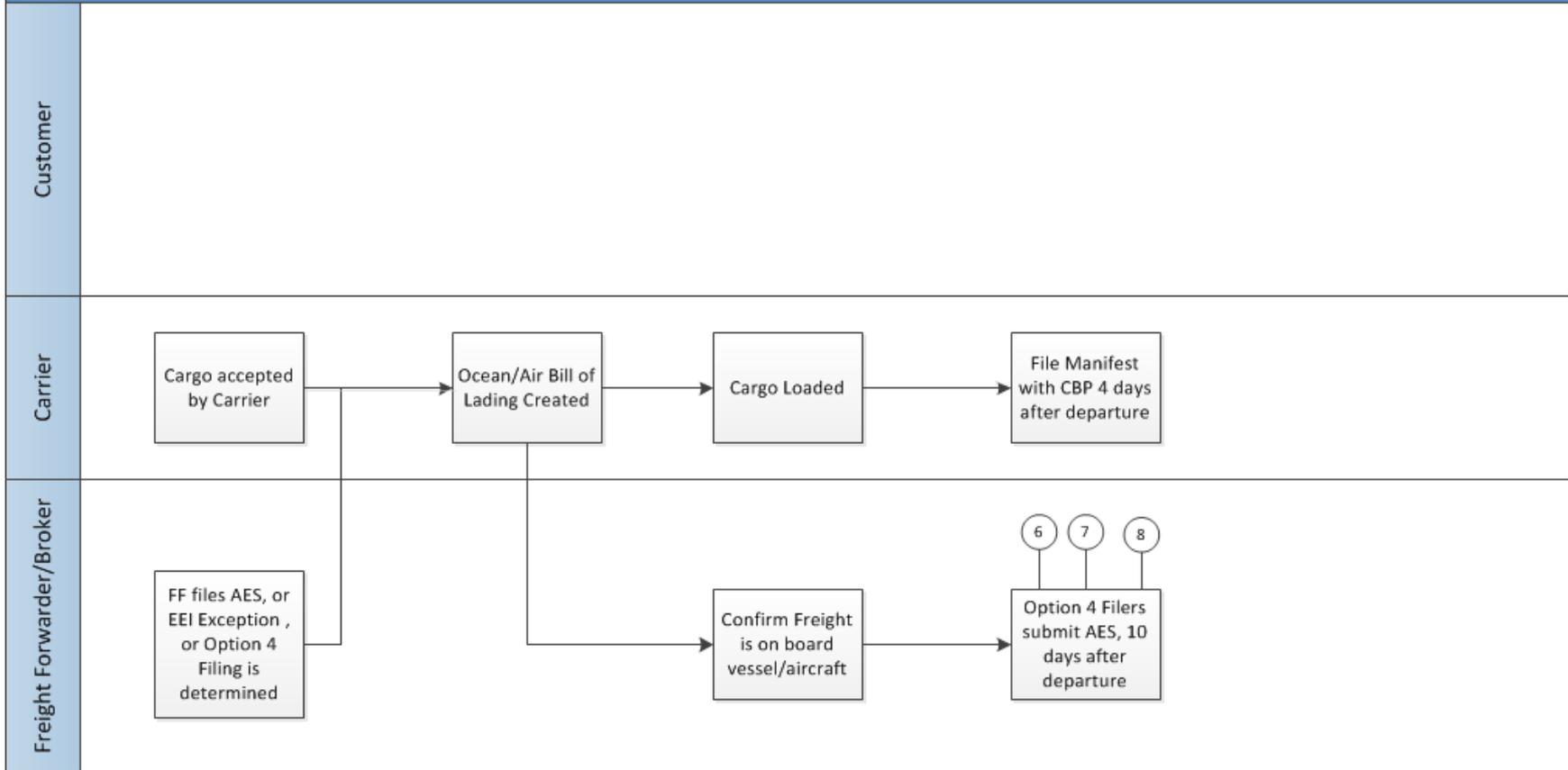
Areas of Opportunity:

5. Missing Pickup/Dropoff windows causes Letter of Credit updates (conveyance availability, weather, etc.)

Option 4 Export Process Flow (4)



Option 4 Export Process Flow (5)



Areas of Opportunity:

6. Misunderstanding of Filing Role by Parties may cause a Failure to File.
7. Lack of real-time filing data availability for non-filers but named and authorized parties.
8. Annual data requests are provided in varying formats year over year.

Option 4 Solutions

- The option 4 process allows exporters/filers to:
 - Increase accuracy of filings and decrease re-transmissions. Due to filing timing closely representing a final business transaction, accuracy is increased while revisions are decreased.
 - Operate at the speed of business. Business negotiations cause (sometimes frequent) change to quantity/value, port of export, conveyance, customer, etc. for a particular transaction. AES option 4 allows for this change without the burden of costly re-filings.
- Solutions:
 - Provide an automated real-time portal for authorized parties to review filings. Portal should include fixed reports for download.
 - Increase AES filing amount from \$2500.
 - Provide a single denied party screening list.
 - Automate manual data submissions.

COAC Export Mapping Work Group

Manifest Education Package

Group: Manifest

Category: All Transport Modes - Introduction

Manifest Initial Solutions Overview

- Standardize the CBP approach to developing pilot strategies and concepts, and communicate in advance through industry partnerships and trade associations
- Apply cost/benefit and risk-management analysis to new requirements
- Incorporate “ACAS Best Practices” in development of automated export system for all modes
 - Utilize Industry-standard messaging when possible
 - Promote early submission of data by decoupling shipment and transport information
 - Impose requirements on the supply chain party having direct knowledge of it, per the mandate of the Trade Act of 2002, in order to:
 - Allow early targeting and hold resolution, and
 - Secure delivery of more accurate data to the government
 - Eliminate burdensome inter-party communications, filing corrections, and manual carrier AES data entry (and associated data entry errors).
- Facilitate transparency by enabling simultaneous, real-time status updates to all data submitters.
- Incorporate in-bond functionality / document submission
- Ensure seamless multi-modal functionality for inter-modal shipments
- Harmonization and elimination of duplicative regulatory requirements at the U.S. border with Canada and Mexico for rail and truck carriers

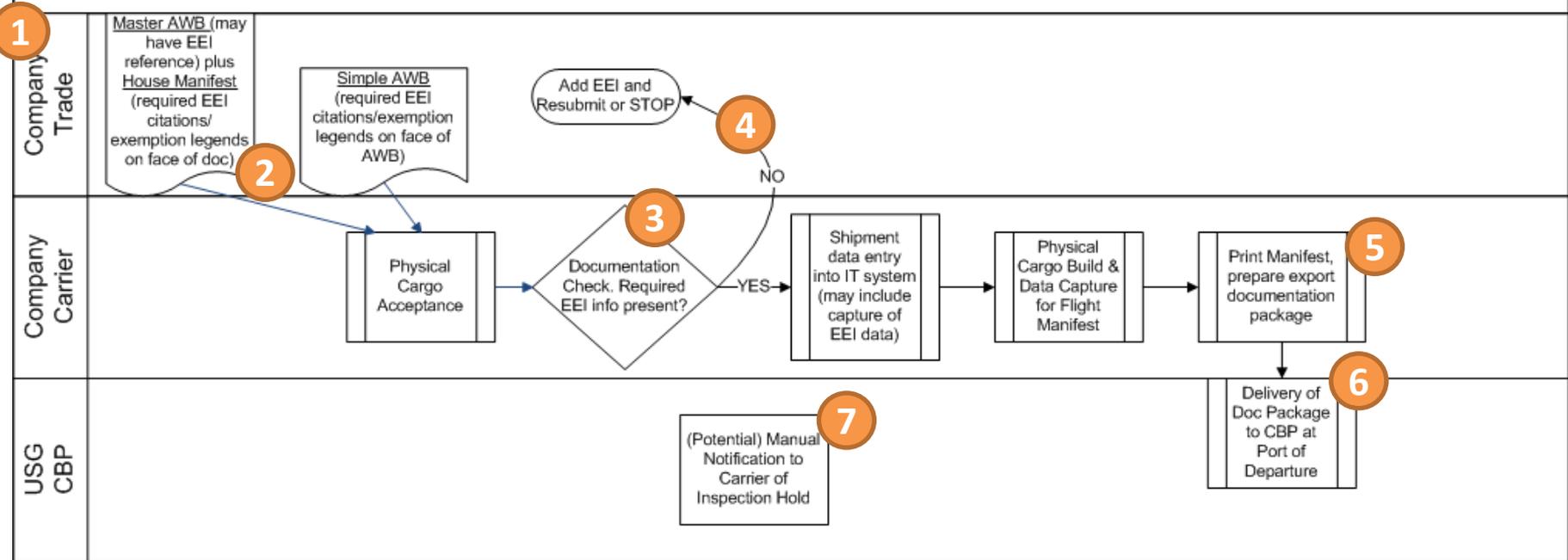
COAC Export Mapping Work Group

Manifest Education Package

Group: Manifest

Category: Air

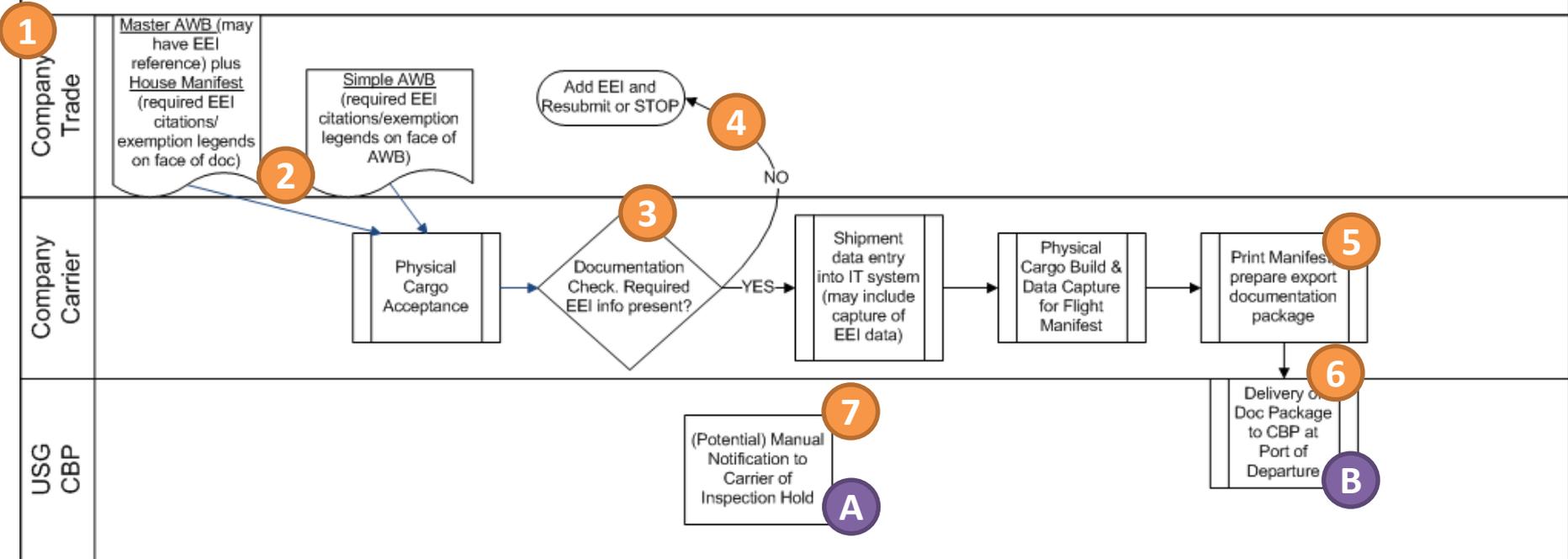
Export Manifest Air – Step 1 – Current Process for Non-Split Shipments



Explanatory Notes:

1. "Trade" - Cargo may be tendered to the carrier directly by the shipper or by an intermediary such as a freight forwarder/IAC.
2. Per 15 CFR 30.7, USPPI or his authorized agent must provide proof of filing citation, post-departure filing citation, AES downtime filing citation or exemption/exclusion legend to the exporting carrier on the first page of the BoL (for air, the house air waybill is the equivalent document), AWB, or other commercial loading document. In some cases, the carrier may offer services as an agent of the USPPI and complete the AES filing itself. Note, in the case of express carriers, shipments are accepted as individual house bills, with MAWB creation by the carrier itself much later in the process.
3. Per 15 CFR 30.45(f) and 19 CFR 192.14 (and the revised 15 CFR 30.3(c)(3), as issued in a final rule by Census on 14MAR13), carriers are not permitted to load cargo without all proof of filing citations, or exemption/exclusion legends, therefore an EEI check is normally performed at cargo acceptance.
4. At this point, carriers may accept the shipment and hold it until data is provided, or refuse to accept the shipment, or if acting as the agent of the USPPI, enter the required AES data and/or exemption legend.
5. Per 15 CFR 30.7 and 19 CFR 192.14, carriers are required to annotate the proof of filing citation, exemption or exclusion legend on the carrier's outbound manifest, and present the appropriate proof of filing citation or exemption legend to the CBP Port Director at the port of export. Per 15 CFR 30.45, for consolidations carriers are required to state "Cargo as per bills of lading attached" (often "Cargo as per attached house manifest" for air carriers) on the manifest, and attach the bills of lading or other commercial documents with the filing citation (for all shipments requiring an AES filing).
6. Per 19 CFR 122.72, air carriers are required to file an export cargo manifest and required Shipper's Export Declarations (paper SED requirement superseded by current AES requirements in 15 and 19 CFR) at the port of export. Per 19 CFR 122.74, carriers (with some restrictions) may file the full manifest with AES filing citations up to 4 days after flight clearance/departure.
7. Per 19 CFR 192.14, after notification from CBP, carriers must deliver cargo identified as high-risk to CBP for inspection, or if already departed, redeliver the cargo in accordance with the terms of the carrier's international carrier bond.

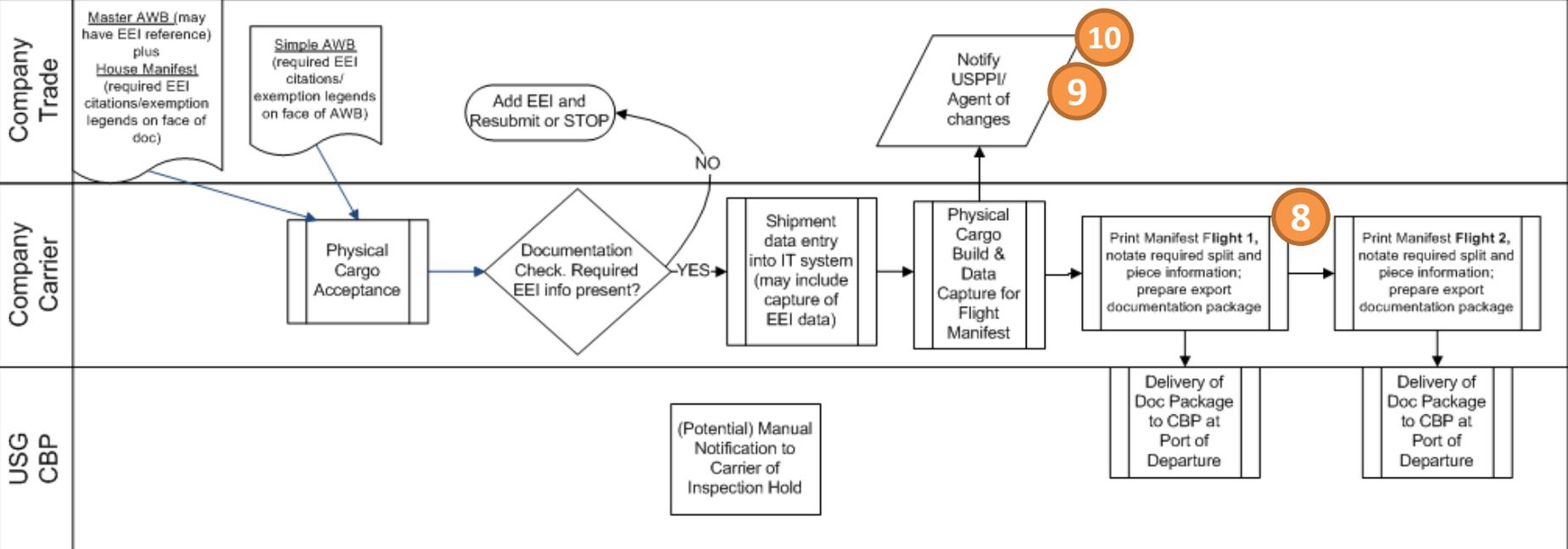
Export Manifest Air – Step 1 – Current Process for Non-Split Shipments



Current Areas of Opportunity:

- A. Unclear resolution processes, and significant port-to-port variation, for shipments on hold for inspection.
- B. E-freight implications: Because carriers are required to file a paper manifest by 19 CFR 122.72, and required by 15 CFR 30.45 to attach bills of lading or other commercial documents with AES filing citations to the manifest, it is difficult if not impossible to move to a paperless e-freight environment for freight outbound from the U.S.

