



7 March 2007

Dear Valued Customer:

U.S. Bureau of Customs and Border Protection (CBP)

There are a number of programs in progress by the U.S. Department of Homeland Security and the U.S. Bureau of Customs and Border Protection (CBP) which will affect importers of cargo into the United States of America.

Zero Tolerance at Discharge Ports

CBP has significantly increased its enforcement of the proper treatment of import cargo held for various government exams, especially VACIS¹. US marine terminals and carriers face strict penalties in the event cargo on hold awaiting exam is released from a discharge port. Further, CBP is eliminating manual transmission (faxes, etc) of HOLD information in favor of EDI only and therefore real time access to CBP information will be key in avoiding the risk of a penalty. APL is well positioned to interface with CBP and it is important that importers ensure their internal inbound processes as well as that of all their logistics partners are based on access to real time CBP information.

Increased Information Required in a Security Filing made at least 24 hours Prior to Vessel Sailing from Origin

After several years of research CBP has recently assigned a high security value to ten existing data elements. A new rule will likely mandate the filing of ten additional data elements for each shipment sometime at least 24 hours prior to vessel loading overseas. Additionally, the rule would require either the importer or their designated agent to file the data elements using either of two existing Customs systems: the Automated Manifest System (AMS) or the Automated Broker Interface (ABI). CBP is referring to the advance automated filing of the ten data elements as the "Security Filing", or SF.

The ten data elements in the "Security Filing" are:

- Manufacturer name and address
- Seller name and address
- Container stuffing location
- Consolidator name and address
- Buyer name and address
- Ship to name and address
- Importer of record number
- Consignee number
- Country of origin of the goods
- Commodity Harmonized Tariff Schedule (HTS) number (6 digits)

The government views this rulemaking as an expansion of their strategic plan to obtain and analyze advance shipment data, prior to its arrival in the USA. CBP has advised that the data will be used to screen import cargo for security risk purposes and not be used for compliance targeting, the data, only.

As you know, APL and all other ocean carriers have, since February 2003, been providing CBP with an advance manifest filed at least 24 hours prior to loading vessels. The present advance manifest lists fourteen data elements for every shipment.

¹ Vehicle and Cargo Inspection System – for more information <http://www.cbp.gov/xp/cgov/home.xml>

We anticipate that the formal publication of a new rule will take place sometime this summer followed by a phased-in implementation beginning sometime late this year.

To keep you informed as the rulemaking continues to evolve, we have created a special site on the APL webpage dedicated to this issue. You may access the site at:
http://www.apl.com/security/html/10_plus_2_initiative.html.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Ted Fordney". The signature is fluid and cursive, with the first name "Ted" being more prominent than the last name "Fordney".

Ted Fordney, Vice President
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APL & APL Logistics