

■ AEB White Paper

# — 10+2: Technical Background and Recommendations

What the U.S. Importer Security Filing means for EU companies



## — Executive Summary

The “Importer Security Filing and Additional Carrier Requirements” specify the electronic information U.S. importers and carriers must provide before their goods may enter the United States by sea. The requirements are nicknamed “10+2” because there are ten data elements to be completed by the importer (Importer Security Filing) and two by the carrier (vessel stowage plan and container status message). The regulations were introduced by the U.S. Customs and Border Protection (CBP) and became binding on January 26, 2009.

January 25, 2010, marks the end of a one-year transition period in which submission of the filing was mandatory but there were no consequences (penalties) for missing or inac-

curate filings. After this date, U.S. importers risk a \$5,000 penalty for each violation. In addition to fines, a “do not load” message may also be issued to the carrier.

The challenge here lies in the reliance of U.S.-based importers on the cooperation of the seller to complete the Importer Security Filing and provide the CBP with all the necessary information on time. This means that exporting companies will be asked to provide the relevant data to their customers at the appropriate time. Companies who rely heavily on exports to the United States should expect the importer to involve them in the process much earlier and more intensively.

## — Legal Background and Governing Authorities

### **U.S. Customs and Border Protection (CBP)**

U.S. Customs and Border Protection (CBP) was established on March 1, 2003, as part of the United States Department of Homeland Security. The CBP has a mandate for comprehensive border protection, including the control of illegal migration, customs control and the fight against international drug trade and terrorism. The CBP monitors 325 international ports throughout the United States and also maintains 14 foreign representations to inspect cargo on ships abroad under the Container Security Initiative.

### **Legal basis of regulations**

On September 30, 2006, the U.S. Senate passed the “Security and Accountability for Every Port Act of 2006”, also known as the “Safe Port Act”. The CBP, responsible for implementing the requirements of this law, published its first notice of proposed rulemaking in early 2008. The public had the opportunity to discuss this proposal for several weeks. After the positions of importers, carriers and customs agents were analyzed, the final interim regulation – the Importer Security Filing and Additional Carriers Requirements – were passed in November 2008.

### **Purpose of regulations**

The 10+2 regulations restructure the process by which goods are imported into the United States. In addition to the information already provided to the CBP – the shipping manifest and customs declaration – importers must now submit another form designed to enable authorities to better identify high-risk cargo.

The carrier uses the shipping manifest to provide the CBP with detailed information on the cargo and merchandise a full 24 hours before the ship leaves the foreign port. The customs declaration, which is submitted upon arrival in the U.S. port, contains information on the goods, the manufacturer and the other parties in the supply chain. This gives the CBP different information at different times but does not allow it to monitor the entire supply chain and potential sources of danger.

The new 10+2 regulations are designed to add one import step to the previous regulations, thereby minimizing any possible security risk. Relevant supply chain data is reported to the CBP early on, even before the container is loaded onto the ship in the foreign port. The information also includes certain events, precisely defined by the CBP, that affect the container from its loading to its arrival. This allows the CBP to monitor the entire supply chain step by step and, if necessary, use the vessel stowage plan to confiscate a container directly upon its arrival in the port.

## 10+2 Regulations in Detail

### Who has to file?

U.S. importers must submit the Importer Security Filing (ISF), consisting of ten data elements, to the CBP. The ocean carrier must supplement this data with the container status message and the vessel stowage plan. These three data sets are linked through the bill of lading number, which is always required.

The responsibility as importer falls to the individual or legal entity that initiated the movement of the goods into the U.S. open market. Importers may ask a customs agent or ISF representative to submit the ISF on their behalf. What's important is that the declarant have access to the Automated Manifest System (AMS) or an Automated Broker Interface (ABI). The declaration must also be secured by a bank guarantee registered with the CBP.

