



U.S. Importer's Guide

To CBP Requirements for Advance Electronic Presentation of Truck Cargo Information

Background

With the signing into law of the Trade Act of 2002, the requirement of Customs and Border Protection (CBP) to receive cargo manifest information prior to arrival in the United States was mandated. Final rules were published by CBP on December 5, 2003, outlining the specific information that would be required and timeframes for receipt.

On August 17, 2004, CBP published in the Federal Register a phased implementation schedule for advance electronic presentation of information for truck cargo. The first phase will include 40 ports of entry on the Northern and Southern US Borders with an effective date of November 15, 2004. The second phase includes 43 additional ports of entry with an effective date of December 15, 2004. The last phase for the remaining 16 land border ports of entry begins January 14, 2005. Customs has also defined the procedures that will apply to shipments for which BRASS (Line Release) privileges are currently granted, and In-bond shipments processed via CAFES.

Expeditors is providing this information to our Supplier, Importer and Carrier trade partners in an effort to make the transition into these new clearance procedures as smooth as possible and to keep your supply chain flowing. We have anticipated this action by CBP, and have developed, implemented and refined our processes and systems to meet the new requirement over the past several years. We invite you to contact our Truck AMS Implementation Manager, Susan Jagiela, with any questions or concerns you may have at (734) 857-5000.

Impact on November 15th, 2004 – Are you ready?

BRASS (Line Release) Shipments

Shipments currently approved for BRASS processing will be temporarily exempt from Advance Electronic Cargo Information requirements. BRASS shipments will continue to be processed in the same manner they are now, subject to the following conditions:

Importer and shipper (in combination) involved in the transaction are current BRASS participants.

- This means that no additional importer/shipper combinations will be allowed into the BRASS program. CBP has, however, made allowances for current participants to add new products to line release, or change filers.



Importer and shipper have engaged in a minimum number of BRASS transactions in the past year.

- Currently, the minimum number is 50, however, CBP has made it clear that this number is subject to change. CBP will notify current BRASS approved shippers/importers whose transaction volumes do not meet the minimum requirements in the near future. If you receive such a notice, please contact your local Expeditors office immediately to implement alternative clearance procedures.

The truck carrier carrying the merchandise must utilize drivers who are registered under the Free and Secure Trade (FAST) program and carry a FAST Driver card.

- It is important that as the importer, you are aware of the FAST status of the trucking company (and their drivers) carrying your merchandise into the United States. If the driver carrying your BRASS shipment is not a FAST certified driver, he will follow the process described below for Non-BRASS Shipments.

For processing along the southern border, the truck carrier participates in an approved industry partnership program, such as C-TPAT.

- For companies importing from Mexico, knowledge of your carrier's C-TPAT status is necessary. If the carrier you use for BRASS shipments is not C-TPAT (or other approved program) certified, the driver will follow the process described below for Non-BRASS Shipments.

CAFES Shipments

In-bond shipments (transiting from port of entry to a second US port for exportation or entry) processed via CAFES will be temporarily exempt from Advance Electronic Cargo Information requirements. Processing of CAFES In-bond shipments is usually managed by your carrier and/or customs broker. If your shipments travel through the United States in-bond, contact your carrier to determine what procedures they use for your in-bond shipments. As always, Expeditors can assist you with any questions you have regarding in-bond shipment processing methods.

NON- BRASS (or CAFES) Shippers

For transactions not subject to BRASS or CAFES, shipment data may be transmitted via one of two CBP approved interim EDI systems. The systems are PAPS (Pre-Arrival Processing System) and QP/WP (an ABI in-bond processing system).

Pre-Arrival Processing System (PAPS)

Expeditors has implemented and is currently utilizing PAPS with many of our clients to pre-clear border shipments. We are prepared to bring additional carriers, shippers and importers into this program immediately to avoid last minute conversion issues on November 15. Implementation and testing of PAPS procedures during the next few months while there is still a safety net in place will make the transition much less costly to carriers, shippers and importers.