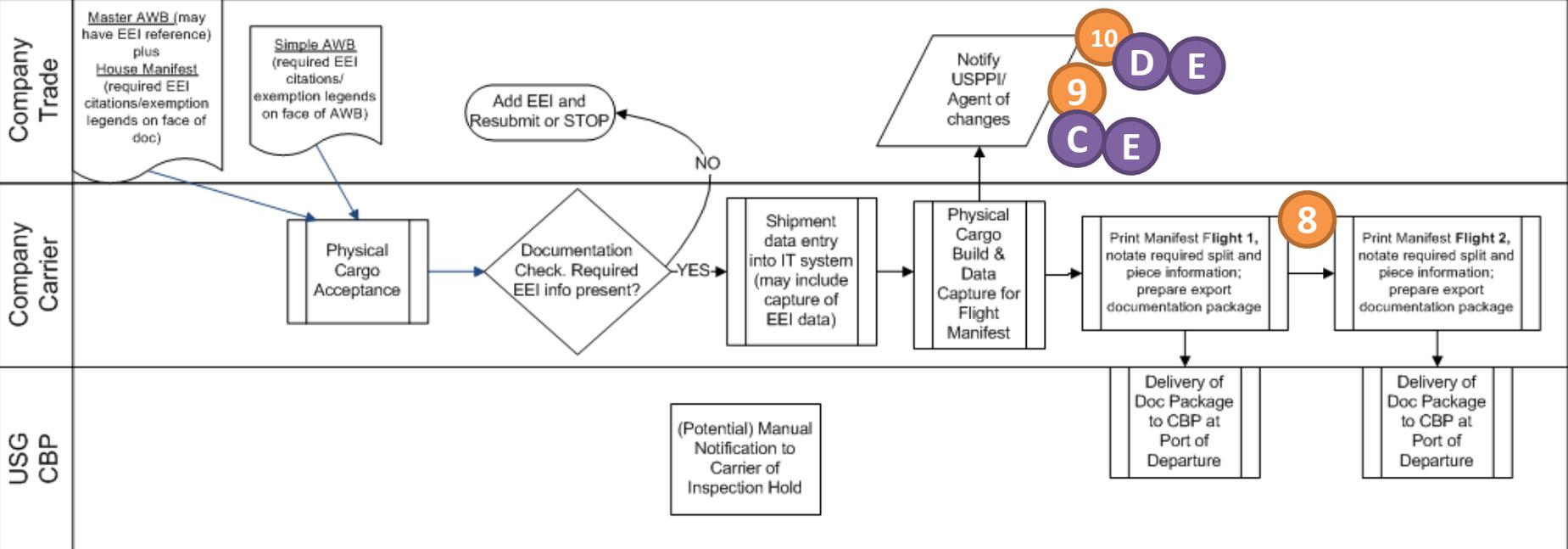
Export Manifest Air – Step 2 – Current Process for Split Shipments



Explanatory Notes:

- Per 15 CFR 30.28 and 15 CFR 30.45, carriers must notate the manifest of each flight with split shipment information.
- Per 15 CFR 30.45, if the split is between the intended carrier and another carrier – a “partially exported shipment” - the carrier must notify the USPPI or his authorized agent of “changes to the commodity data” to allow the USPPI/Agent to correct his AES filing.
- Per the revised language of 15 CFR 30.28 and 30.3(c)(3), as amended by the final rule published by Census on 14MAR13 (effective 01JAN14), and as expected to be further amended by an FTR letter not yet issued, when an carrier splits a shipment over flights where the last piece of the shipment departs from the US more than 7 calendar days after the first piece departed, the carrier must notify the USPPI/Agent of the transportation information and a new EEI must be filed /amendments made to the previous filing. Until the referenced FTR letter is issued, a time limit of 24 hours, in place of 7 calendar days, is applicable to air shipments. The 6-day extension to the original time limit was agreed to by Census, CBP and industry after intensive discussion and analysis of air carrier operational scenarios, and should eliminate the vast majority of problems that would have arisen from implementation of the original 24-hour time limit.

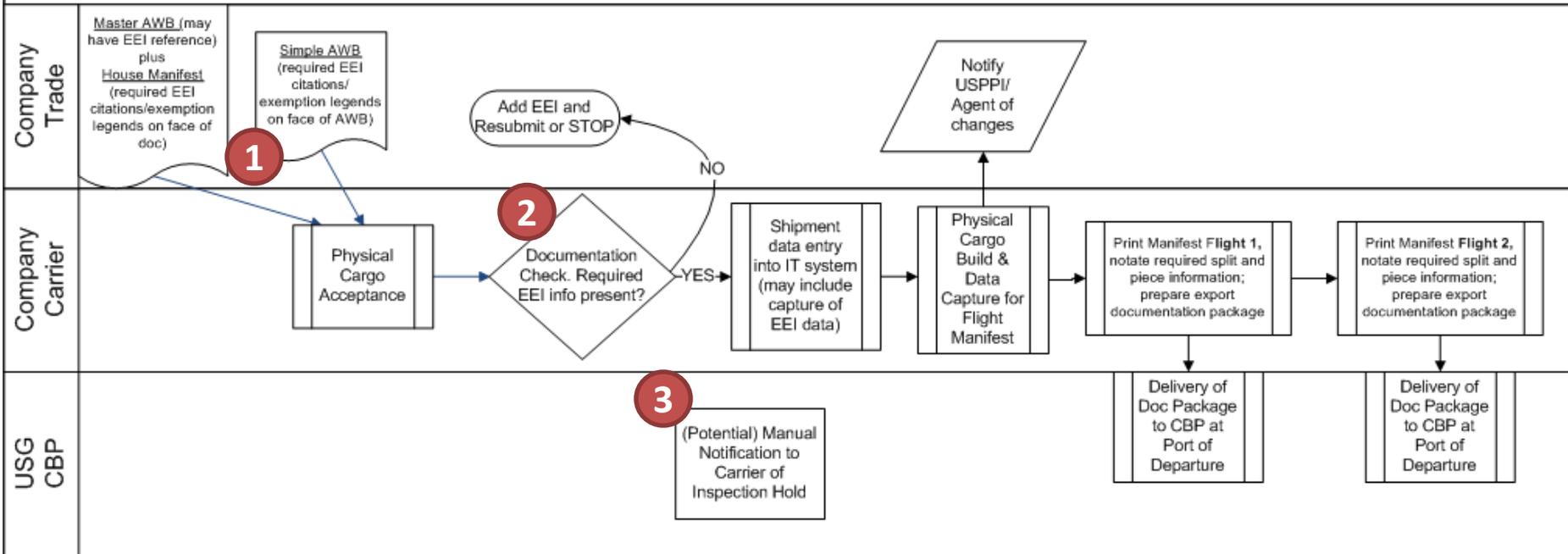
Export Manifest Air – Step 2 – Current Process for Split Shipments



Current Areas of Opportunity:

- C. The required commodity-level notification requirement for shipments split over more than one carrier presents a key problem (15 CFR 30.45): carriers manifest and track shipments at the master AWB level, therefore the carrier cannot know how the split / partial-export affects the commodity data. Carriers would like to see all references to carrier responsibility for commodity-related data updates removed from the FTR. (Note – Census has expressed an intention to remove the 30.45 specific notice requirement that references commodity data in a future rulemaking, replacing it with a reference to the notice required by 30.3(c) that is applicable to transport data only. When this is complete, this trouble spot can be deleted.)
- D. The revised language of 15 CFR 30.3(c) (from 14MAR13 FTR final rule), will require carriers to notify the USPPI/Agent of changes to transport data in the case of split shipments as defined under 15 CFR 30.28. (Note – the revised export time limit from 24 hours to 7 calendar days - referenced on slide 4 - for full export should eliminate the negative operational impact of the rule for the vast majority of shipments. When the FTR letter with the time-limit extension is issued, this trouble spot can be deleted.)
- E. The notification requirement for carriers is not well-defined – what constitutes “notice”? Carriers would like to see U.S. Census clearly state that a carrier’s provision of internet track and trace services to customers, recognizing the standard nature of e-business and internet use today, suffices for the notice required by 15 CFR 30.3(c) (and for the current 15 CFR 30.45).

Export Manifest Air – Advance Data Considerations

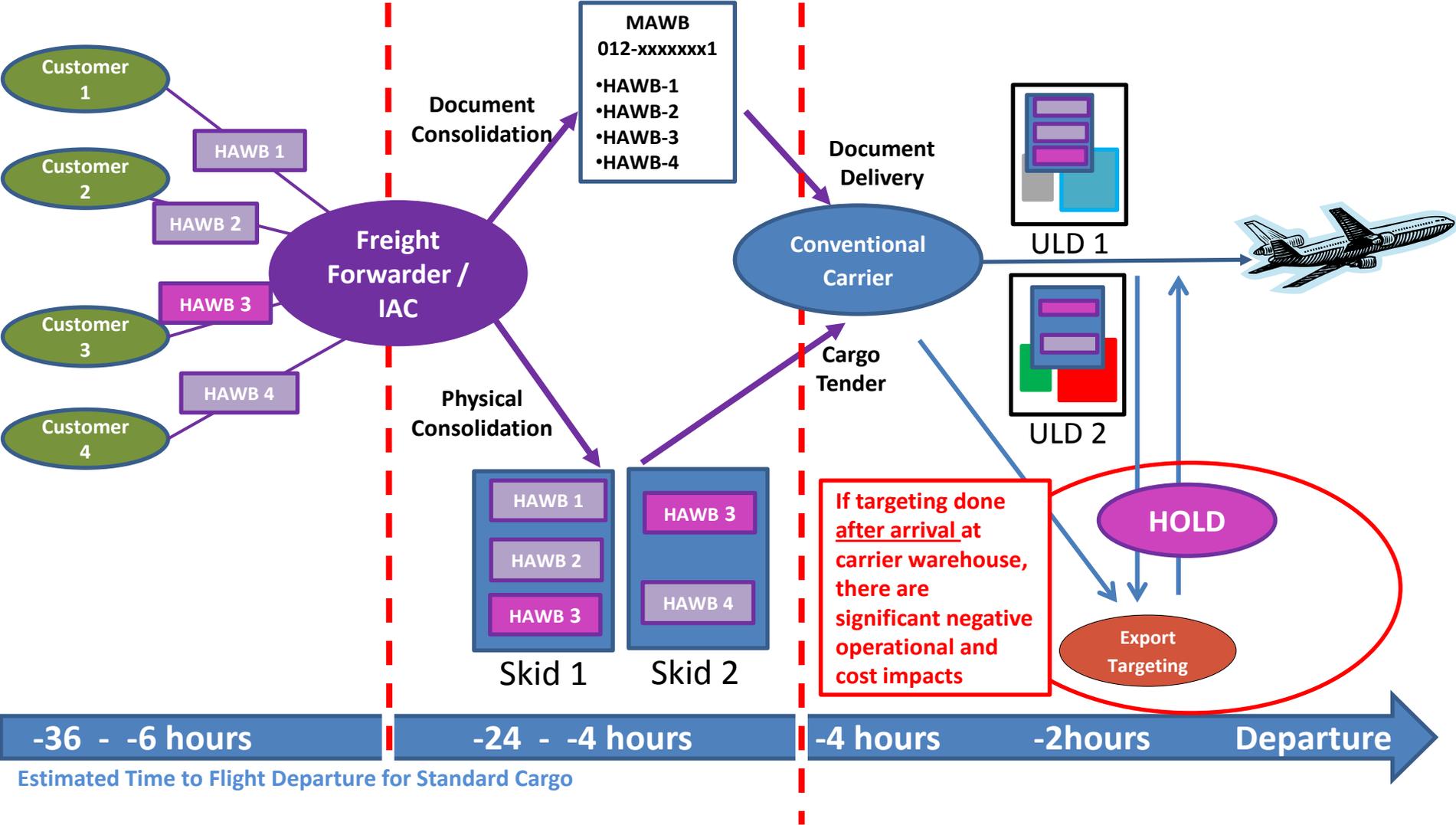


Potential Future areas of opportunity Related to Advanced Data – these relate primarily to a lack of certainty on the planned functionality of the new automated export system

1. How will CBP obtain shipment data for export targeting for shipments with AES exemptions/exclusions? Can the current security regulatory structure (e.g., security programs for IACs, CCSFs) be leveraged to acquire house level data early in the supply chain - prior to selection of a carrier and assignment of a MAWB# - similar to ACAS functionality on the import side?
2. Will the manual citation check process that carriers perform at acceptance be replaced by an electronic system, and if so, what will it look like? E.g., for shipments requiring AES filings, will carriers be required to verify the validity of citations? Or instead, will the need for the carrier to check citations be eliminated by a system linking of the AES ITN to the shipment bill number earlier in the process? Will electronic “holds” be delivered directly to the carrier’s system?
3. We assume that the availability of advance data in electronic form (especially for shipments such as AES exempt/excluded where no advance electronic data is available today) will result in an increased number notifications to carriers to hold/deliver shipments for inspection, especially in the early period of implementation. Air cargo export processing is time-pressured, particularly at the point where shipments arrive at the air carrier’s warehouse, thus late targeting of shipments will result in significant operational disruption. What measures does CBP plan to implement to minimize the potential negative impacts on operations (e.g., SLA commitment from CBP, “redelivery” option included in the regulatory framework for shipments that have already been built/manifested/loaded but not departed, provision of an “export assessment complete” message to carriers who elect to receive it, etc.)?

For shipments with AES exemptions/exclusions, the carrier will not have access to the House Air Waybill data necessary for export targeting until a much later point than the forwarder/IAC.

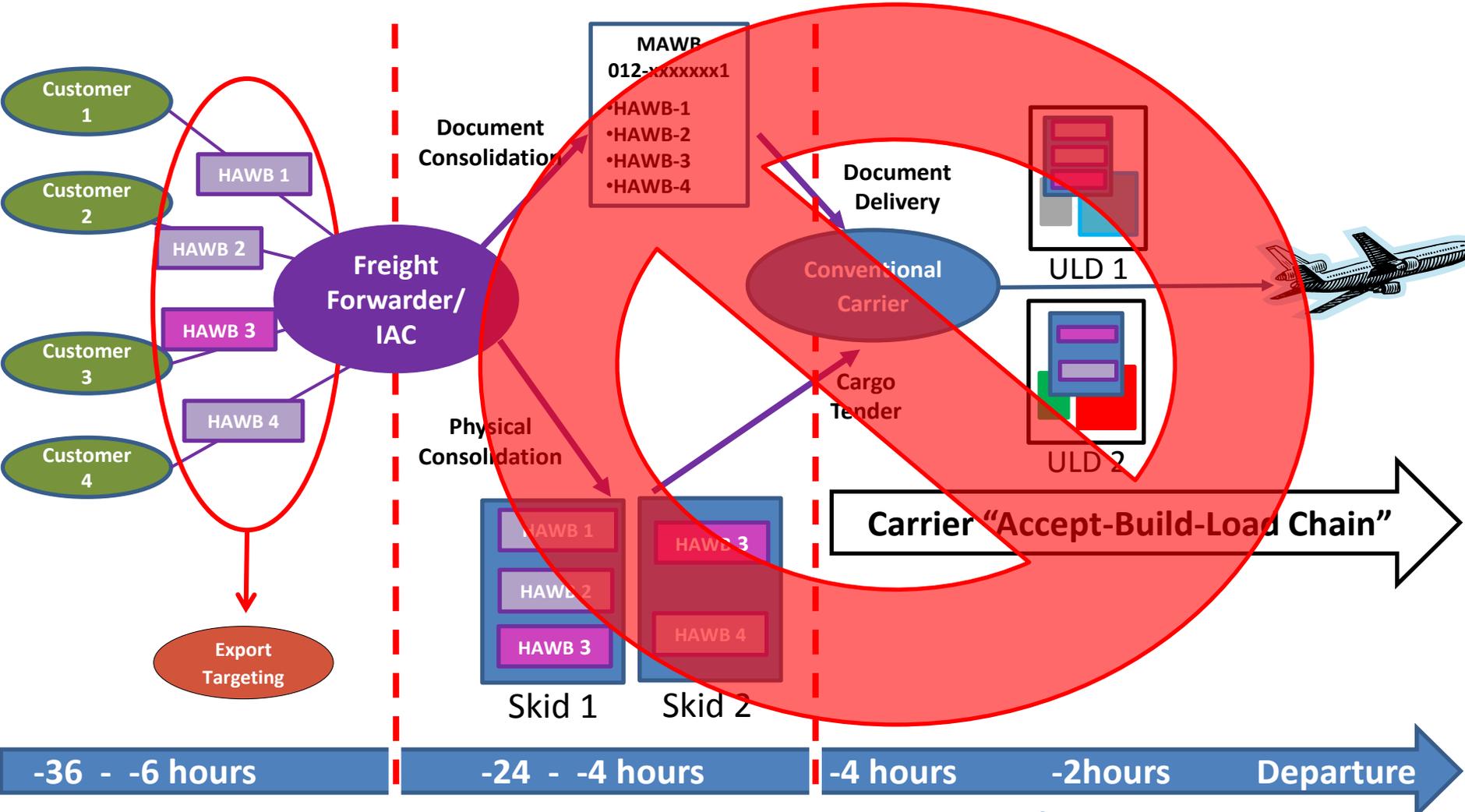
The Forwarder/IAC has this data very early because it creates and “owns” the house bill.