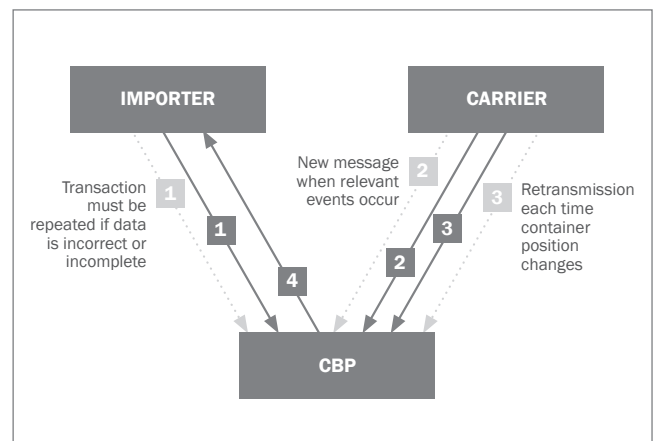
### Some explanatory information:

- The Automated Manifest System (AMS) is a system for electronic transmission of cargo data to the U.S. Customs and Border Protection (CBP).
- The Automated Broker Interface (ABI) is a computer-based system for electronic transmission of customs declarations.

### Flow of information to the CBP

1. The importer submits the security filing, consisting of ten data sets and the bill of lading, to the CBP at least 24 hours before the ship departs the foreign port.
2. If certain events occur, the carrier sends the container status message to the CBP, including a reference to the bill of lading. Possible event triggers include: booking confirmations, port arrival and departure alerts, change of location in port, port inspections and damage reports. The messages must also be transmitted to the CBP within 24 hours of their entry into the freight management system. The carrier may need to issue such messages more than once, depending on how often a relevant event occurs.
3. The carrier must also submit the vessel stowage plan within 48 hours following the ship's departure from port, also citing the bill of lading. This plan must be resubmitted to the CBP any time there is a change to the position of the container.

4. The importer receives a confirmation of receipt from the CBP with a status: Accepted, Accepted with Warning, Accepted Conditionally, Rejected.
  - In the case of rejection, the importer is notified of the reason for the rejection and the carrier is sent a do not load message. The importer then has the opportunity to correct the security filing.
  - In the case of acceptance, the importer receives a registration number and is notified whether the container status message and vessel stowage plan were received.



### Consequences of regulations

Submission of the ISF is mandatory effective January 26, 2010. During the transition period ending on January 25, 2010, submission of the ISF is still mandatory, but no penalties are imposed and there are no consequences for inaccurate or missing filings. The penalty for noncompliance with regulations calls for the importer to pay a standard fine of \$5,000 per violation. In addition to the fines, a do not load message sent to the carrier can block loading of the ship. To complete the Importer Security Filing and transmit the necessary information in full and on time to the CBP, the U.S.-based importer needs data from the seller earlier than before. It is assumed that the importer will approach the exporting company and request transmission of the specified data at the proper time.

## — Detailed List of Data Sets

Security filing from importer	Description	Note
Seller	Name and address of last known person from whom goods are sold or supposed to be sold. If goods have not been sold, owner should be named.	Appears on invoice or purchase order.
Buyer	Name and address of last known person to whom goods are sold or supposed to be sold. If goods have not been sold, owner should be named.	Appears on invoice or purchase order.
Importer of record number	IRS taxpayer ID, EIN (employer identification number), SSN (Social Security number) or CBP-assigned number of person responsible for paying all duties and fulfilling all requirements associated with import.	Confidential number known to importer or customs agent.
Consignee number	IRS taxpayer ID, SSN or CBP-assigned number of person in United States in whose name goods are shipped.	Confidential number known to importer or customs agent.
Ship-to party	Name and address of first person who is to take physical possession of goods when customs inspection is complete.	May be added or amended up to 24 hours before arrival of ship.
Manufacturer/supplier	Name and address of person who last manufactured, assembled, produced or cultivated goods.  Or: Name and address of person who supplied finished goods to goods' country of departure.	Manufacturer's data is often difficult to obtain, so CBP also accepts supplier. May be added or amended up to 24 hours before arrival of ship.
Country of origin	Country in which goods were manufactured, produced or cultivated according to laws and regulations of United States.	May be added or amended up to 24 hours before arrival of ship.
Commodity HTS number	Number used for customs or statistical purposes with which goods are classified under U.S. customs tariffs (HTSUS).	Six-digit number is required. Eight- or ten-digit number also allowed. May be added or amended up to 24 hours before arrival of ship.
Container stuffing location	Location where the goods are loaded into the container. For bulk shipments the location where the goods are made "ship ready".	Information must be submitted at least 24 hours before arrival of ship in U.S.
Consolidator, container stuffer	Name and address of person who loaded container or ordered the container loaded. In the case of bulk packaged goods, person who prepared goods for shipping.	Information must be submitted at least 24 hours before arrival of ship in U.S.

