

ACE In-bond Processing Issues

Issue Causes and Effects

When ACE replaced AMS new edits were put in place that were designed to improve tracking of in-bond shipments and ensure that shipments reported as arrived were actually arriving at the intended ports of entry. There were three edit changes that initially appeared to be benign and were implemented in ACE. The first, was the requirement that in-bond status would be set to arrived when the entire in-bond transaction was accounted for. Trade participants would be given the opportunity to arrive shipments at the full in-bond level, the master bill of lading level or at the container level. Unlike AMS, if participants choose to arrive shipments at a level lower than full in-bond, all containers or bills of lading must be arrived in order to consider the in-bond to be arrived. The second edit prevented the filing of subsequent in-bonds (in-bonds filed to move deconsolidated freight from the first in-bond arrival port) until the in-bond is in arrived status. The third edit would prevent sending of release notifications (known as the 1C message) until the master bill of lading associated to the in-bond was arrived at the destination port of entry. These three edits taken together had a combined and negative effect on the Master In-bond (MIB) process that had been used by ocean carriers for years. Many carriers had identified issues with this process and had provided guidance to their clients that did not always contain the best information.

CBP Proposed Technical Solution

CBP has recognized this negative effect of these changes and is working with ACE developers to try to alleviate the problem. The solution that is being considered will be all on the CBP side. It involves setting the in-bond status indicators internally to arrived upon first container arrival but will still allow CBP to properly track and close the rest of the in-bond at container or bill of lading level. What this means to trade participants is that at some point in the near future they can resume their pre-ACE (i.e. AMS) business processes in regards to master-in-bond (MIB) and subsequent in-bond processing. As this change is developed and deployed, trade participants will be invited to test it and ensure that their business processes work with the new processing. CBP is at the start of the change process for this and will keep all participants advised as the change is designed, developed, tested and implemented.

Interim Guidance and Mitigation Scenarios

Until the above discussed technical solution is implemented, hopefully within the the next 60-90 days, CBP provides the following scenarios and discusses some possible temporary workarounds to ensure that all parties are using the same information in their decision making process and to reduce the negative impact of the current ACE in-bond processing functionality. Please note that these scenarios may occur either individually or simultaneously depending on complicated business processes.

The basic rules for MIB transactions are currently as follows:

- The entire **in-bond** must be arrived prior to any subsequent in-bond filing. If you arrive at the container level, all containers associated to that MIB must be arrived in order to file a subsequent in-bond. If you arrive at the master bill of lading level, all bills of lading associated to that MIB must be arrived in order to file a subsequent in-bond. If you arrive at the in-bond level, subsequent in-bonds can be filed after the in-bond has been arrived.
- The entire **bill of lading** must be arrived prior to release notifications (1C) being sent to the carrier and secondary notify parties. If arrival notices are sent at the container level, all containers associated with a particular master bill of lading must be arrived in order for release notifications to go out. This is less of an issue when the merchandise is delivered directly to the consignee but may cause storage fees if going to a terminal facility. If the in-bond arrivals are performed at the bill of lading or in-bond level, release notifications will be sent out.
- **Permits to Transfer (PTT)** for in-bond shipments are not impacted by container arrival (no suppression of notifications or rejects) but may reject if the same bill (without container or piece count) is being sent to the same facility. The first PTT at the bill level covers the entire bill that is being moved and should be treated accordingly. Export of in-bonds is also not impacted by these edits.

When a subsequent in-bond is transmitted in ACE prior to the previous in-bond's complete arrival, the transmission will receive the error 'Prev Inbond Move Must Be Arrived' (error code 181). This is the indication that the previous in-bond has not been arrived in its entirety.

Trade Mitigation Steps

To prevent delays to the release of in-bond shipments, carriers and in-bond filers should work together to come to agreement on a solution that allows for the freight to move when necessary. CBP has identified at least two solutions that work:

- Carriers can transmit the initial in-bonds at the Bill of Lading level and arrive them at their destinations at the same level. This will allow for all processing to continue at the port of destination.
- Carriers can continue to submit master in-bonds but arrive the shipments at the in-bond level. This will allow for processing of the subsequent legs. Please note that as always, carriers will be responsible to show that all of the shipments covered by the in-bond have actually arrived at the destination and are fully accounted for.