If export targeting done after arrival at carrier warehouse, there are significant negative operational/cost impacts

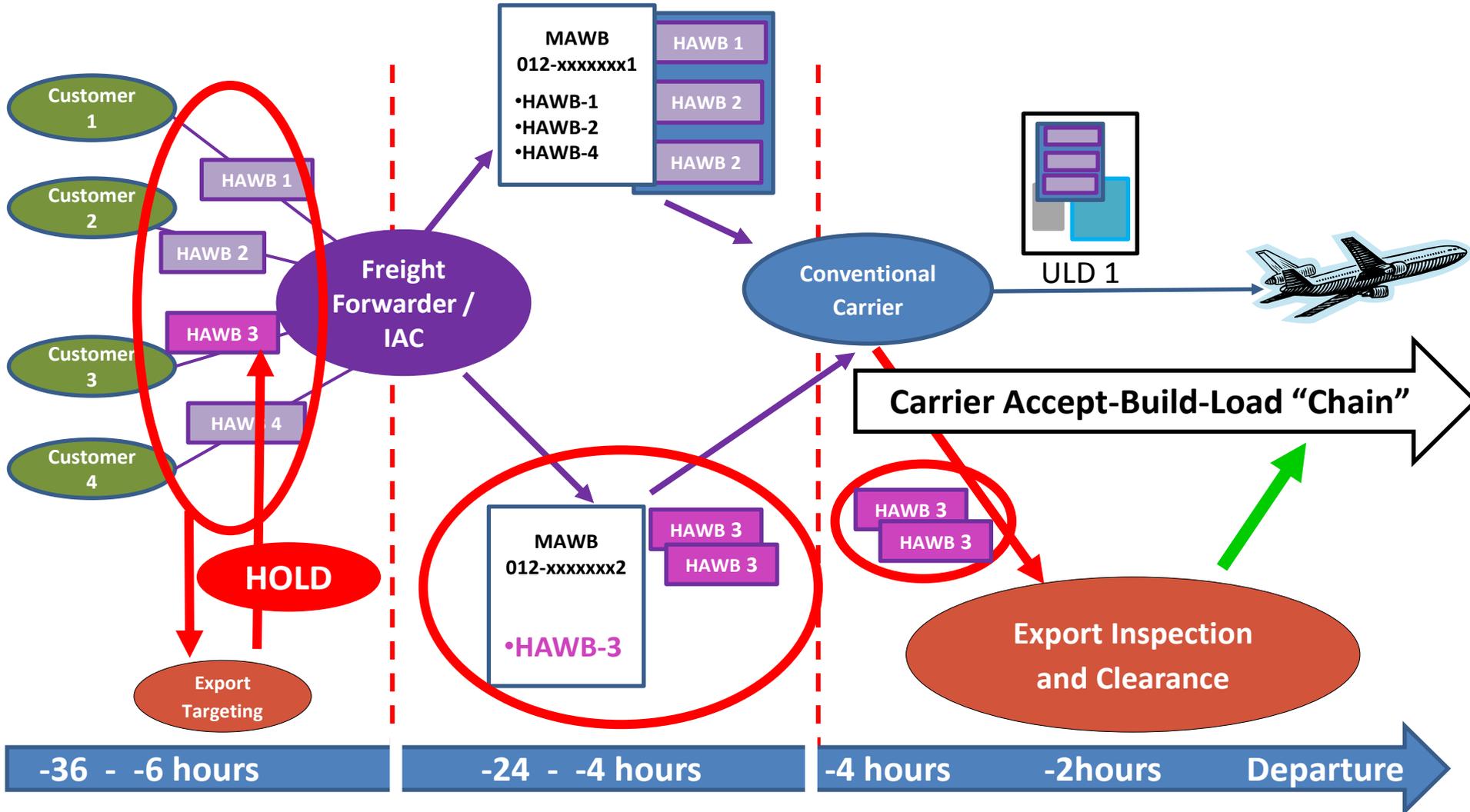
- 1) Warehouse disruption – warehouse flows are cleanly divided into EXPORT – in which ULDs are built up for loading and departure, and IMPORT – in which ULDs are broken down for transit or delivery processing. If a shipment must be retrieved from an already built ULD on the EXPORT side, it involves inserting an import process into the middle of the export chain, which carrier warehouses have neither the space nor staff to handle.
- 2) Flight delays – if the ULD or ULDs containing a shipment with a hold have already been loaded onto an aircraft and now must be unloaded (likely requiring the unloading and reloading of many additional ULDs to reach the problem ULDs), flight delays are likely. For passenger carriers this is a particular concern as international wide-body flights may carry 200-500 passengers with connecting flights at the arrival gateway station.
- 3) Lost capacity – if a shipment is identified in the hours close to departure and the ULD or ULDs it has been built into must be pulled for break-down to retrieve the shipment, it will not be possible for the carrier to secure replacement cargo and build replacement ULDs in time for departure. The flight will depart with empty cargo positions – a significant revenue hit for carriers who already operate with slim profit margins today.
- 4) Customer dissatisfaction – air carriers will also need to deal with the dissatisfied customers whose shipments have missed their flight departures because they had the bad luck of being built into the same ULDs as a problem shipment.

Pulling freight forwarders / IACs* into export data transmissions eliminates supply chain inefficiencies for all parties, and is in line with the Trade Act's mandate to obtain information from the party with direct knowledge thereof.



* - An "IAC", or "indirect air carrier" is a freight forwarder/consolidator regulated under a TSA aviation security program.

CBP inspection can take place at the forwarder/IAC facility prior to consolidation, or shipments with export holds can be segregated prior to delivery to the carrier. The carrier will segregate these shipments and not place them into the “accept-build-load” chain until inspection/clearance is complete.



The air export initial solutions take the following into account:

- **Air cargo is distinguished from other modes of transport by three key characteristics:**
 - The urgent and flexible movement of high-value goods is the hallmark and competitive advantage of the air cargo business model.
 - Aircraft cargo capacity is hard to predict and varies based on many factors (weather, flight path, mechanical limitations, passenger load factors) right up until flight departure.
 - Limited capacity and tight profit margins require carriers to maximize every available cubic meter of capacity through efficient cargo build-up that may result in a single shipment being spread over multiple aircraft ULDs.

Because of the above characteristics (and in sharp contrast with the air passenger business model), last-minute cargo transport arrangements are common, and specific cargo flight bookings are provisional only. Considerable contractual flexibility - based upon the air cargo product that the customer has purchased - is given to the carrier regarding delivery-time parameters and routings, giving rise to last-minute split shipments, changes to the export date and/or changes to the export port as a normal part of standard air cargo processing. Therefore, how the USPPi intends to export his shipment and how it is actually exported by the carrier are two fundamentally different concepts.

- **Additionally, air cargo is part of the standard multi-party supply chain model that includes exporters and shippers (and their agents), one or more forwarders/consolidators, and one or more carriers:**
 - The nature of the relationship between carriers and USPPis is often attenuated and indirect, with these parties separated by one or more intermediaries.
 - Each party fulfills one or more functions in the export chain, and is the creator or owner of certain data required by the government for export reporting.
 - This multi-party supply chain characteristic was explicitly recognized by Congress in the 2002 Trade Act, in particular by its mandate that data requirements be imposed on the party with direct knowledge of the information.
- **We note that considerable progress is already being made to better align export regulations to modern supply chain realities:**
 - With the exception of 15 CFR 30.45, Census has removed carrier responsibility for commodity information from the FTR, and has expressed the intention to remove this last remaining commodity responsibility from carriers in a future rule-making.
 - Census and CBP have agreed to an extension of the 24-hour time limit on air split shipment export to 7 calendar days, eliminating the vast majority of problems that would have been caused by implementation of the original time limit.
 - With the advent of the automated export manifest system, Census has expressed its intent to revise the responsibilities of USPPis with regard to reporting transport information.

Air Export Solutions

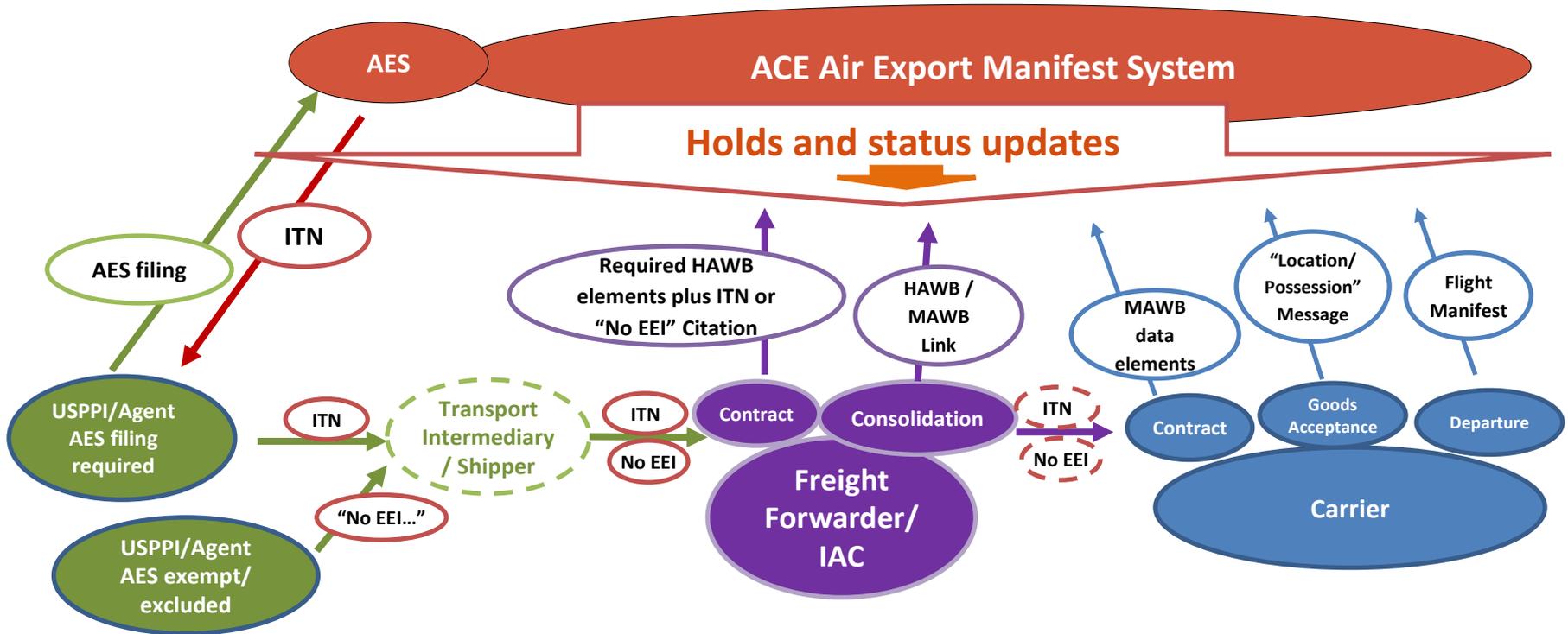
- **Immediate recommendations**
 - Revision of the 15 CFR 30.28 split shipment time limit for air shipments from 24 hours to 7 calendar days (Census has expressed its intention to issue an FTR-letter with this extension in the next few weeks)
 - Revision of 15 CFR 30.45 to remove carrier responsibility for commodity information (Census has expressed its intention to remove the reference to commodity information from this provision in a future rule-making)
 - Clarify the definition of “notice” to the USPPPI throughout the FTR, in particular confirming that the carrier’s provision of shipment tracking information via the internet and/or automatic notification tools (already offered by carriers and in wide use today) constitutes compliance with the FTR’s notice provisions.
 - Consideration of interim support of the air cargo “e-cargo” export initiative, from both the IT and policy sides, via a pilot program utilizing data transmissions similar to the ACAS pilot and/or the ocean manifest DIS pilot.
 - Standardization of Export Processing across Ports of Export – more details and specific recommendations to be provided when the COAC Carrier Export Survey results are in.
- **Recommendations for the automated export system**
 - Establish seamless electronic transition from the first AES information submission to the final flight manifest submission via progressive filing* and the consecutive linking of AES data to house bill data to master bill data to the flight manifest, with each link being provided by the export supply chain party who “owns” that particular data. This will require both IT and regulatory attention. Examples of how progressive filing and consecutive linking could work are provided on the next few slides.
 - Consider any transport information required from the USPPPI as “provisional”, and automatically override the USPPPI data with the carrier’s actual transport data submission when received.
 - For holds issued after an air carrier has already accepted and begun processing of a shipment, ensure that the regulatory regime provides an option to continue export of the shipment but return it to the United States within a specified time frame, and/or an option for inspection at the destination station. (Note – this applies only for shipments that do not pose a security threat to the aircraft.)

**Progressive filing denotes a process in which one or more parties submit limited subsets of the total required data elements over a period of time, which are compiled by the receiving IT system into a final comprehensive filing.*

Implementation of the above will:

- **Ensure the most accurate data is delivered to the government by imposing requirements on the supply chain party having direct knowledge of it, per the mandate of the Trade Act of 2002;**
- **Allow government targeting of export shipments to take place at the earliest possible supply chain milestone, and be resolved well in advance of planned departure, thus facilitating the United States’ export competitiveness, rationalizing the compliance burden on the exporting carrier and maintaining air carriers’ operational efficiency at time-pressured, space-limited carrier warehouses; and**
- **Eliminate burdensome inter-party communications, filing corrections, and manual carrier AES data entry (and associated data entry errors), and facilitate transparency by enabling simultaneous real-time data updates to all data submitters in the progressive filing chain.**

Example #1 – Progressive Filing / Consecutive Linking



In a progressive filing system, each party involved in the export of a shipment provides the data subset that relates to the function(s) it fulfills. As illustrated above, each supply chain party accomplishes one or more milestones along the export path – AES filing (or determination of exemption/exclusion), HAWB contract, MAWB consolidation, MAWB contract, physical goods acceptance, and manifesting.

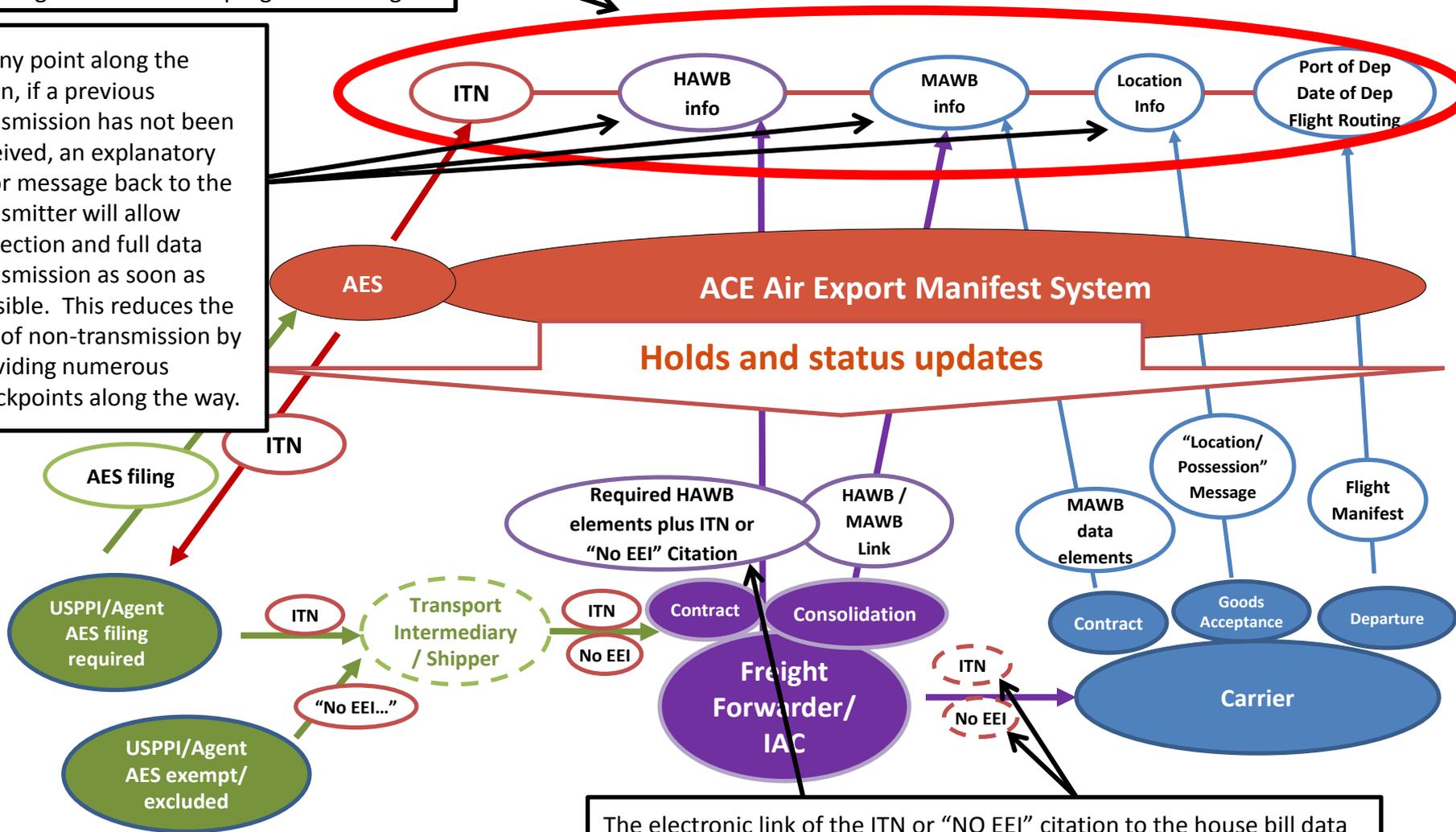
The advantages to this system are many:

- CBP inspection can take place at any point along the progression, as soon as it is known that a shipment has a hold.
- At the point of cargo acceptance, the carrier can transmit a notification message to the system to indicate location for inspection. Because the status of most shipments will already be known due to the earlier targeting, it can also segregate shipments with holds. Such a system will facilitate CBP inspection while protecting air carrier warehouse operational efficiency and reliability. In this manner, all cargo will be “cleared for export” at the shipment level before being manifested onto a flight, allowing the flight manifest to remain a post-departure submission to confirm export.
- Simultaneously, each party providing information to the system is automatically hooked into it as “default secondary notify parties”, and would receive status updates appropriate to its role as a shipment moves through the export process and is updated/amended by other parties.