U.S. Customs and Border Protection has announced that the ISF simplifications in place up to now will cease to apply effective January 26, 2010. This pertains to the flexibility in the date and content of the fields of ship-to party, manufac-

turer/supplier, country of origin, commodity HTS number, container stuffing location and container stuffer, which could previously be added or amended up to 24 hours before the arrival of the ship.

Report of vessel stowage plan by carrier	Description
Information on vessel	Includes the following elements: vessel number, operator, route number
Information on container	Includes the following elements: container number, operator, size and type, loading position, dangerous goods code, loading port, unloading port

Container status message by carrier	Description
Information on vessel	Vessel number
Information on container	Container number, status (empty or full)
Event data	Event code, place of event, date and time of event

## — AEB Support of 10+2 Requirements

One can assume that the U.S. importer will turn to the exporter to obtain the data at the appropriate time, so AEB will offer a solution for this in its logistics and foreign trade suite ASSIST4. ASSIST4 Customs Management will make it possible to create a document or export a file containing the available data for the security filing. This will enable the U.S. importer to transmit the Importer Security Filing to the CBP.

For this purpose, ASSIST4 offers the following fields, which will be pre-allocated but can be overwritten in manual editing mode:

- Bill of lading: field in the document pre-entry screen
- Seller: shipper/exporter
- Buyer: customer
- Importer of record number: added in company master and document pre-entry screen
- Consignee number: added in company master and document pre-entry screen
- Ship-to party: consignee
- Manufacturer/supplier: subcontractor, if applicable; otherwise, the exporter
- Country of origin: country of origin according to German legal definition
- Commodity HTS number: first six digits of commodity code
- Container stuffing location: new field in document pre-entry screen, initialization through shipping point
- Consolidator, container stuffer: new field in the document pre-entry screen

# Sample Document: Importer Security Filing (10+2)

## Importer Security Filing Information

<b>Bill of Lading</b> B/L 1548/2	<b>Shipment Number</b> 300139	<b>Container Number(s)</b> C40 4789/589	<b>Date</b> 2009-11-26
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**Buyer**  
Mainstream Electrics Cie.  
2456 Willing Ave  
Los Angeles California CA 92345  
UNITED STATES OF AMERICA  
Phone: 001-923-789 4567

**Ship to Party**  
Mainstream Electrics Cie.  
2456 Willing Ave  
Los Angeles California CA 92345  
UNITED STATES OF AMERICA  
Phone: 001-923-789 4567

**Consignee Number**  
Not known

**Importer of Record Number**  
Not known

**Seller**  
Gustav Adelman GmbH  
Maschinen Import und Export  
Daimlerstraße 35  
70372 Stuttgart  
GERMANY  
Phone: +49 711 - 456-0

**Manufacturer/Supplier**  
Gustav Adelman GmbH  
Maschinen Import und Export  
Daimlerstraße 35  
70372 Stuttgart  
GERMANY  
Phone: +49 711 - 456-0

**Container Stuffing Location**  
Gustav Adelman - Halle 1  
Versandstelle  
Daimlerstraße 37  
70372 Stuttgart  
GERMANY  
Phone: +49 711 - 72842-300

**Container Stuffer/Consolidator**  
Gustav Adelman GmbH  
Maschinen Import und Export  
Daimlerstraße 35  
70372 Stuttgart  
GERMANY  
Phone: +49 711 - 456-0

## Commodity HTSUS Number(s) / Country of Origin

Invoice No./ Qty.	Article No.	Article Descr.	HTSUS No.	Ctry. of Orig.
300139				
	1 BA-1000-000	Frontloader - type 1000	842951	DE
	1 BA-1361-200	Frontspoon - type 1000	843141	BG
	1 BA-1000-000	Frontloader - type 2000	842951	DE
	3 BA-1361-200	Frontspoon - type 2000	843141	NL

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## — What is a white paper?

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