

**Treasury Advisory Committee on Commercial Operations of the US
Customs Service (COAC)**

Vessel 24-Hour Cargo Manifest Rule

REPORT AND RECOMMENDATIONS

January 24, 2003

The Final Rule on "Presentation of Vessel Cargo Declaration to Customs Before Cargo is Laden Aboard Vessel at Foreign Port for Transport to the United States" was published in the October 31, 2002 Federal Register. (Tab 1) In that notice, COAC was asked to convene a special subcommittee to advise the US Customs Service on operational issues arising out of implementation of the "24-hour" rule. Enclosed is the subcommittee's report and recommendations which have been endorsed and adopted by the full COAC. The COAC authorizes public dissemination of this report.

The subcommittee included non-COAC members as technical advisors. The subcommittee represents the full breadth of trade, including shippers, importers, carriers, non-vessel operating common carriers (NVOCC's), brokers and others. (Tab 2) Over a period of several weeks, there were face-to-face meetings in Washington, DC, along with numerous telephone conferences and email messages. A sincere effort was made to include a broad spectrum of interests and viewpoints. Customs representatives were invited to participate in the meetings. Each meeting included a period for discussion with Customs, as well as a period for trade-only discussion. Issues were jointly identified and suggested solutions were shared. Customs' cooperation in making staff members available for these sessions was greatly appreciated.

Many operational issues were identified. While the subcommittee attempted to address the most significant, it should be recognized that many issues remain outstanding, including those not even on the subcommittee's screen, and more questions will arise going forward. The spreadsheet at Tab 3 identifies key issues along with COAC recommendations.

Two of the most important issues are separately addressed. First, confidentiality of manifest information is of great concern to the entire trade community. This issue is discussed at Tab 5. Second, the initiation of enforcement activity, also of great concern, is discussed at Tab 11.

On January 23, 2003, Customs provided COAC with written responses to many of the issues discussed during the working subcommittee meetings. These responses are enclosed at Tab 12, but have not been closely reviewed by COAC and are not addressed in this report. Following a cursory review, however,

COAC recognizes that these responses seem to incorporate many of the COAC recommendations.

Customs confirmed in a meeting with COAC on January 23, 2003, that initial enforcement efforts will focus only on the cargo description. If the cargo description is clearly in violation of the rule, e.g., a blank description, "FAK," "STC," "consolidated cargo," "general merchandise," or other similarly vague description, ports will issue "DO NOT LOAD" messages. COAC was advised that any decision to deny permission to unload in a US port based on noncompliance under the rule would be made only at the Headquarters level. Enforcement in other areas will not begin until all parties have adequate time to develop processes and systems, including automation changes, to implement the rule. COAC believes that this is reasonable and necessary to accomplish our common goal of enhanced security without impeding international trade.

COAC strongly recommends that this initial enforcement plan be very clearly communicated immediately to all parties affected by the rule, including Customs officials at the ports and the entire trade community. Going forward, COAC encourages Customs to coordinate further enforcement activity with the subcommittee, which is committed to continuing its work with Customs to address all unresolved issues.

COAC appreciates the opportunity to work with Customs to address operational issues arising out of the rule's implementation. The Trade Act of 2002 mandates pre-departure and/or pre-arrival electronic manifest information for all modes of transportation. At the January 23, 2003 meeting with Customs, COAC offered to convene similar subcommittees to address implementation issues for the other modes. We hope that this collaboration will result in realistic and effective rules promoting stronger security for our country.

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