Each submission of data adds a new link to the “progressive filing chain”

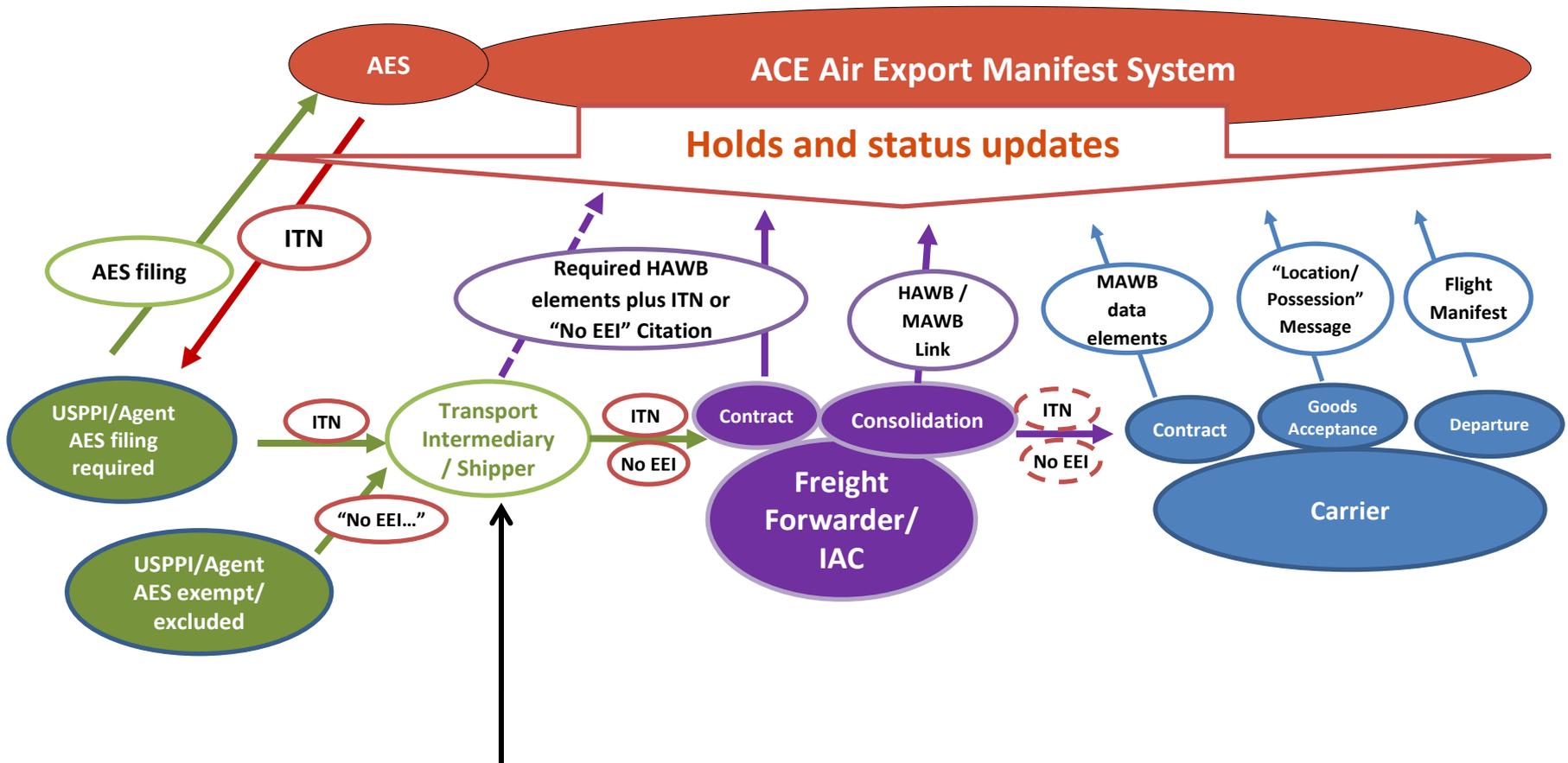
As each function is completed, each data transmission links to those sent earlier, forming the chain of the progressive filing.

At any point along the chain, if a previous transmission has not been received, an explanatory error message back to the transmitter will allow correction and full data transmission as soon as possible. This reduces the risk of non-transmission by providing numerous checkpoints along the way.



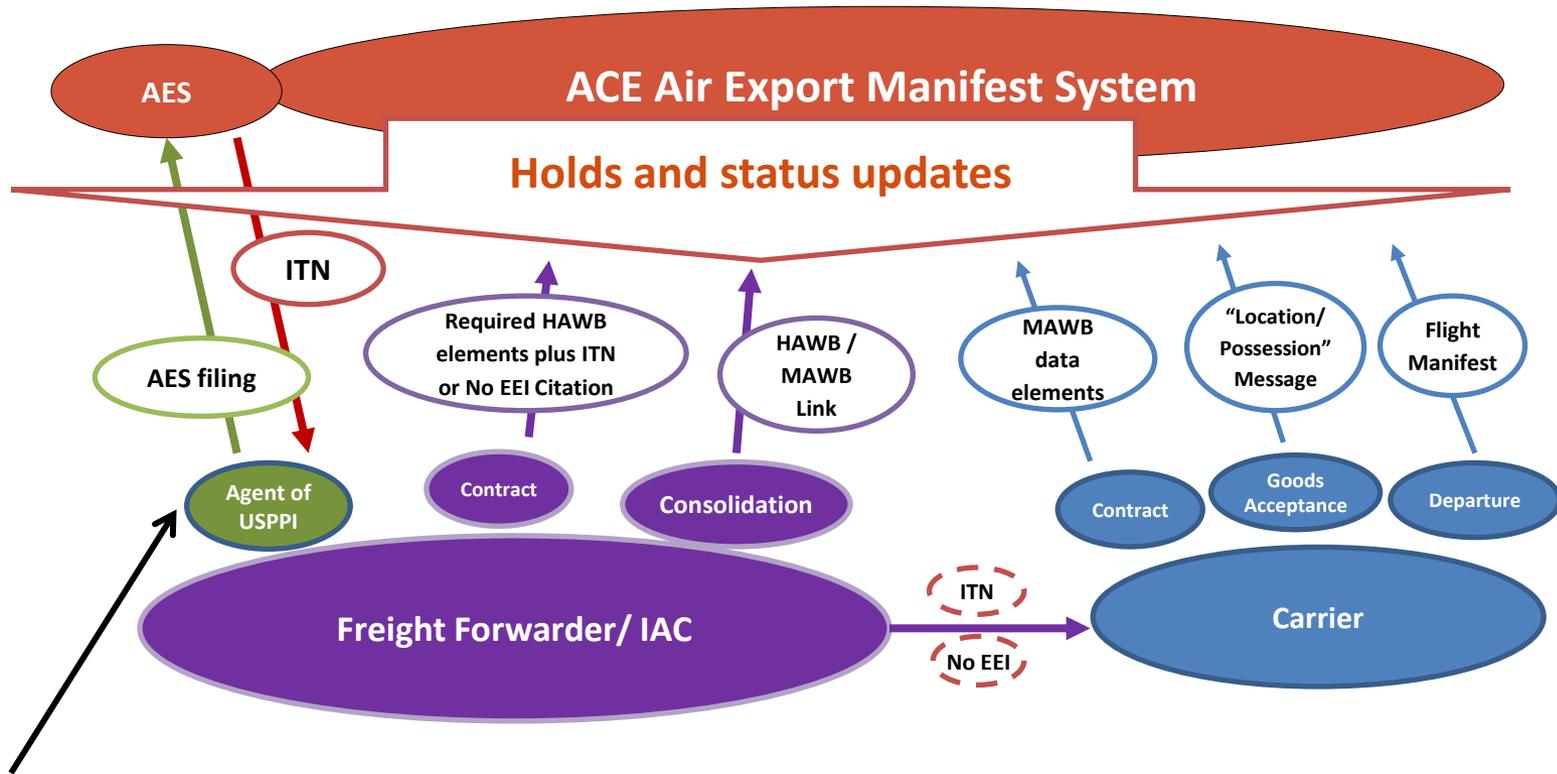
The electronic link of the ITN or “NO EEI” citation to the house bill data by the forwarder in earlier transmissions would eliminate the need to transfer this data from the forwarder to the carrier and for the carrier to perform the manual work necessary to include it on the flight manifest.

Example #2 – Progressive Filing / Consecutive Linking



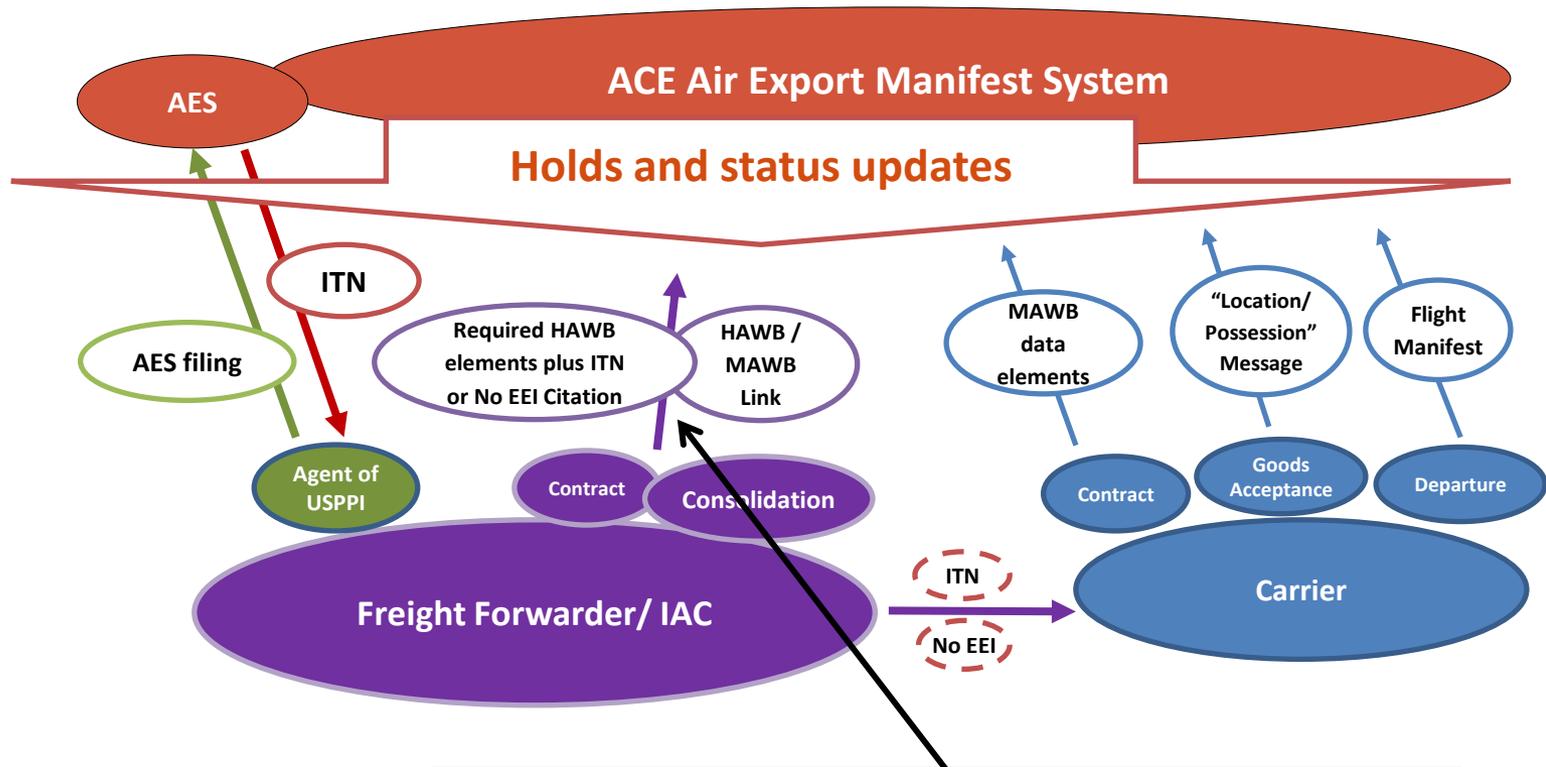
In this example, the Transport Intermediary may be the party submitting the HAWB data instead of the Freight Forwarder / IAC , depending upon the relationship between the intermediary and the forwarder.

Example #3 – Progressive Filing / Consecutive Linking



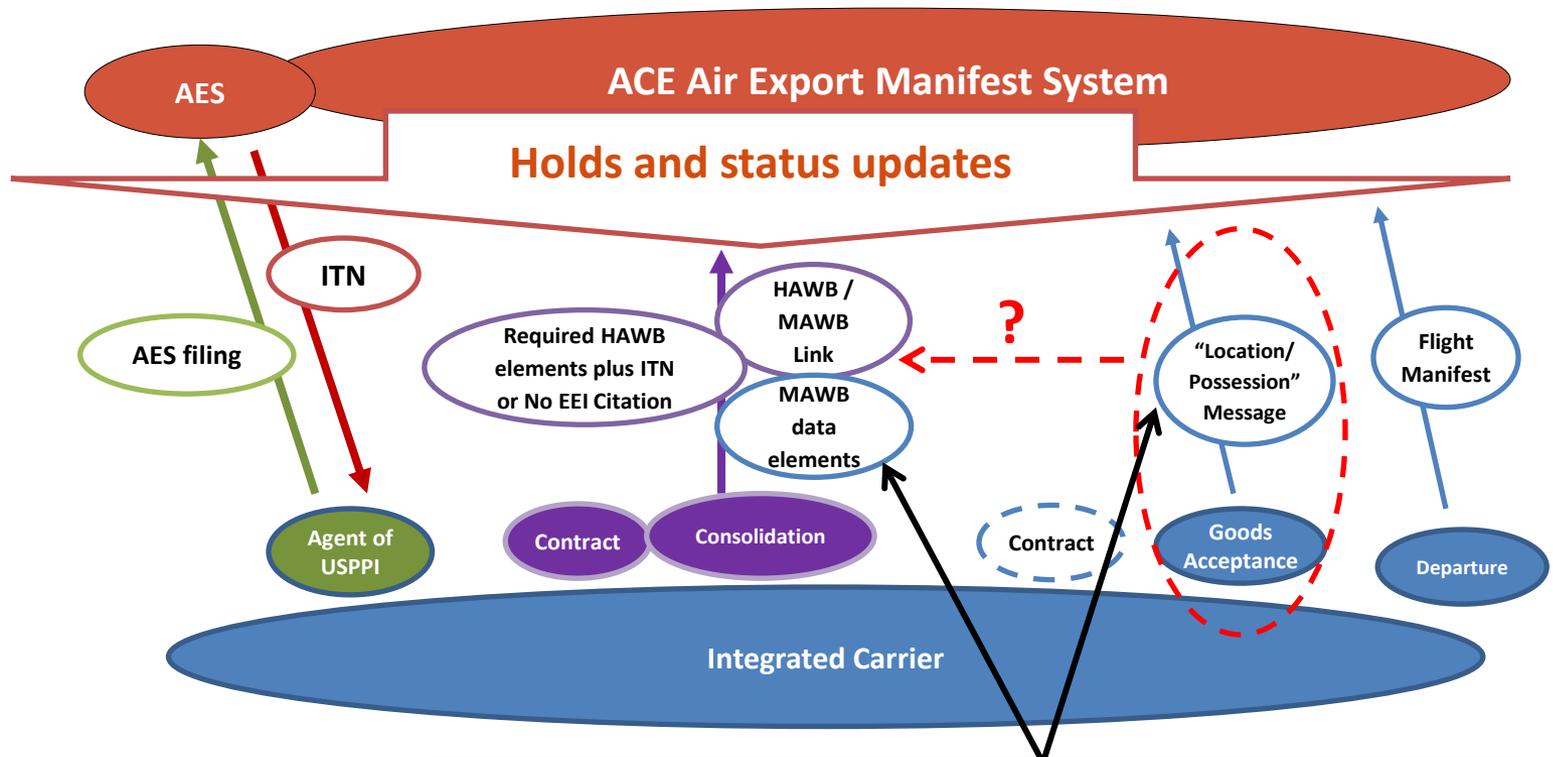
In this example, the Freight Forwarder / IAC is the agent of the USPPI, and takes care of the AES filing milestone as well as the other standard FF/IAC functions.

Example #4 – Progressive Filing / Consecutive Linking



In this example, the individual Freight Forwarder / IAC's business practices might mean that it transmits the export manifest data related to both contract and consolidation simultaneously. This could be accomplished, similar to ACAS and Air AMS transmissions today, simply by attaching the MAWB number to the HAWB information that is transmitted.

Example #5 – Progressive Filing / Consecutive Linking



In this example, the integrated carrier – combining the roles of the USPPI’s agent, the freight forwarder and the carrier – is completing every export milestone. In such a case, it may be possible to further consolidate messaging to the export manifest system to minimize the cost and complexity.

- For example, the MAWB as a “contract” no longer exists, so the transmission of MAWB data elements may move to the consolidation milestone.
- Additionally, because the physical acceptance of the cargo by the carrier takes place earlier in the chain, the “Location/Possession” message may be transmitted at an earlier milestone.