CBP Mitigation Steps

During this interim period, CBP users at ports of entry and CBP Client Service Representatives can provide assistance with arrival at the in-bond level if issues arrive. Additionally, CBP Officers at ports of entry can generate subsequent in-bond moves manually from trade submitted CBP 7512 forms when needed. Below are some common In-bond Scenarios identified by trade partners that would be impacted. Trade Partners

can also ask CBP ports and Client Representatives for help with these. Possible mitigations are provided for each scenario. Some definitions for these scenarios include:

- MIB = Master In-bond (in-bond issued with the manifest submission)
- MBL = Master Bill of Lading submitted by carrier
- HBL = House Bill of Lading AKA NVOCC Bill
- PTT = Permit to Transfer shipments between facilities in a port

Scenarios

Example One – MIB with 25 MBL with a combined total of 50 containers moving via rail from the vessel terminal at Port A to the rail terminal at Port B for purposes of deconsolidation. Only 35 of the containers were able to be moved out of the terminal at Port A on Train 1 with the remaining 15 following on two additional trains (7 on train 2 and 8 on train 3) over the next 2 days. When Train 1 arrives in Port B, arrival messages are sent at the container level for the 35 containers on the MIB. Subsequent in-bonds filed against these containers on this day fail because the entire in-bond has not been arrived. When Train 2 arrives in Port B the next day, arrival messages are sent at the container level for the 7 containers on the MIB. Subsequent in-bonds filed against these containers and the 35 containers on Train 1 sent on this day fail because the entire in-bond has not been arrived. When Train 3 arrives in Port B on the third day, arrival messages are sent at the container level for the 8 containers on this train. This completes all of the arrivals on the MIB and all subsequent in-bond messages will be accepted and processed.

Suggested Mitigation: Carrier may send arrival at the in-bond level or request that CBP arrive the in-bond when the first 35 containers arrive. A side effect of this is that subsequent arrival messages for this MIB will be rejected with the error “In-bond Already Arrived”. Once the in-bond has been arrived, subsequent in-bonds will be processed and all notifications will be sent out.

Example Two – MBL for 8 containers moving against a MBL in-bond from Port A to Port B and arriving at a Bill level

This scenario should create no problems for the trade because everything clears against the bill. Subsequent in-bonds and releases will be sent at bill level arrival. No mitigation is needed.

Example Three A– MBL for 8 containers moving against a MBL in-bond from Port A to Port B and arriving at a Container level

MBL A - 8 containers are moving from Port A to Port B against an Immediate Transport Bond (not a Master in-bond) and it is arrived by container. One container is going through an exam at Port A and will arrive in the next day or two. Seven containers have arrived at the Port B rail ramp and the I.T. has been arrived by container. All eight containers are on a single consumption entry that has been accepted. The seven

containers will not be released until the eighth container has arrived in Port B yet. The 1C will not be released against the all the containers until all containers have arrived. No mitigation is needed.

Example Three B – MBL for 8 containers moving against a MBL in-bond from Port A to Port B and arriving at a MBL level

MBL A - 8 containers are moving from Port A to Port B against an Immediate Transport Bond (not a Master in-bond) and it is arrived by container. One container is going through an exam at Port A and will arrive in the next day or two. Seven containers have arrived at the Port B rail ramp and the I.T. has been arrived by master bill of lading. All eight containers are on a single consumption entry that has been accepted but a release has not been generated due to the exam. The seven containers will not be released until the exam is completed on the eighth container. The 1C will be sent out against the full MBL on all the containers once it is generated. No mitigation is needed.

Example Three C – MBL for 8 containers moving against a MBL in-bond from Port A to Port B and arriving at a MBL level

MBL A - 8 containers are moving from Port A to Port B against an Immediate Transport Bond (not a Master in-bond) and it is arrived by container. One container does not make the first train at Port A and will arrive in the next day or two. Seven containers have arrived at the Port B rail ramp and the I.T. has been arrived by master bill of lading. All eight containers are on a single consumption entry that has been accepted. The 1C will be released against the full MBL on all the containers because the master bill of lading has arrived. No mitigation is needed.

Example Three D – MBL for 8 containers moving against a MBL in-bond from Port A to Port B and arriving at a Container level

MBL A - 8 containers are moving from Port A to Port B against an Immediate Transport Bond (not a Master in-bond) and it is arrived by container. One container does not make the first train at Port A and will arrive in the next day or two. Seven containers have arrived at the Port B rail ramp and the I.T. has been arrived by master bill of lading. All eight containers are on a single consumption entry that has been accepted. The seven containers will not be released until the eighth container has arrived in Port B yet. The 1C will not be released against the full MBL on all the containers until all containers have arrived.