The process is very simple, and as long as all the parties involved do their part, will greatly reduce driver time spent at border crossings. From the importer's perspective, following are the steps you should take to begin taking advantage of PAPS:



1. Contact the Canadian and Mexican companies you purchase goods from to discuss documentation and shipping procedures. Your suppliers must work in cooperation with the trucking company involved in the transportation of merchandise from door to door to avoid shipment delays. You may provide the *"Canada and Mexico Shipper's Guide to Complying with CBP Requirements for Advance Electronic Presentation of Truck Cargo Information"* prepared by Expeditors to your suppliers. This guide explains the requirements from the shipper's perspective.
2. Confirm with your carrier(s) that they are familiar with the PAPS program, and verify they have applied for and have received their unique U.S. Standard Carrier Alpha Code (SCAC) from the National Motor Freight Association. If your carrier is not familiar with PAPS and does not have a SCAC code, you can direct them to our website at <http://www.expeditors.com/services/sUSCanadaBorder.asp> for more information, or provide them with our telephone number. We would be happy to assist them in getting set up to participate in the PAPS program. We have also prepared a *"Carrier's Guide to Complying with CBP Requirements for Advance Electronic Presentation of Truck Cargo Information"* giving step by step instruction on the PAPS process.
3. For BRASS shipments, confirm with your carrier(s) that they are FAST approved (and C-TPAT for Southern Border) and their drivers hold valid FAST cards when crossing the border.
4. Provide "Ultimate Consignee" identification numbers to your suppliers. Effective October 1, 2004, CBP will begin enforcing reporting requirements related to identification of the U.S. Ultimate Consignee. Failure to include the Ultimate Consignee's Federal Tax ID (IRS) Number on shipping documents (invoices) for reporting to CBP will result in denial of entry into the U.S.

Simply put, the Ultimate Consignee is the U.S. party to whom the shipper sold the imported merchandise. If at the time of entry into the U.S. the merchandise has not been sold, the Ultimate Consignee is the party in the U.S. to whom the shipper consigned the goods. If at the time of entry into the U.S. the merchandise has not been sold or consigned, the Ultimate Consignee is the proprietor of the U.S. premises to which the merchandise is to be delivered.

It is imperative that shippers include the Federal Tax Identification Number of the Ultimate Consignee on all commercial or pro-forma invoices.

CBP requires transmission of transaction data at least 60 minutes prior to arrival (30 minutes for FAST participants). To allow processing and transmission time, Expeditors must receive the shipment notification and documents at least two hours prior to arrival at the border crossing. The PAPS coversheet and shipment documents may be faxed by the shipper or the carrier. Your faxed documents will be automatically transferred into our imaging system for immediate processing.

Expeditors will provide your suppliers and chosen carrier representatives with PAPS cover sheets to place on top of the Customs document package given to the carrier. The cover sheet (see example below) will instruct the truck driver of his responsibilities and serve as the fax cover sheet for the transmission of documents to our office for advance processing. The cover sheet also provides space for the driver to indicate which port of entry will be crossed and estimated time of arrival. The electronic transmission to Customs is port specific- if the driver crosses at a port other than the one indicated on the fax cover sheet, his shipment data will not be available to CBP, and he will be turned back. An electronic version of the PAPS coversheet that can be completed on-line and printed from your location is available on our website at www.expeditors.com/services/sUSCanadaBorder.asp.



The document package faxed to Expeditors should contain the following:

1. Completed PAPS cover sheet
2. Carrier's Inward Cargo Manifest with PAPS barcode affixed
3. Commercial or Pro-forma Invoice(s) with PAPS barcode affixed to the first page
4. Packing List(s) (if available)
5. Other Government Agency (such as Food & Drug) forms, as required

Additional Policy Change Affecting Release

CBP has issued a directive effective October 1, 2004 requiring all invoice lines be reported to obtain release, rather than the abbreviated data previously accepted for border cargo. Therefore, it is crucial that a complete set of documents be faxed in a timely manner.