COAC Export Mapping Work Group

Manifest Education Package

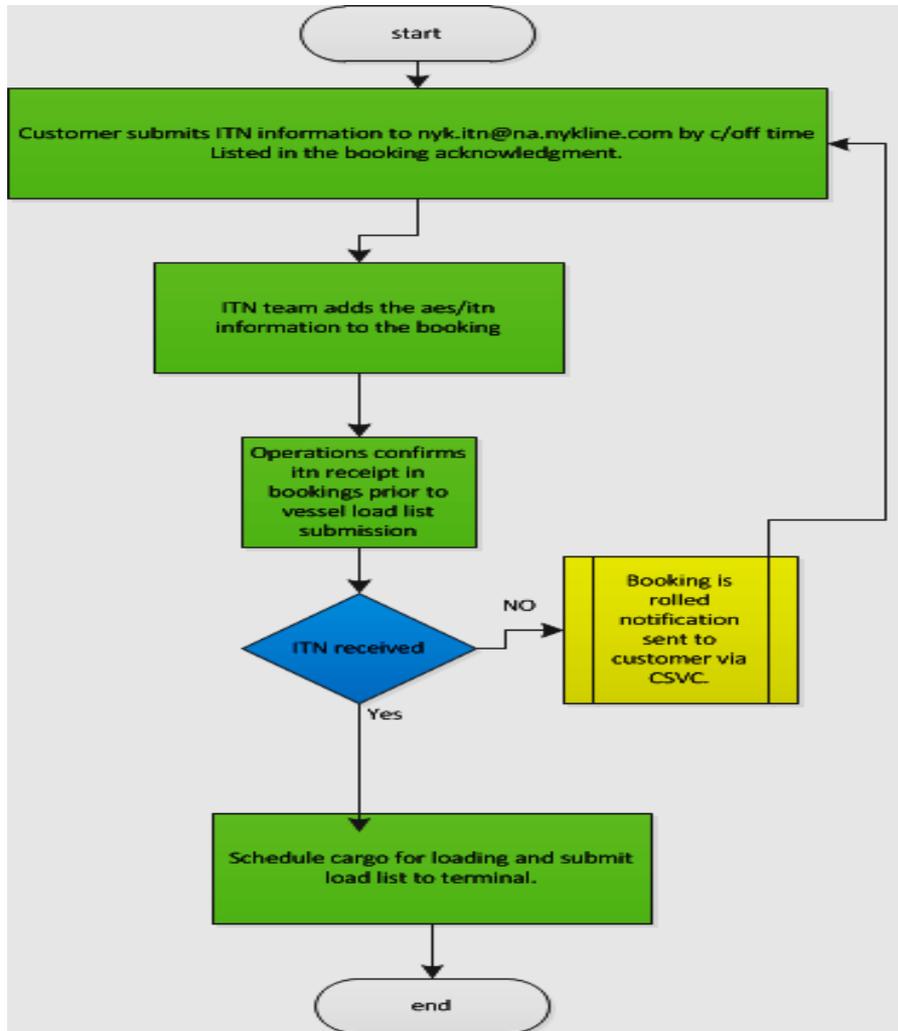
Group: Manifest

Category: Ocean

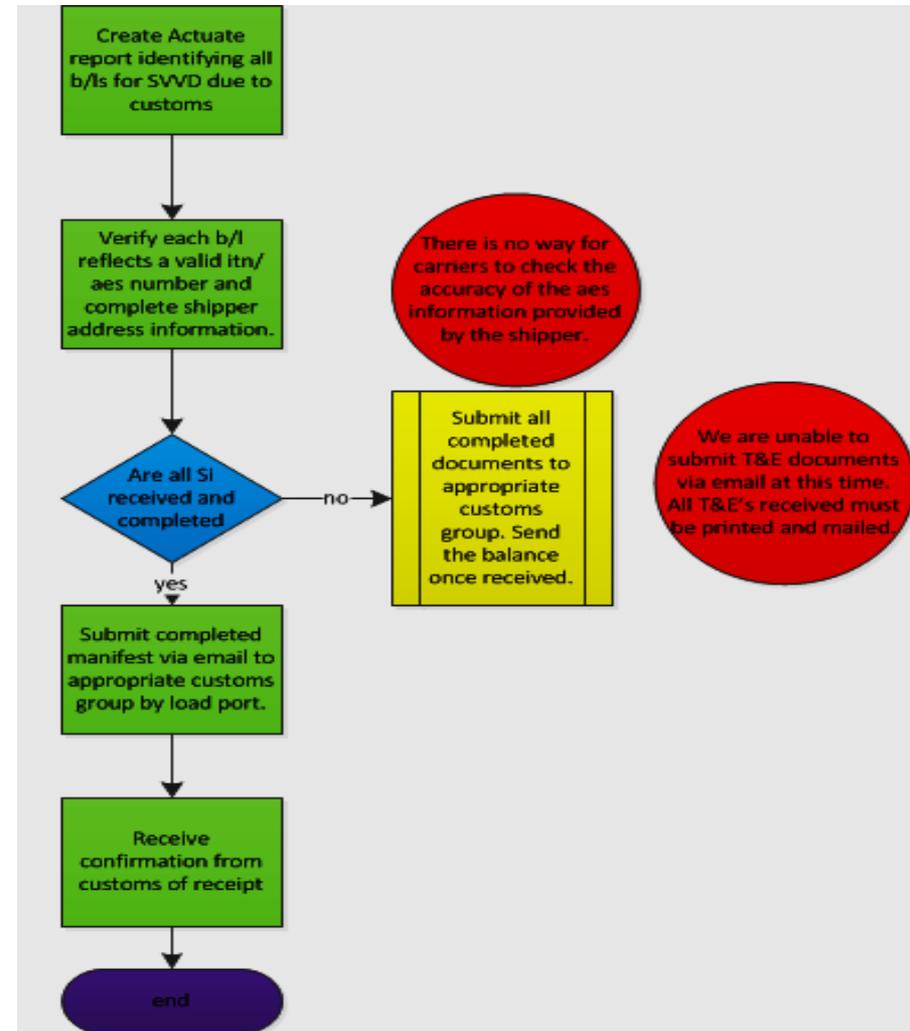
Carrier ITN/Manifest Process High Level

ITN Process- Pre-departure

No ITN/ Exemption No Load



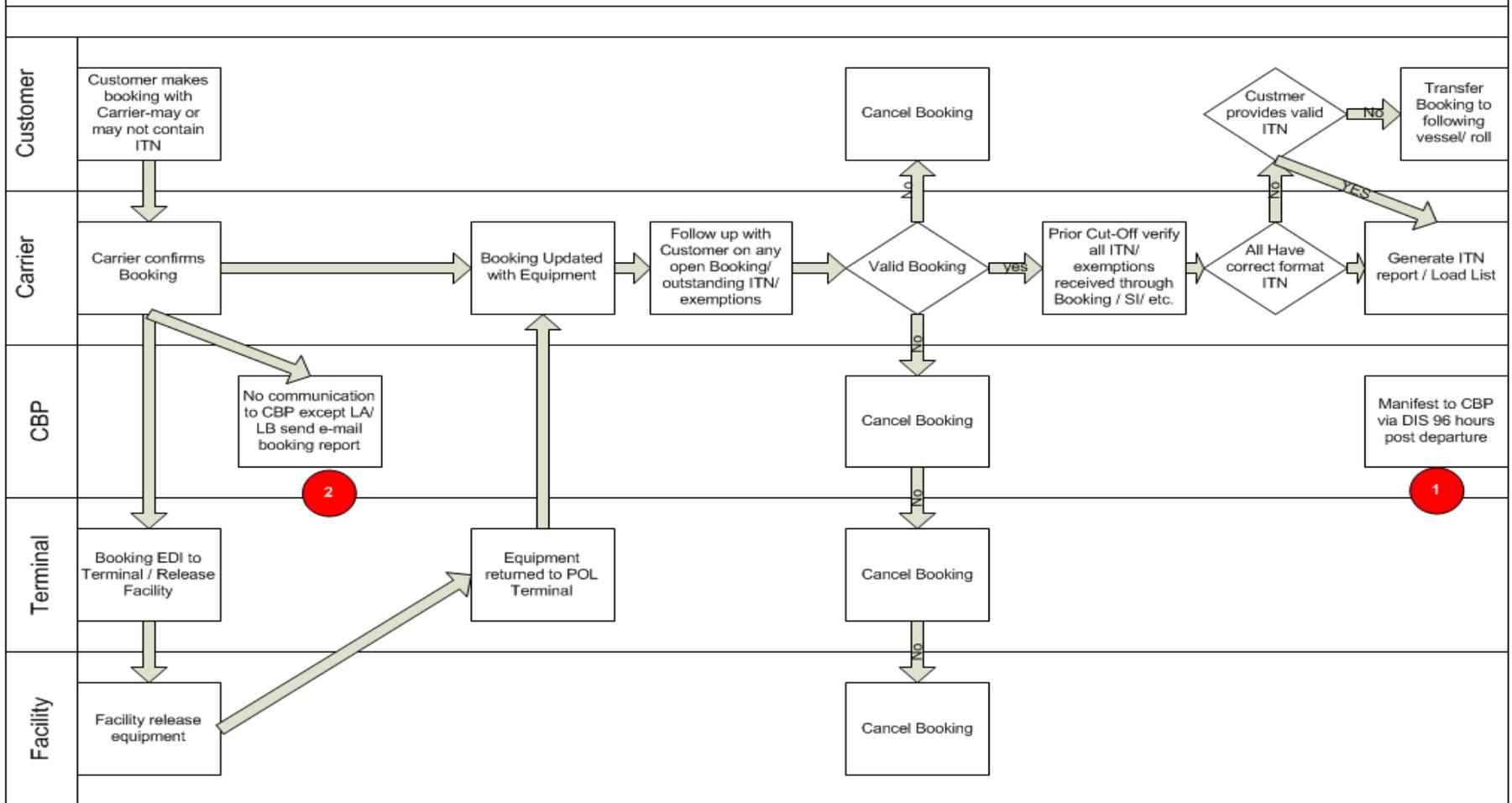
Manifest Process- post departure



Notes

- Four ocean carriers are enrolled in CBP's AES Vessel Transportation Module (or VTM), which enables VTM participants to file export manifests to CBP via EDI transmissions
- Most ocean carriers today file their export manifests electronically (via email) to CBP as part of the ACE Export DIS (Document Imaging System) pilot project

Ocean Export Manifest Process via ACE Export DIS Pilot Project – Straight shipment



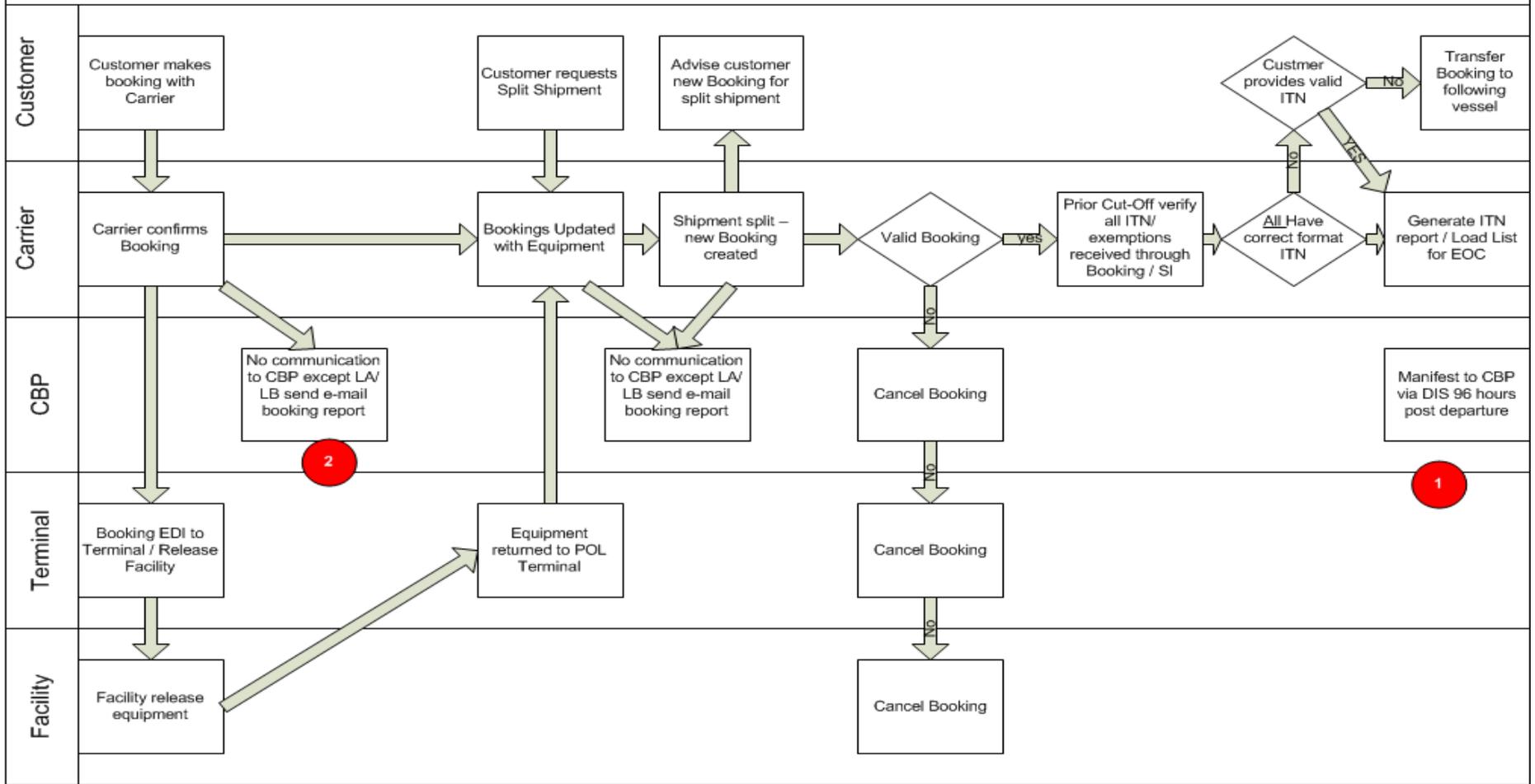
Areas of Opportunity:

1. DIS process currently does not support electronic transfer of in-bond documents .
2. Inconsistent add-hoc requirements port by port.

Example: LA/LB Outbound Enforcement Team is requesting that all parties submit “booking reports “ for ALL vessels on a daily/weekly basis at least 72 hours prior to the departure of the vessel. These reports are to include the following information:

Sail date, Vessel name, Booking number, Container number, Shipper/Exporter , Commodity , Discharge port/final destination , ITN or AES exemption. We are investigating similar request form Portland and New York

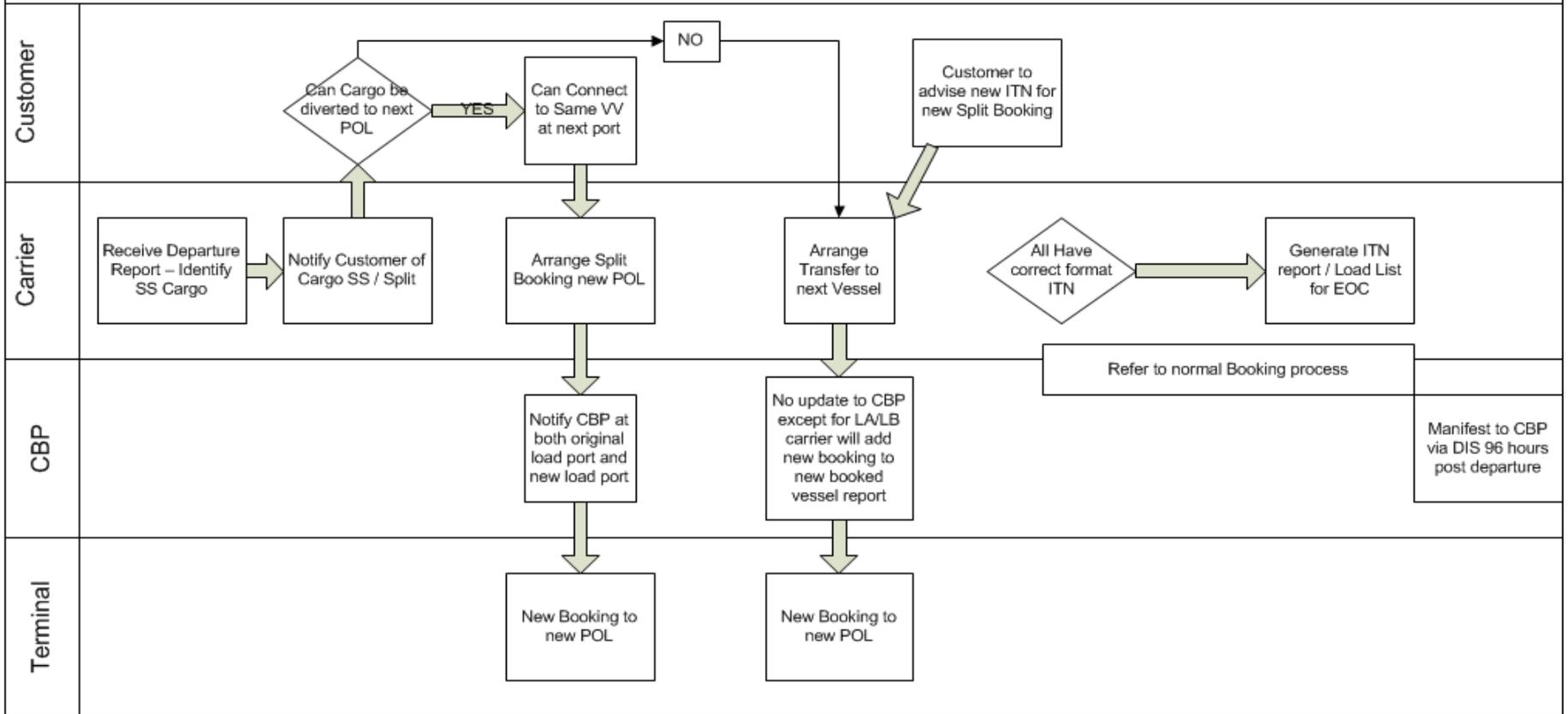
Ocean Export Manifest Process via ACE Export DIS Pilot Project – Shipment Split – Part 1- pre shipment



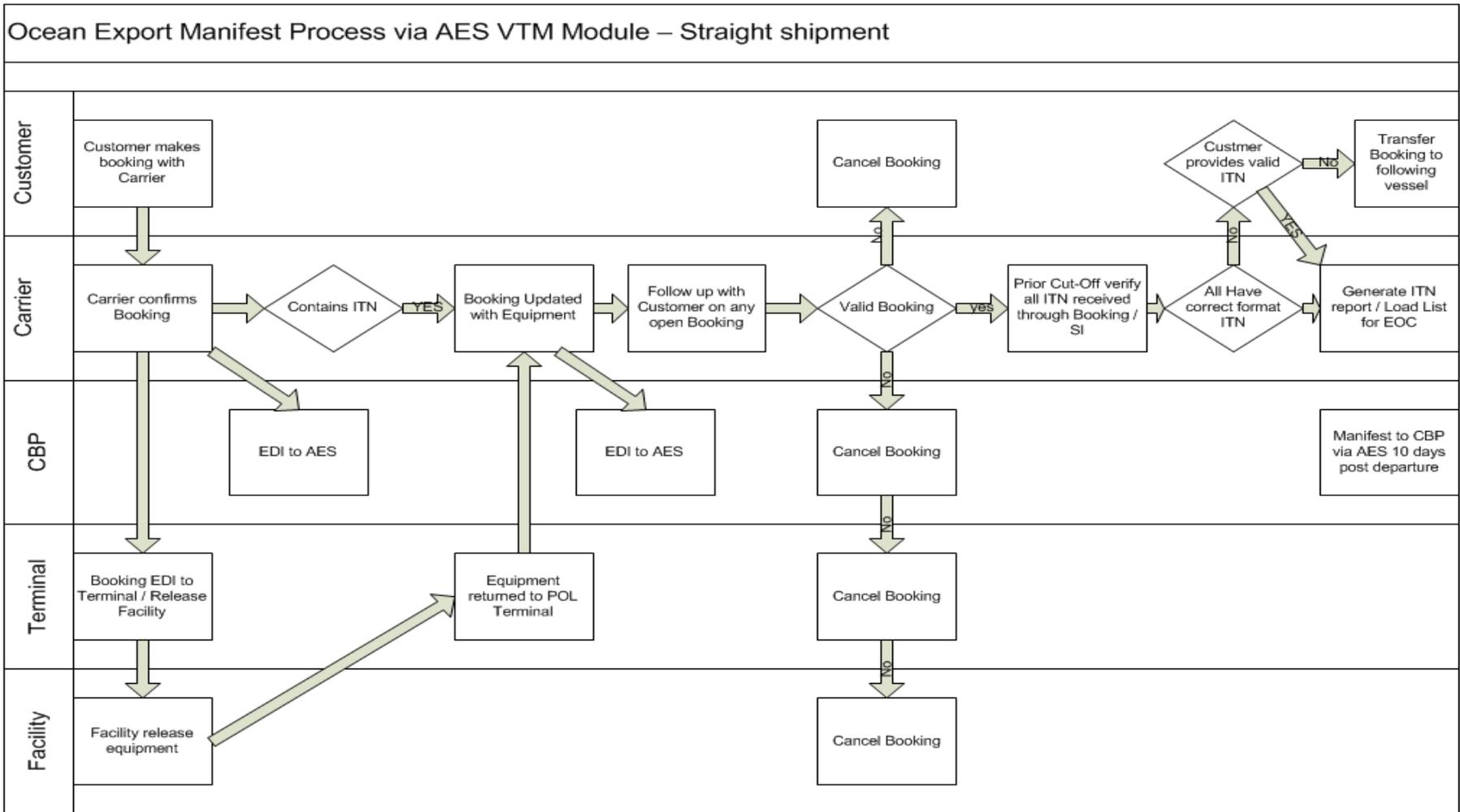
Areas of Opportunity:

1. DIS process currently does not support bond documents (e.g. IE,T&E, etc.)
2. Inconsistent add-hoc requirements port by port. e.g. LA/LB Outbound Enforcement Team is requesting that all parties submit “booking reports “ for ALL vessels on a daily/weekly basis at least 72 hours prior to the departure of the vessel. These reports are to include the following information: Sail date, Vessel name, Booking number, Container number, Shipper/Exporter , Commodity , Discharge port/final destination , ITN or AES exemption.

