

CHANGES TO INTERNATIONAL CARRIER BOND CONDITIONS AND REQUIREMENTS

22nd August, 2018



To All International Carrier Bond Members,

The below circular is for the immediate attention of all carriers calling the Miami area.

In accordance with Title 19 of the Code of Federal Regulations (CFR) Part 113, U.S. Customs and Border Protection (CBP) in conjunction with the Port of Miami have recently determined that some carriers are operating in the Miami area with Activity Type 3 bonds (International Carrier Bonds) that are considered to be insufficient for the protection of revenue and to ensure compliance with U.S. CBP law and regulation.

Further to this announcement, SIGCo has remained in contact with relevant parties in order to better understand how this change in regulation will impact our ICB members. We have been assured that although CBP's primary objective is to ensure that vessel operators are fully compliant with current regulation, they also recognize that an orderly roll-out is required to avoid disrupting trade between legitimate shipping interests. Hence, whilst some carriers may receive a demand to increase their bond amount immediately; the majority of carriers will see either no increase required or they will receive a notice from CBP's Revenue Division indicating that their bond should be increased within a 15 to 30 day window. We encourage all of our ICB members to act expeditiously if they receive any notification from CBP, as failure to proceed as instructed may lead to penalties or their vessels being denied entry into Miami due to insufficient bond limit.

Our understanding is that Miami now deems a \$150,000 bond to be the **minimum** bond amount required in order to comply with CBP regulation; however as the required bond amount can vary with individual circumstances, we suggest that all carriers act proactively and contact either their US Shipping Agent or the Port of Miami directly in order to get clarification on what their specific requirements are. It is also important to note that if a bond increase is deemed necessary, the insufficient bond will first need to be cancelled and a new bond in the prescribed amount will need to be filed with customs, which will result in a new charge to the client in question.

Finally, you should also be aware of CBP's intention to develop a formal risk hierarchy in order to categorize carriers by risk profile and it is likely that participation in the Customs-Trade Partnership Against Terrorism (C-TPAT) initiative will be among the potential mitigating risk factors. I would suggest any interested carriers to visit the following website in order to learn more about this initiative: <https://www.cbp.gov/border-security/ports-entry/cargo-security/c-tpat-customs-trade-partnership-against-terrorism/apply>.

As always, SIGCo are happy to help our members with any questions that you may have and we are also prepared to assist should you learn that your current bond amount is inadequate and needs to be increased.

Best Regards,
Victor Falcao
Assistant Vice President
SIGCo