Suggested Mitigation: The Carrier may send arrival at the in-bond level or request that CBP arrive the in-bond when the first 7 containers arrive. Once the in-bond has been arrived, subsequent in-bonds will be processed and all notifications will be sent out.

Example Four – MBL for 4 containers moving against a MIB from Port A to Port B and arriving at a Bill level

MBL B – 4 containers are moving from Port A to Port B against a MIB (four MBL's and 17 containers). The MIB is arrived in Port B on a Bill level. All MBL's must be arrived in Port B before a subsequent in-bond may be generated. Until the entire MIB is arrived subsequent in-bonds filed against these containers will be rejected.

Suggested Mitigation: Carrier may send arrival at the in-bond level or request that CBP arrive the in-bond when the first 4 containers arrive. A side effect of this is that subsequent arrival messages for this MIB will be rejected with the error “In-bond Already Arrived”. Once the in-bond has been arrived, subsequent in-bonds will be processed and all notifications will be sent out.

Example Five A – MBL for 1 Consolidation container moving against an MIB from Port A to Port B and Carrier arrives at MBL Level

MBL D: The container is moved from Port A to Port B and the Carrier arrives the MBL at Port B. The Permit to Transfer is approved and the container is picked up and devanned at Port B CFS. Subsequent In Bonds for LCL shipments are created but are rejected due to previous MIB is not arrived. The containers for MBL C (Under the same MIB) are still in Port A on exam. Until the entire MIB is arrived subsequent in-bonds filed against these containers will be rejected.

Suggested Mitigation: Carrier may send arrival at the in-bond level or request that CBP arrive the in-bond when the first 4 containers arrive. A side effect of this is that subsequent arrival messages for this MIB may be rejected with the error “In-bond Already Arrived”. Once the in-bond has been arrived, subsequent in-bonds will be processed and all notifications will be sent out. *Caution should be taken to ensure that the examination has been completed at Port A prior to this arrival as arrival in Port B will prevent transfers for exam from being processed in Port A.*

Example Five B – MBL for 1 Consolidation container moving against an MIB from Port A to Port B and Carrier arrives at Container Level

MBL D: The container is moved from Port A to Port B and the Carrier arrives the Container at Port B (There is one container per MBL so assume this will arrive the MBL as well) The Permit to Transfer is approved and the container is picked up and devanned at Port B CFS. Subsequent In Bonds for LCL shipments are created but are rejected due to previous MIB is not arrived. The containers for MBL C (Under the same MIB) are still in Port A on exam..

Suggested Mitigation: Carrier may send arrival at the in-bond level or request that CBP arrive the in-bond when the first 4 containers arrive. A side effect of this is that subsequent arrival messages for this MIB may be rejected with the error “In-bond Already Arrived”. Once the in-bond has been arrived, subsequent in-bonds will be processed and all notifications will be sent out. *Caution should be taken to ensure that the examination has been completed at Port A prior to this arrival as arrival in Port B will prevent transfers for exam from being processed in Port A.*

Example Six– MBL for 1 Consolidation container moving against a MIB from Port A to Port B and Carrier arrives at MBL Level.

MIB consists of 100 MBL’s of which 1 MBL is a consolidation container. 18 of the MBL’s (including the consolidation container) arrive at Port B and the MIB is arrived on

a MBL level. The Permit to Transfer is approved and the consolidation container is picked up and devanned at Port B CFS. Subsequent in-bonds are created but rejected due to previous master in-bond has not been arrived. The party generating the subsequent in-bonds, for shipments from the consolidation container, waits 4 -5 days but receives rejects again. Several of the shipments from the consolidation container have received 1C's and have been delivered. The remaining 82 MBL are still at Port A awaiting inspections and have not been scheduled for the rail movement to Port B. It is now at the 9th day after arrival at Port B and the Vessel Operator will not remove the 82 MBL from the MIB and create a new one because General Order Notices would be issued.

Suggested Mitigations: The Vessel Operator offers to remove the consolidation container from the MIB and create a separate in-bond for the consolidation container MBL. However, shipments have already been cleared, released, possible duties paid and delivered. A **PAPER** subsequent in-bond must be issued in order to obtain authorization Carrier may send arrival at the in-bond level or request that CBP arrive the in-bond when the first containers arrive. A side effect of this is that subsequent arrival messages for this MIB may be rejected with the error "In-bond Already Arrived". Once the in-bond has been arrived, subsequent in-bonds will be processed and all notifications will be sent out. *Caution should be taken to ensure that the examination has been completed at Port A prior to this arrival as arrival in Port B will prevent transfers for exam from being processed in Port A.*