Ocean Export Manifest Process via ACE Export DIS Pilot Project – Shipment Split (SS) – Post Shipment



Areas of Opportunity:
none

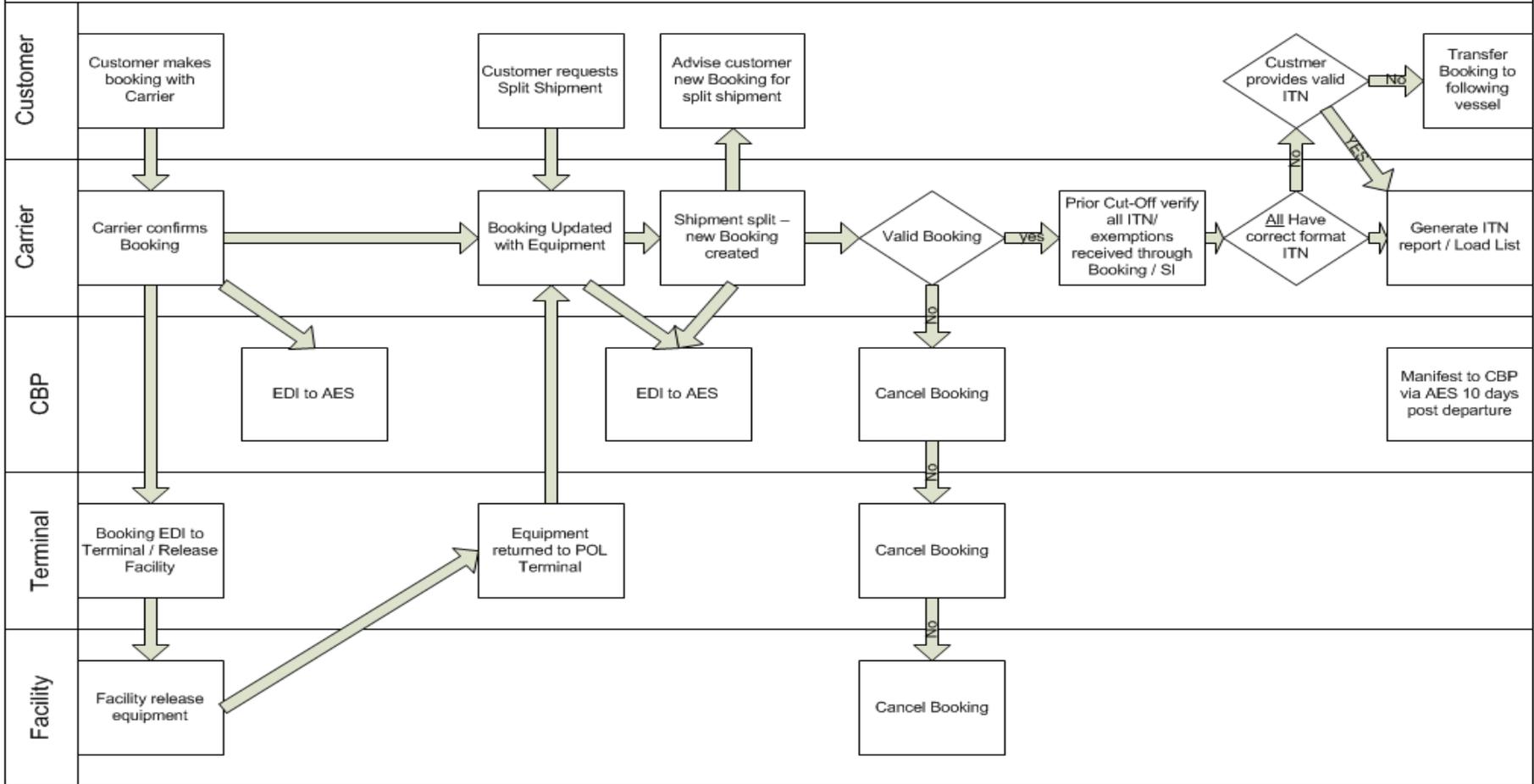


Potential Areas of Opportunity:

Transactional versus periodic scheduled updates:

Every update to a shipment is sent to AES and may cause an opportunity for an exception and a required response. It may be more efficient to designate specific timeframes to require reporting in AES for example one time frame pre-departure and one post-departure.

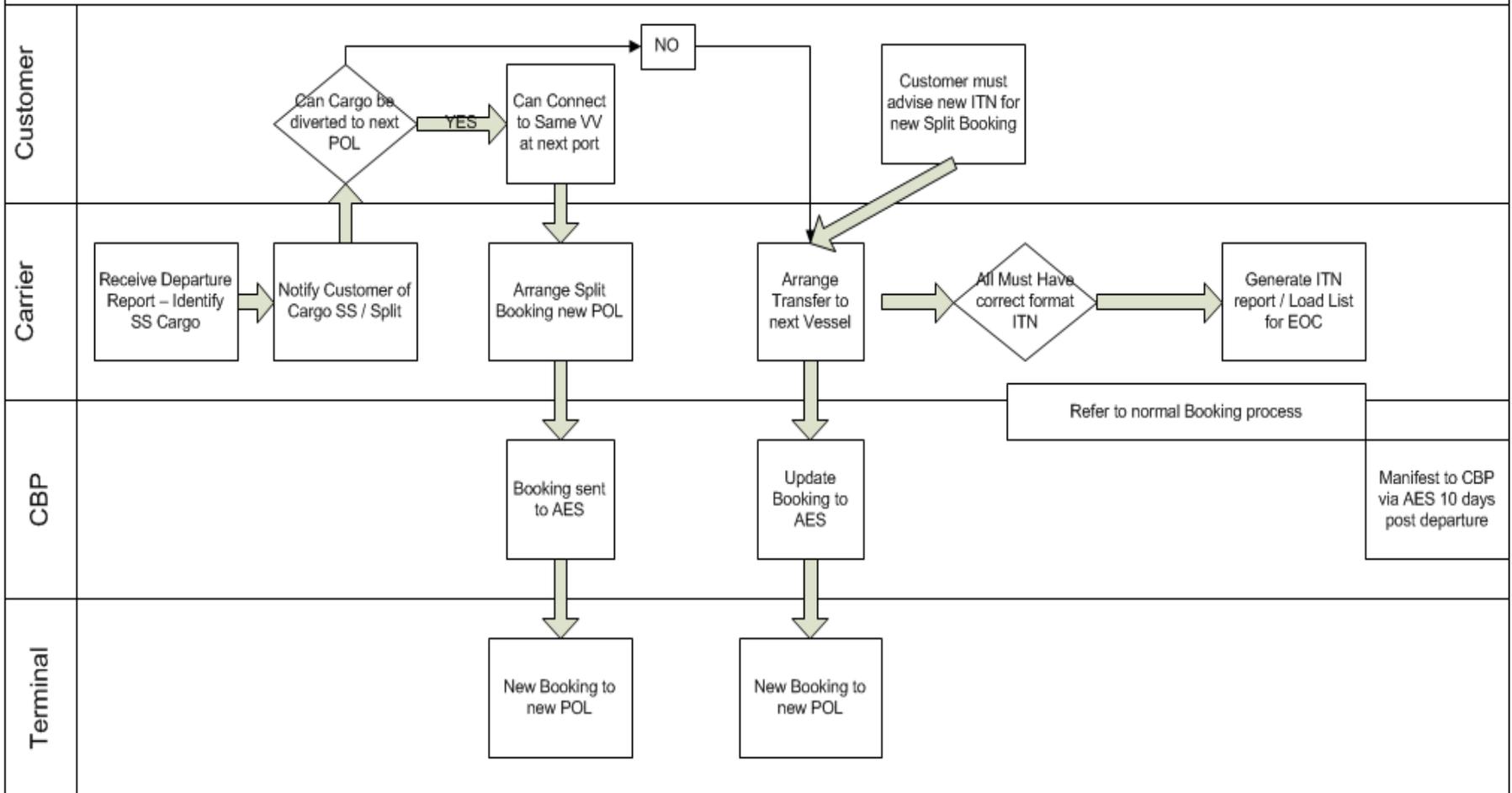
Ocean Export Manifest Process via AES VTM Module – Shipment Split – Part 1- pre shipment



Areas of Opportunity:

none

Ocean Export Manifest Process via AES VTM Module – Shipment Split (SS) – Post Shipment

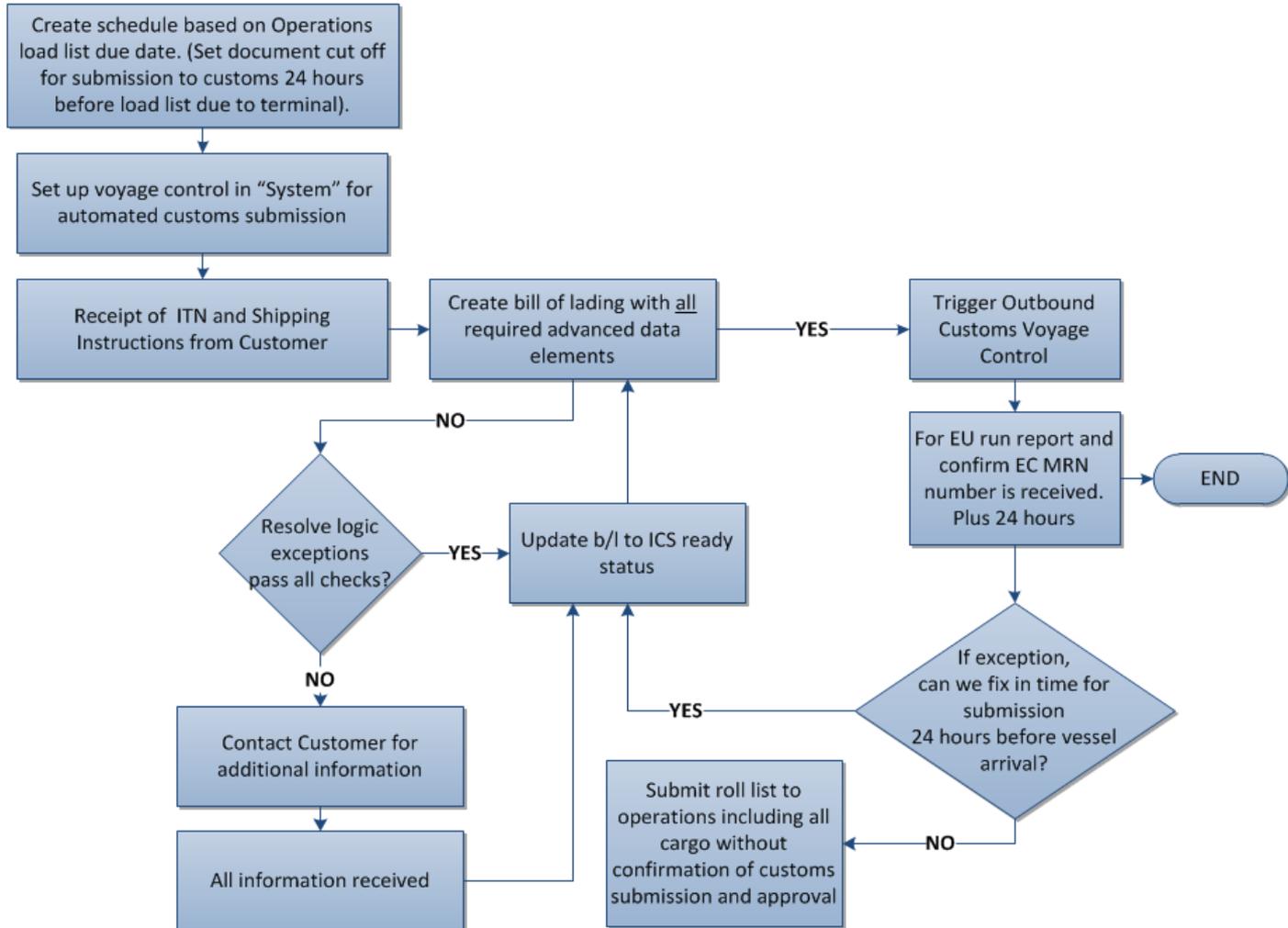


Areas of Opportunity:
none

EU/China 24 Hour Rule

EU/China 24 Rule

Documentation Customs Submission Process Outbound 24-hour Rule



Ocean Manifest Solutions

- 1.) CBP should standardize its approach in developing manual pilots of strategies and concepts and communicate in advance through industry partnerships and trade associations
- 2.) ACE export manifest function for Ocean should include in-bond document submission and summary functionality.

Advanced Data Considerations

- “The the timing of export hold and release is significantly more acute, due to the need to ensure cargo / container availability for vessel operations at the port of loading. Timing of the hold and release, must be tightly linked to the operational capability of the operator, to ensure that sufficient time allowed to allow and hold to be released and facilitate export movement.” (TOPAS Export Manifest White Paper)
- If Carriers must physically control export clearance, such physical control must occur prior to delivery to the ocean terminal. Marine terminals are not set up to hold large quantities of containers pending release approvals.
- Consolidated/ NVOCC cargo has proven to be the biggest factor in delay of ITN information to the ocean carrier today with a 10-day post departure filing regime. If CBP intends to employ an advanced data regime at the house bill level, all industry stakeholders will have to revisit their processes.
- Preliminary analysis of the advanced booking data requirements pilot established at the LA/ LB indicate a marked increase in containers on hold, each hold significantly increasing cost to the trade. The promise of expedited clearance of shipment as a result of earlier screening seems not to have been realized to date.
- If CBP decides to require advance (i.e. prior to departure) electronic export manifests, the deadline for the ocean export manifest must be 24 hours prior to vessel lading to mirror US import manifest regulations . This is already the filing deadline for US export shipments to EU countries and a number of other US trading partners.
- Furthermore, assuming CBP sets the ocean manifest deadline as 24 hours prior to vessel lading, Census (working with CBP) will need establish that as the same deadline for the USPPIs to file their electronic export information (i.e. electronic SEDs).

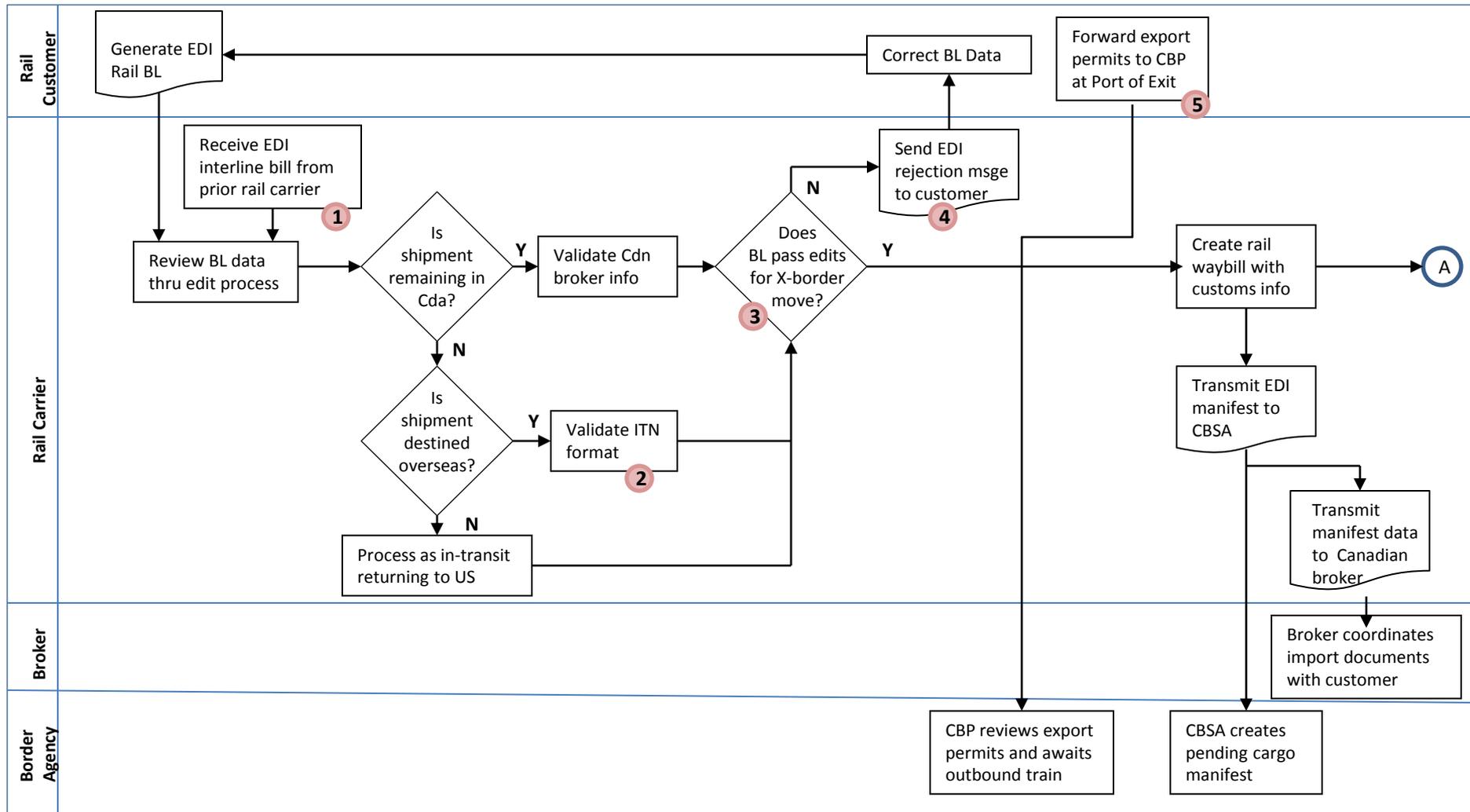
COAC Export Mapping Work Group

Manifest Education Package

Group: Manifest

Category: Rail

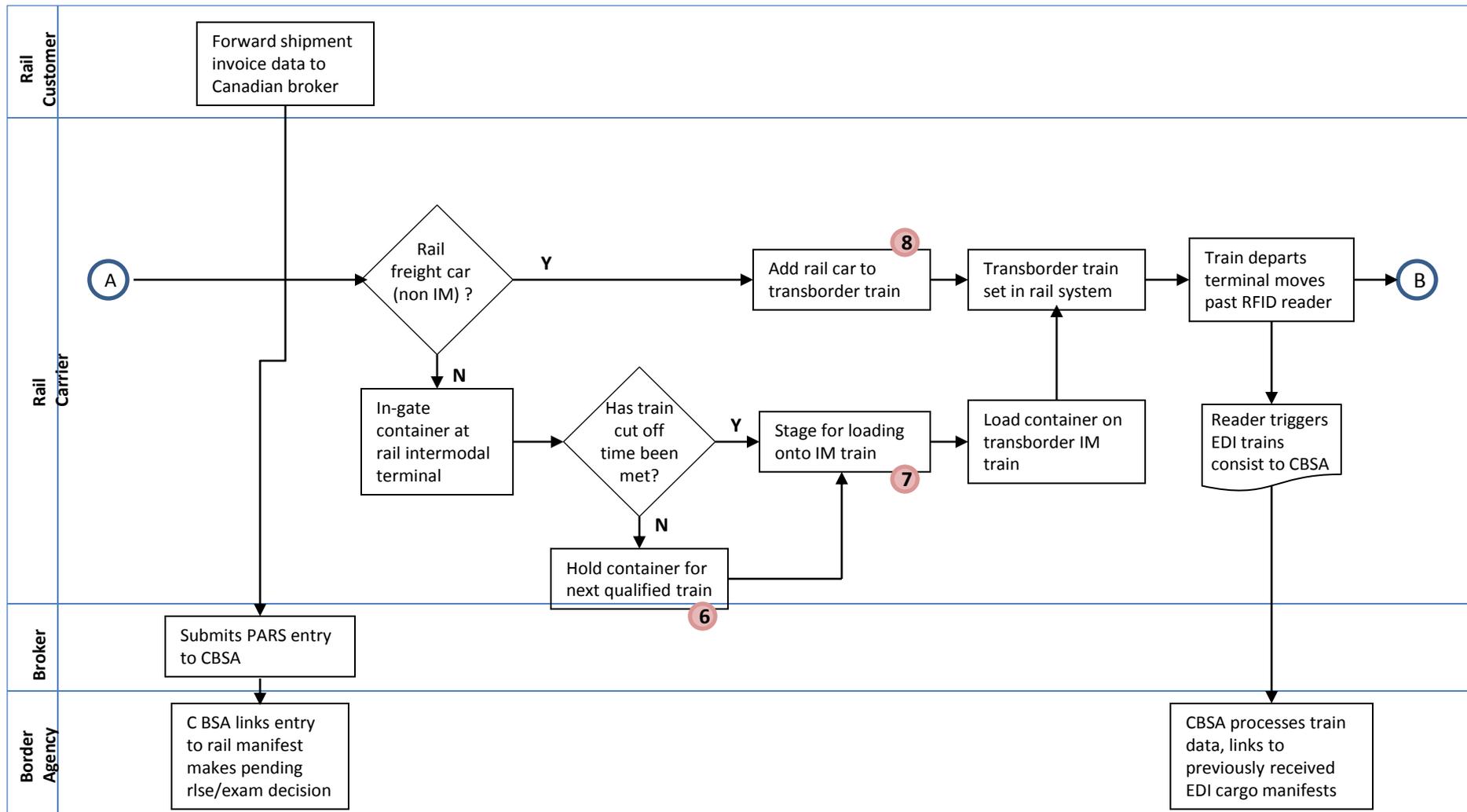
Northern Border Rail Process – Slide 1



Areas of Opportunity:

1. Bond issues related to rail interline and multi-modal trans border movement.
2. ITN validation.
3. Data validation and commodity alignment with AES filing.
4. Impact of bad data on business process.
5. Lack of visibility on paper export transactions.

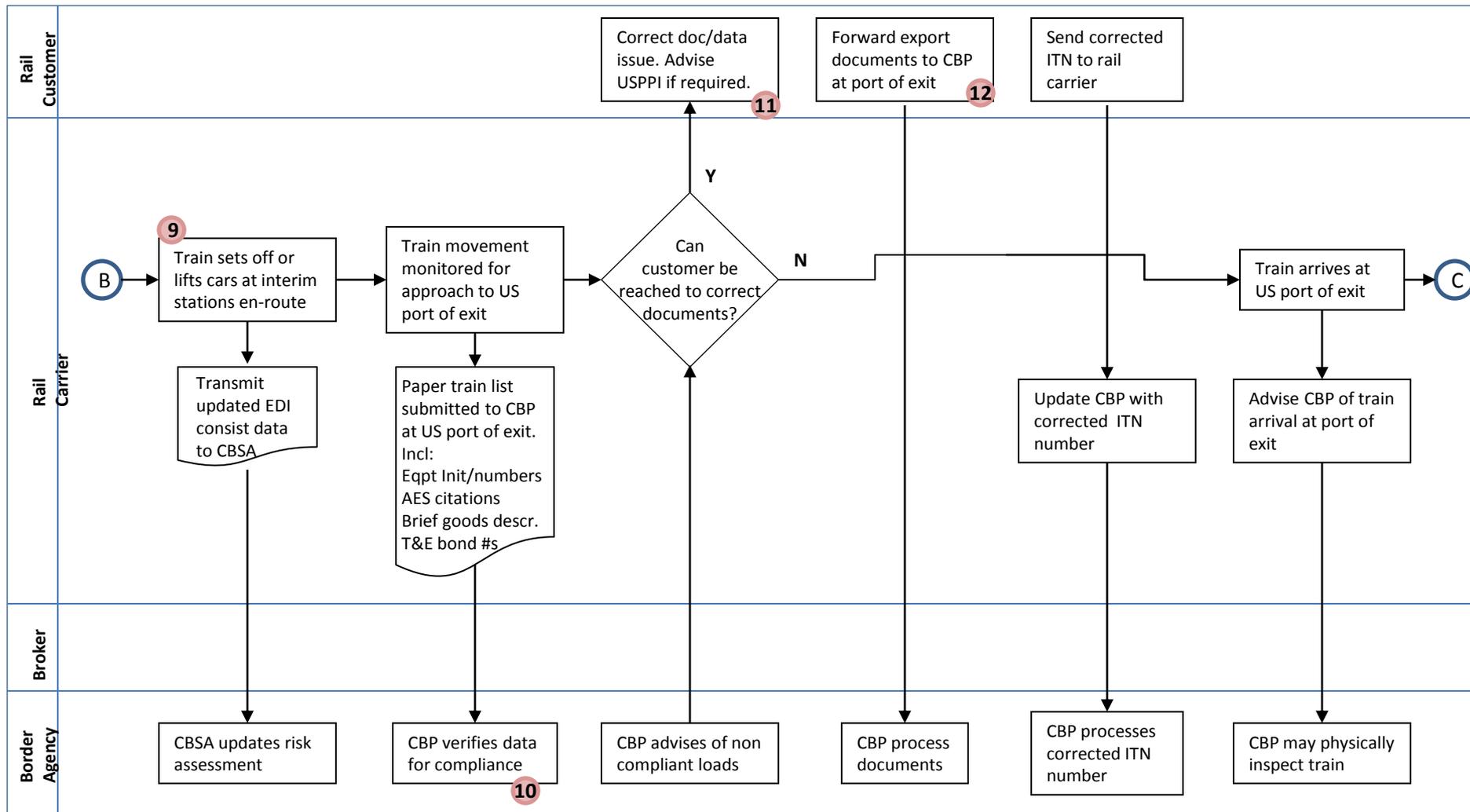
Northern Border Rail Process – Slide 2



Areas of Opportunity:

6. Rail carrier may be unaware of split shipment due to 3rd party nature of intermodal business.
7. Weight and balance and “blocking” issues due to missed reservation impact operation plan.
8. “Blocks” of cars can be picked up from customer sidings or rail interchange tracks en-route to border. Risk that rail car not intended for transborder movement may be imbedded in block. Logistics may dictate having to haul rail car across the border and back.

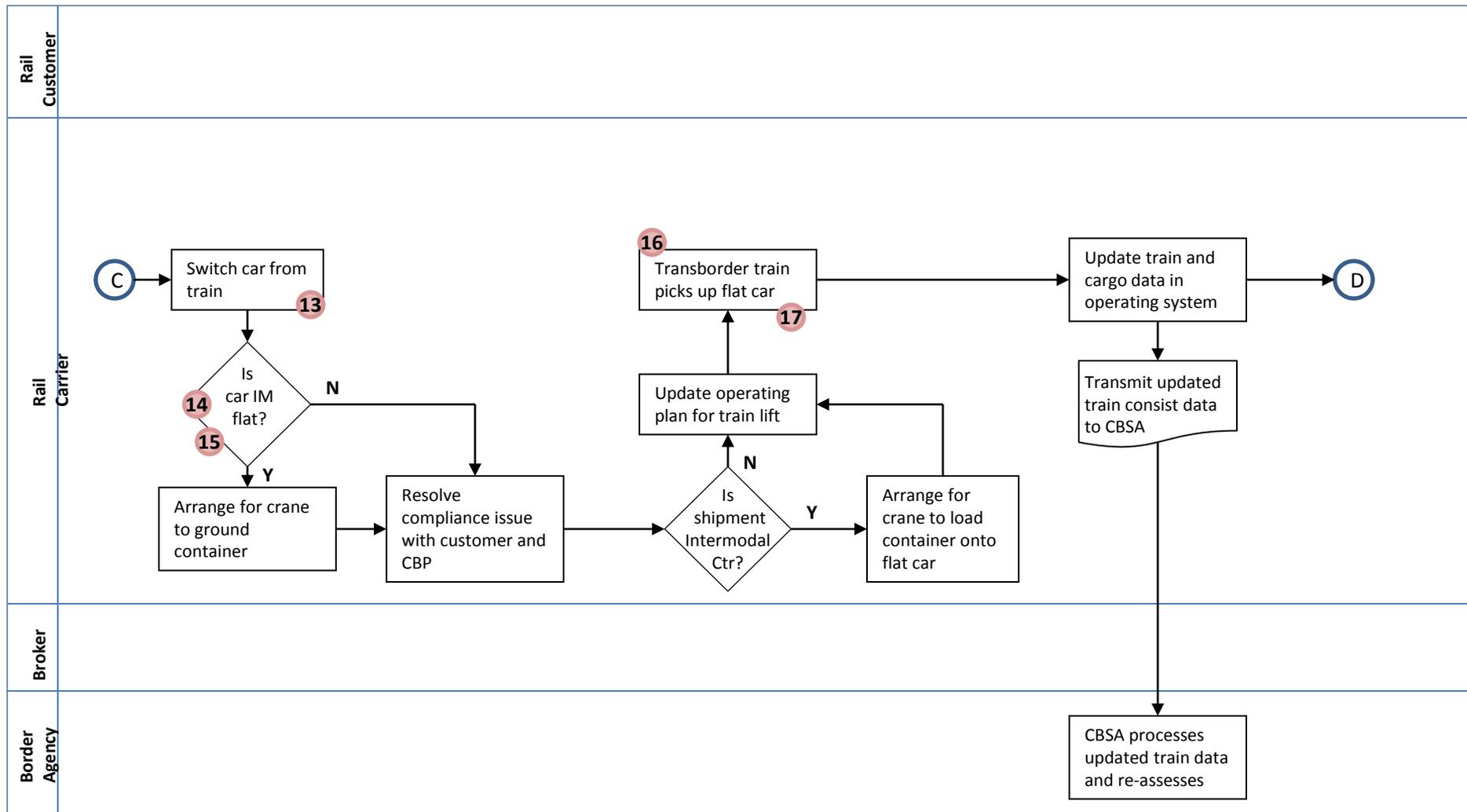
Northern Border Rail Process – Slide 3



Areas of Opportunity:

9. Train consist may need to change en-route to border to maintain train length or for operational reasons.
10. Exporting rail carrier held accountable for exporter non-compliance. Bond issues created at port of arrival can be forced to be resolved at port of exit.
11. When USPPI is not direct rail customer it can take several days to resolve ITN or other export requirement.
12. Difficult to determine if export documents/permits for exiting shipments is at port of exit prior to train arrival.