Food & Drug Administration Requirements

There are additional requirements for imports of FDA regulated food products. Advance electronic presentation of truck cargo information to CBP DOES NOT replace FDA Prior Notice transmission requirements. Food shippers and importers should contact their local Expeditors office with any questions related to FDA Prior Notice processes.

Controlling Costs

It is our goal at Expeditors to meet the compliance goals of CBP while controlling the escalating costs of doing business across the border. The future border brokerage process very much resembles the current air and ocean environment, less the lead-time. You have our commitment to keep your brokerage transaction costs at a minimum, but we need cooperation from the trade, to continue to invest in process and systems improvements. Please take the time now to talk with your shippers and carriers. They will be instrumental in making the transition to the new environment successful.

Electronic Invoicing and Advance Shipping Notice (ASN)

As part of our push for process improvements that will offset increased costs, Expeditors is exploring new vehicles for electronic data interchange throughout the clearance process. If you or your supplier have EDI capability to transmit electronic invoices or ASNs to our office in advance of shipment, we can streamline the process and avoid transmission of incomplete or inaccurate shipment data to CBP due to receipt of incomplete fax document transmissions from the carrier. Electronic invoices or ASNs are particularly helpful if your commercial invoices contain multiple SKUs or part numbers and lines of classification. Please contact us for more details.



PAPS FAX COVER and INSTRUCTION SHEET

To meet Customs and Border Protection's *Advance Electronic Presentation of Cargo Information* requirement, the Customs documentation concerning this shipment, including the *Inward Cargo Manifest and one copy of ALL Commercial or Pro-Forma Invoices and Packing Lists* must be faxed to our customs broker, Expeditors, at least two hours prior to arrival at the U.S. border crossing. Please complete this form in it's entirety to avoid delays or denied entry at your border crossing. Please call 734-857-5150 with any questions.

| Ö | Intended Border Crossing | Fax Documents to: |
|---|--------------------------|-------------------|
| | Alexandria Bay, NY | 315-482-4626 |
| | Bangor, ME | 207-941-0238 |
| | Blaine, WA | 360-332-4062 |
| | Buffalo, NY | 716-685-7873 |
| | Calais, ME | 207-454-8439 |
| | Champlain, NY | 518-298-7430 |
| | Derby Line, VT | 802-873-9113 |
| | Detroit, MI | 734-857-5153 |
| | Eastport, ID | 208-267-5448 |
| | Grand Portage, MN | 218-722-5124 |
| | Highgate Springs, VT | 802-466-8653 |

| Ö | Intended Border Crossing | Fax Documents to: |
|---|--------------------------|-------------------|
| | Houlton, ME | 207-532-9462 |
| | Jackman, ME | 207-668-4034 |
| | Massena, NY | 315-769-0204 |
| | Niagara Falls, NY | 716-685-7876 |
| | Norton, VT | 802-822-5204 |
| | Ogdensburg, NY | 315-393-1357 |
| | Pembina, ND | 701-825-6212 |
| | Port Huron, MI | 734-857-5163 |
| | Portal, ND | 701-926-4031 |
| | Sault Ste Marie, MI | 906-635-6125 |
| | Sweetgrass, MT | 406-335-2295 |

(Note: once you fax these documents, you CANNOT divert from arriving at the port listed. Arrival at a different port will result in refused entry.)

Carrier Name: _____

Carrier Contact Name: _____

Carrier Contact Phone Number: _____

Driver's Name: _____ Trailer No: _____

Arrival date at border crossing: _____ ETA: _____

Number of pages faxed: _____ (Including cover sheet)

IMPORTANT NOTE: PAPS barcode label MUST be placed on Inward Cargo Manifest and first page of corresponding commercial/pro-forma invoice. ALL documents must be received in legible condition for processing to be completed.