

EU ADVANCE CARGO SECURITY RULES TO BE MANDATORILY IMPLEMENTED FM JAN. 1, 2011

AUG. 12, 2010

The European Union (EU) has promulgated new advance cargo security rules that are scheduled to take effect for all vessel voyages that begin fm the 1st minute of Jan. 1, 2011.

The European 24 Hour Rule requires that the ocean carrier lodges with the 1st entry port customs authority in the EU an Entry Summary Declaration (ENS) for all shipments that will be carried on a vessel that will call one or more ports in the EU.

The EU rules require that the ENS must be filed no later than 24 hours before commencement of vessel loading in each foreign (i.e., non-EU) port on the vessel schedule.

An ENS is required irrespective of the final destination of each individual shipment on a vessel arriving in the EU. This means that an ENS is required for shipments:

- Imported into the EU
- Discharged in an EU port for transit by rail or truck to a non-EU destination
- Transshipped in an EU port for loading on to another vessel for carriage to a non-EU destination
- Remaining on board the vessel (FROB) during ports of call in the EU with a destination outside the EU.

The EU rules prescribe the data elements that must be included in the ENS. An incomplete ENS will be rejected by the Customs authorities. A shipment for which an ENS has not been filed and accepted by Customs may not be loaded. In other words -- the EU 24 Hour Rule applies a “no documentation – no load” requirement. Penalties and delay of the vessel and shipments carried may result in case of breach of this requirement. COSCON will definitely apply this “no documentation- no load” requirement.

The data elements required to be included in the ENS will need to be taken from our master Bill of Lading (B/L). COSCON issues master B/L on the basis of information provided at the time of booking and completed by the shipping instructions as received from each of our shippers and/or customers.

If we do not get these shipping instructions well ahead of the time when we must lodge the ENS, we will be unable to file a complete ENS for the shipment. The latest time that we must receive the shipping instructions so that we may file a complete ENS on time is called documentation cut-off.

COSCON will apply different documentation cut-off times for each non-EU foreign load port and trade lane, and our local office will in due course inform you about the documentation cut-off that also will be provided at the time of booking.

The data elements we will need to receive by the documentation cut-off for inclusion in the ENS are:

- Consignor (EORI number where available)
- Consignee (EORI number where available)
- Notify Party (mandatory for “To Order” B/L)
- Cargo description: 4 digit HS code, but 6 digit HS Code is recommended
- Code for the type of packages
- Number of packages
- Shipping marks for packaged goods (not necessary for containerized goods)
- Container number
- Seal number
- Gross mass (in kilograms)
- UN code for dangerous goods
- Transport charges method of payment code (e.g. payment in cash, payment by credit card, payment by check, electronic credit transfer, account holder with carrier, not pre-paid).

COSCON might not accept a plain language cargo description instead of HS codes. This is because several EU Member States have stated that they would not accept cargo descriptions in English but will require that cargo descriptions be translated into their national languages, thus imposing an additional reporting burden on ocean carriers and their shipper customers. Use of the HS codes will address this issue. Also, although the EU rules – currently, at least – only require 4 digit HS codes, we recommend that our shippers and/or customers always provide HS codes at the 6 digit level. 4 digit HS codes are rather general and may lead Customs authorities to make enquiries about the nature of the goods, perhaps putting a hold on the shipment pending receipt of more details thereof.

The Customs authorities will use the 24 hour “window” between filing of the ENS and commencement of vessel loading to assess the risk of shipments. If this risk assessment results in Customs issuing a “Do Not Load”(DNL), we will inform the shipper and/or customer concerned and, in cooperation with the customer, try to address Customs’ concerns so that the container may still be loaded on to the scheduled vessel. However, the EU Member States are entitled to establish their own conditions for whether and on what basis, to lift a DNL, so our shipper and/or customers should expect delays in the loading of containers subject to a DNL.

The most efficient way to reduce the likelihood of European Customs authorities issuing DNL is to ensure that the shipping instructions are:

- Provided at the latest by our documentation cut-off;
- Complete; and
- Accurate.

COSCON has made every effort to study EU 24 Hour rules and kept a close eye on the latest rules promulgated by individual state of EU members. Meanwhile, we have also spent much, time, money and manpower, updating and developing our system so that we can help our customers properly lodge ENS and fully satisfy EU 24 Hour rules.

We are going to carry out a test or demonstration fm the middle of Oct. to the end of this year in order to find out anything we can improve further.

Look forward to your cooperation.

Sincerely Yours,

Europe Trade Dept.
COSCO Container Lines