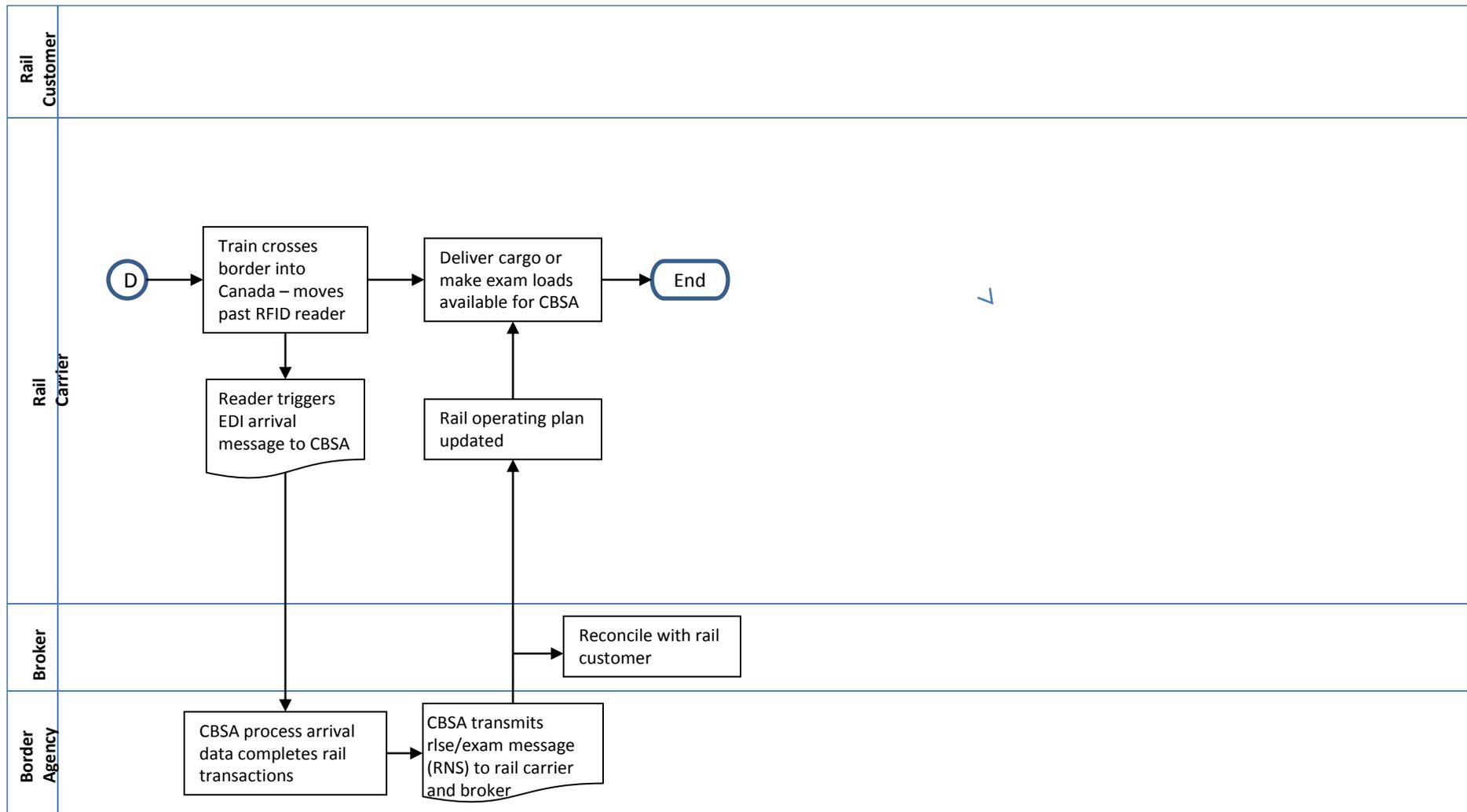
Northern Border Rail Process – Slide 4



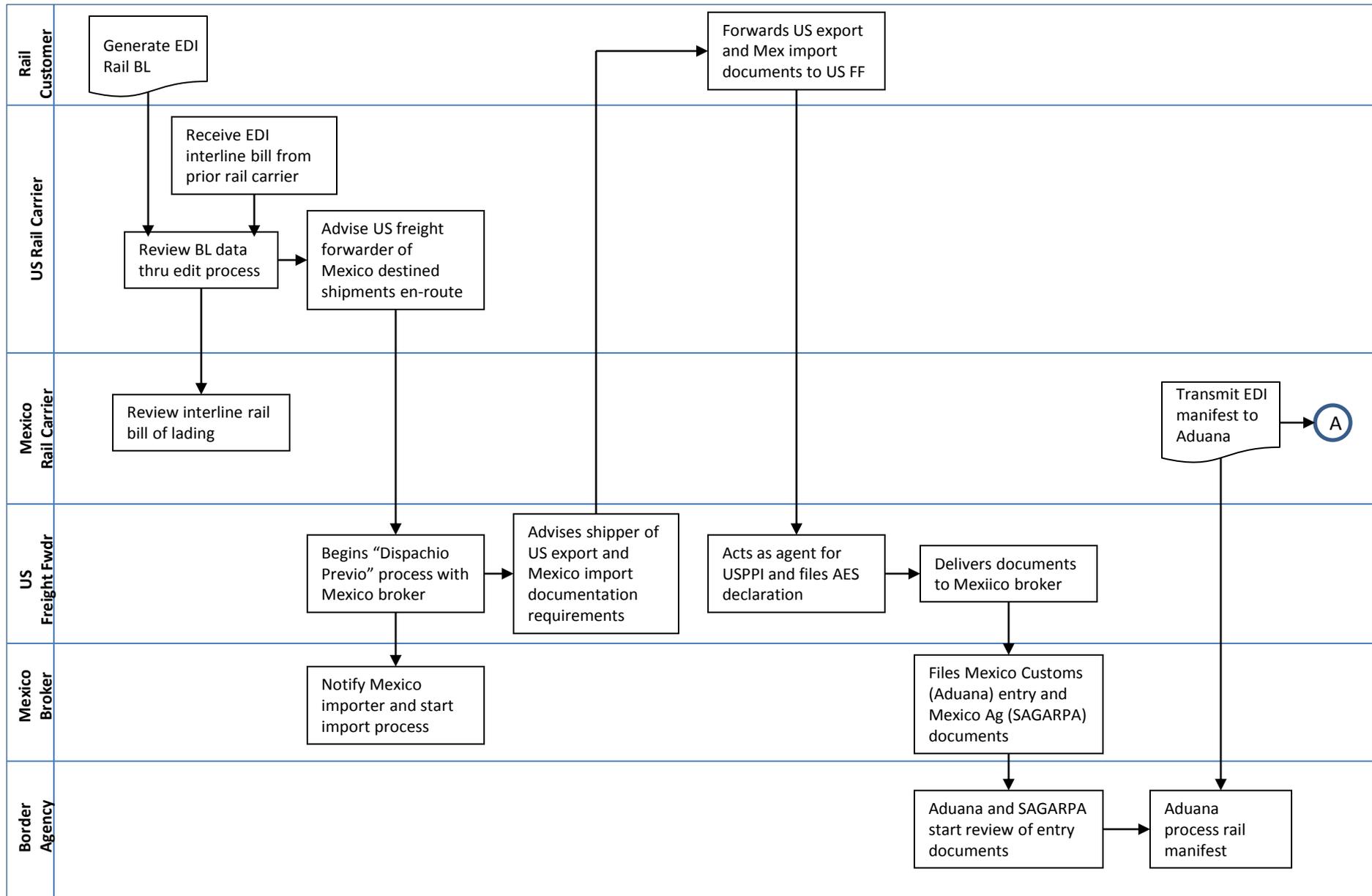
Areas of Opportunity:

- 13. Switching cars from outbound trains can be very problematic given limited infrastructure at some rail ports of exit.
- 14. Single Intermodal flat car can carry up to 15 containers. If flat car delayed more than 24 hours targeted container is grounded.
- 15. “Hostage” containers dwell at the border while issue with errant container is addressed.
- 16. For every train affected by an export issue a subsequent train is also affected.
- 17. In severe winter conditions cars may dwell at the border for several days.

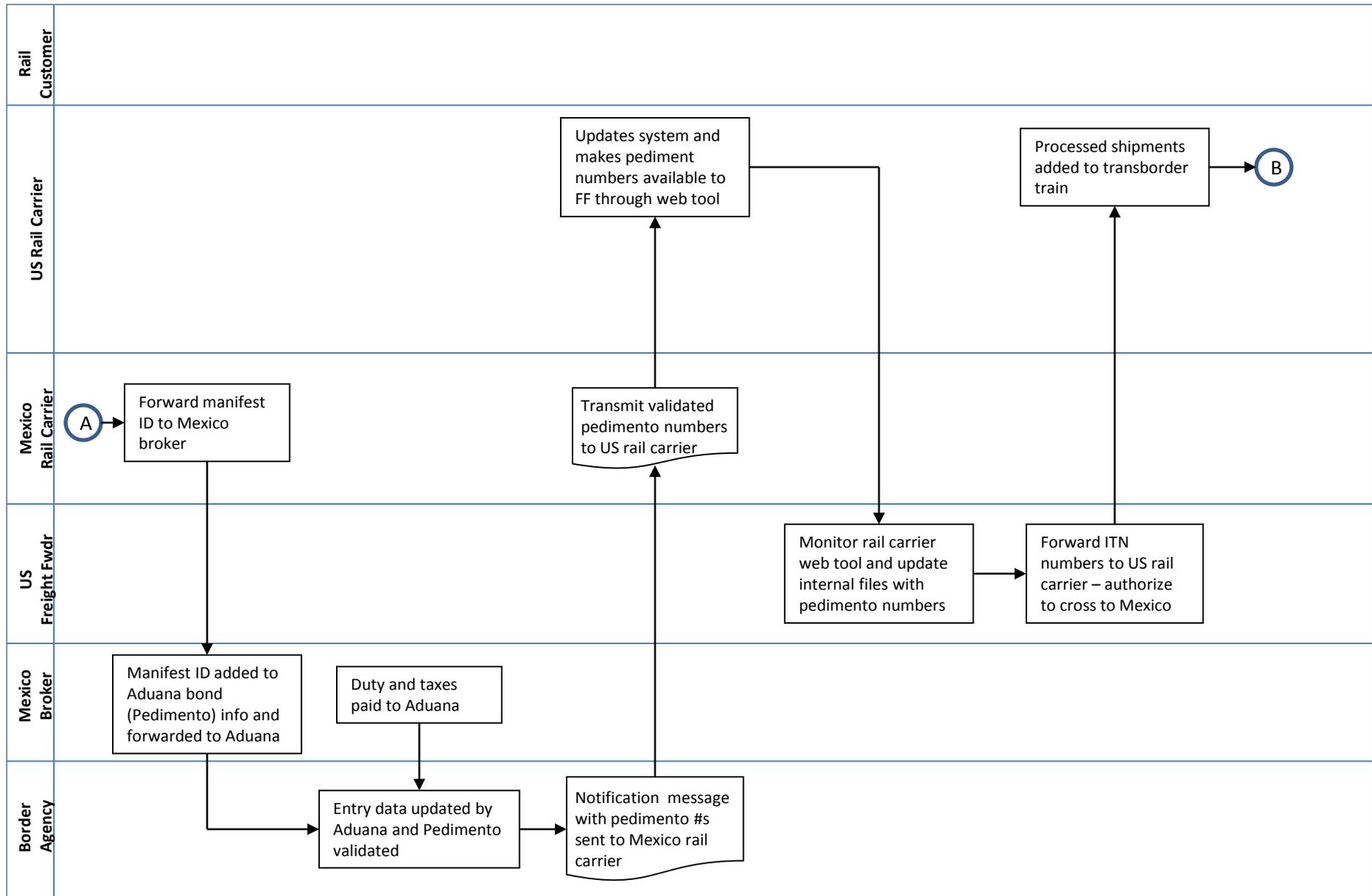
Northern Border Rail Process – Slide 5



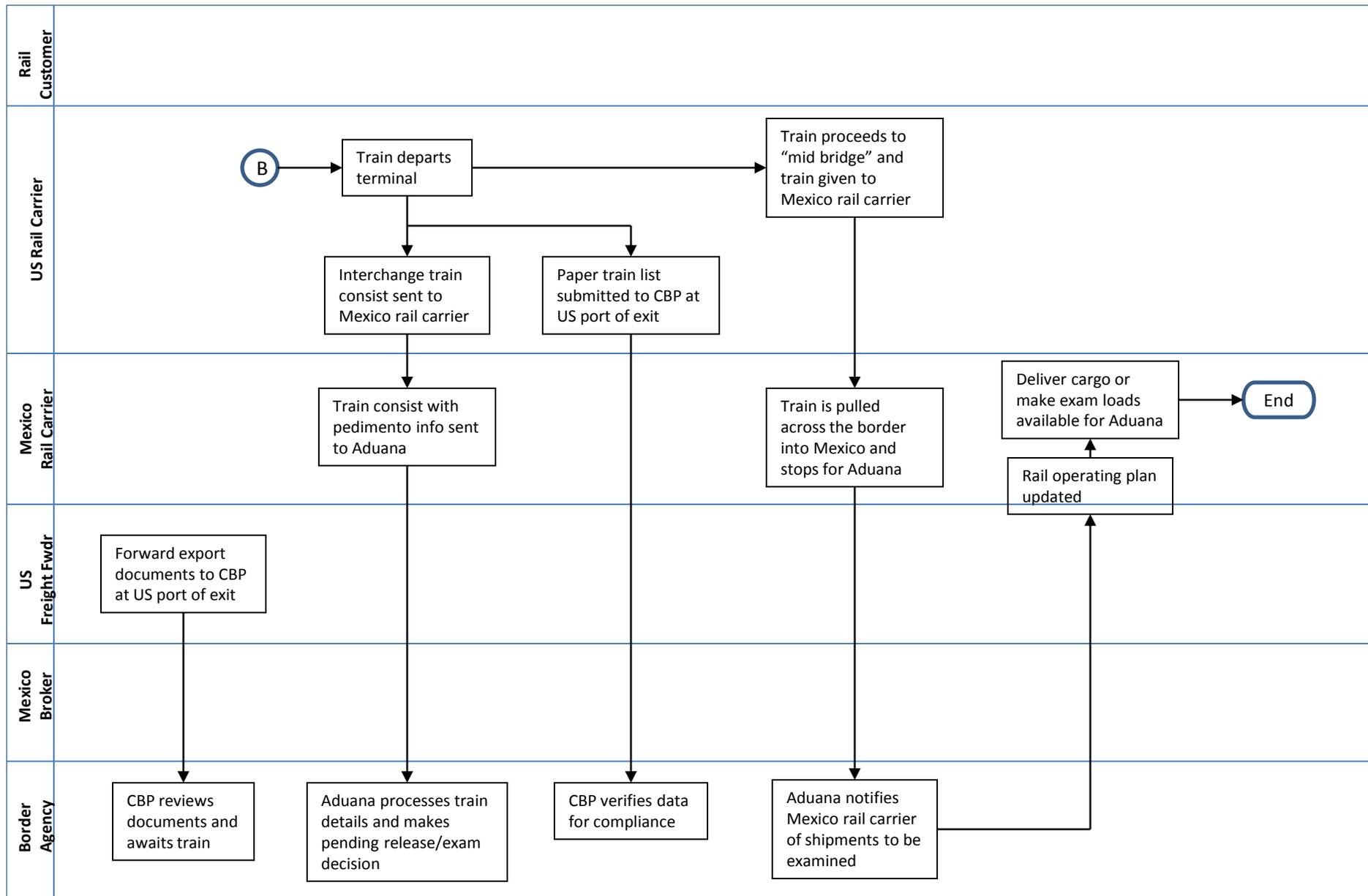
Southern Border Rail Process – Slide 1



Southern Border Rail Process – Slide 2



Southern Border Rail Process – Slide 3



COAC Export Mapping Work Group

Manifest Education Package

Group: Manifest

Category: Truck

Export Manifest for Motor Carriers

- **Issue**

U.S. Customs and Border Protection (CBP) wants to create an export e-manifest for use by motor carriers moving goods from the U.S. into Canada and Mexico, apparently similar to the Automated Commercial Environment (ACE) e-Manifest for truck.

- **Background**

The motor carrier industry supports the use of e-Manifest for trucks inbound to the U.S. at the Canadian and Mexican borders (19 CFR 123) as a way to screen cargo for security (Trade Act of 2002) and compliance and for reducing processing time through the Free and Secure Trade (*FAST*) and Customs-Trade Partnership Against Terrorism (C-TPAT) programs, along with offering online status tracking of trips to expedite legitimate trade while keeping Americas borders secure. There is no regulation supporting or requiring motor carriers to file or transmit an export e-manifest when crossing into Canada or Mexico. Only an electronic inbound manifest is required by the Trade Act of 2002.

- **Discussion**

The motor carrier industry continues to support the U.S. and Canada electronic data exchange, adhering to the AES EEI Canadian Exemption (15 CFR 30.36). In addition, we support the currently-used cross reference of MX pedimento information with the U.S.

C-TPAT mutual recognition arrangements with Canada and Mexico, which are currently being worked out, will readily supply the needed information for targeting – i.e., information to make proper security decisions.

The motor carrier industry believes that CBP already has processes and systems in place for security, compliance and trade facilitation, making an export e-manifest for motor carriers duplicative.

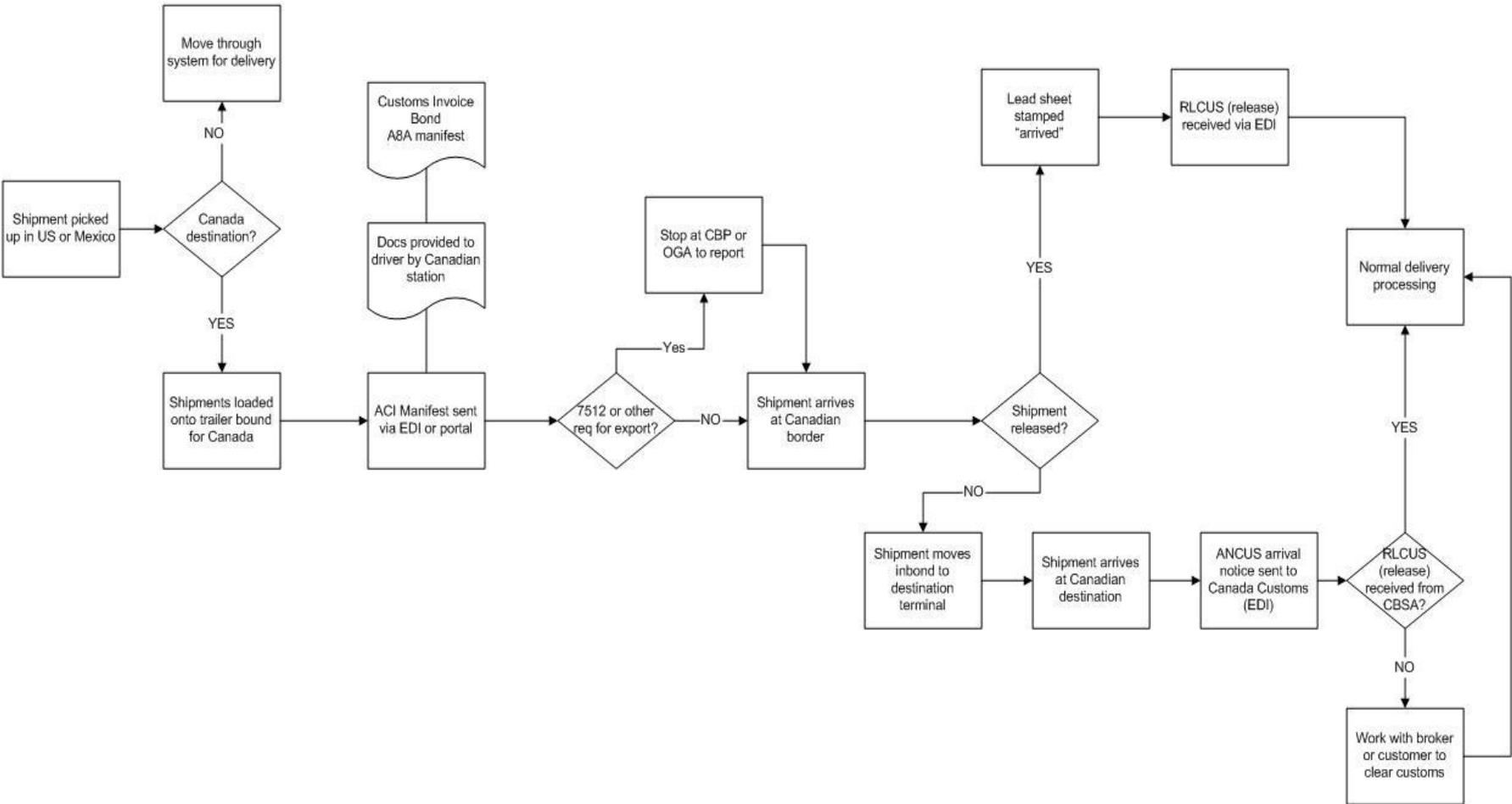
- **Conclusion**

The Beyond the Borders Action Group and the Regulatory Cooperation Council seek harmonization and elimination of duplicative regulatory requirements among the U.S., Canada, and Mexico. Requiring yet another regulation, new processes, and requirements will not meet these objectives.

A cost benefit analysis would provide details on the actual financial impact to the industry. Doing an export e-manifest would likely double the costs of cross-border business, calling for changes in systems and process and causing time delays at the border.

Northbound Truck Flow

Northbound Shipments



Truck Export Solutions

- Per the Beyond the Borders Action Group and Regulatory Cooperation Council mandates to seek harmonization and eliminate duplicative regulatory requirements among the U.S./Canada and U.S./Mexico borders, utilize existing trusted trader programs and data exchanges/cross-references to accomplish the government's export manifest goals.
- Risk and cost/benefit analyses should be carried out and taken into account prior to the development and implementation of any new export e-manifest requirements, focusing on the financial impact to all trade stakeholders and potential delays / negative impacts to cross-border trade flows.