

Client Alert

International Trade & Litigation Practice Group

February 23, 2012

Proposed New Rules for In-Bond Transportation of Imports and Opportunity to Submit Comments

On February 22, 2012, U.S. Customs and Border Protection (CBP) published a **Notice of Proposed Rulemaking** that proposes changes to regulations affecting in-bond transportation of imported merchandise. The Notice can be accessed at <http://www.gpo.gov/fdsys/pkg/FR-2012-02-22/html/2012-2819.htm>. The Notice invites comments on the proposed changes. The deadline for such comments is April 23, 2012.

Under existing CBP regulations, imported goods may arrive at one U.S. port of entry and then be transported by a bonded carrier to another U.S. port of entry without the merchandise being appraised or assessed duties. Such “in-bond movement” requires the filing of a transportation entry (CBP Form 7512) that documents the movement of the goods and payment of a bond, which has subsidiary requirements pertaining to receipt, safekeeping, and disposition of the bonded merchandise. Following in-bond shipment, the goods may then be either exported or entered officially into the United States with duties paid at the destination port.

The different types of in-bond transportation are (1) Immediate Transportation (IT), (2) Transportation and Exportation (T&E), and Immediate Exportation (IE). An IT entry allows merchandise, upon its arrival at a U.S. port, to be transported to another U.S. port, where the merchandise is then entered into the United States. A T&E entry allows merchandise to be entered at a U.S. port for transit through the United States to another U.S. port, where the merchandise is exported without the payment of duties. An IE entry allows cargo that has arrived at a U.S. port to be immediately exported from that same port without the payment of duties.

The stated intent of the proposed new rules is to “enhance CBP’s ability to regulate and track in-bond merchandise and to ensure that the in-bond merchandise is properly entered and duties are paid or that the in-bond merchandise is exported.”

Key Provisions

The Proposed Rule includes five major changes to the in-bond process:

- Replacement of paper in-bond applications (CBP Form 7512) with a requirement that carriers or their agents file in-bond

For more information, contact:

Stephen A. Jones
+1 202 262 2950
sajones@kslaw.com

Michael J. Taylor
+1 202 262 2385
jmtaylor@kslaw.com

Mark Wasden
+1 202 627 5529
mwasden@kslaw.com

King & Spalding
Washington, D.C.
1700 Pennsylvania Avenue, NW
Washington, D.C. 20006-4707
Tel: +1 202 737 0500
Fax: +1 202 626 3737

www.kslaw.com

Client Alert

International Trade & Litigation Practice Group

- applications electronically (except for merchandise transported by pipeline);
- Addition of certain information to be provided on the electronically-filed in-bond application, including the six-digit Harmonized Tariff Schedule (HTS) number (or, if the HTS number is not available, a detailed description of the merchandise) and additional information relevant to the safety and security of the in-bond merchandise;
- Establishment of a 30-day maximum transit time to transport in-bond merchandise between U.S. ports (again, except for merchandise transported by pipeline);
- Establishment of a requirement that carriers electronically request permission from CBP before diverting in-bond merchandise from the originally intended destination port to another port; and
- Establishment of a requirement that carriers report the arrival and location of the in-bond merchandise within 24 hours of arrival at the port of destination or port of export.

The Proposed Rule notes that the changes generally do not apply to air commerce (with the specific exception of changes to the maximum transit and export times) and that specific provisions for air commerce will be the subject of a separate rulemaking.

Additional Provisions

Additional provisions in the proposed rule also are significant. For example, for shipments arriving by truck, a proposed change would limit options for filing an application for an IE entry. Under the proposed rule, for a shipment arriving by truck, CBP will deny an IE entry application and the truck may be turned back to the country from which it came or, at the discretion of the port director, the truck may be allowed to file a new entry. In addition, the proposed rule contains new requirements for the sealing of containers/conveyance for in-bond shipment and for the reporting of seal numbers to CBP. Other proposed changes are generally of a more technical nature.

For additional information or assistance in submitting comments, please contact Steve Jones, Mike Taylor, or Mark Wasden at +1 202 737 0500.

Celebrating more than 125 years of service, King & Spalding is an international law firm that represents a broad array of clients, including half of the Fortune Global 100, with 800 lawyers in 17 offices in the United States, Europe, the Middle East and Asia. The firm has handled matters in over 160 countries on six continents and is consistently recognized for the results it obtains, uncompromising commitment to quality and dedication to understanding the business and culture of its clients. More information is available at www.kslaw.com.

This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice.