



Chapter 7

19 CFR Part 18

Transportation in Bond

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Overview

Reading Assignment

- This chapter
 - 19 CFR Part 18, Transportation in Bond
-

Concept

Circumstances exist where the merchandise will not be entered at the port of entry but will be sent to another port for entry or export. Because there has been no entry filed for the merchandise, a bonded carrier is needed to move the cargo. Part 18 covers the transportation of material that has entered the Customs Territory of the United States but is being transported to another port for either entry or exportation.

Entry	Used For
Immediate Transportation (IT)	Moving merchandise between two ports of entry within the Customs Territory of the United States for entry in the port of destination
Transportation and Export (T & E)	Moving merchandise between two ports of entry within the Customs Territory of the United States for export out of the port of destination
Immediate Export (IE)	Moving merchandise between two shipping companies within a port of entry for export.

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Overview, Continued

Objectives

You should learn:

- What kind of transportation to use with Transportation in Bond entries.
 - Special security measures that can be used.
 - How Transportation in Bond entries can be diverted and changed.
 - CBP rules and carrier's responsibilities for incomplete deliveries.
 - What kinds of Transportation in Bond entries exist?
 - What the time frames are for:
 - Transportation between ports.
 - Surrender of paperwork upon arrival at port of destination.
 - Making entry at port of destination.
 - Rules for Direct Exportation.
-

Review questions and previous test questions in the workbook

After reading this chapter, reading 19 CFR Part 18, and answering the review questions for comprehension, go to the Previous Test Question section in the workbook and do the actual test questions in the section for Part 18. This will serve to reinforce what you have been studying while it is still fresh in your memory.

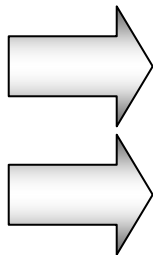


General Provisions

Carrier must be bonded §18.1

Merchandise to be transported in bond from one port to another in the United States must be delivered to one of these carriers that is bonded for that purpose:

- Common carrier (railroad, steamship, pipeline, truck, airline, or other transportation line)
- Contract carrier
- Freight forwarder
- Private carrier



Only vessels that are entitled to engage in the coastal trade (§4.80) can carry merchandise under this entry. (§18.1(a)(1))

Bonded cartmen cannot transport merchandise from one port to another in the United States without the permission of the port director. (§18.1(b))

Receipt by the carrier §18.2

When merchandise is being moved from CBP custody at the importing carrier, the forwarding bonded carrier must take receipt of the merchandise within five (5) working days of the validation of the transportation entry, if no other entry is filed.

If the merchandise is not picked up within the five (5) working days, the entry will be considered cancelled.

Merchandise must be loaded under CBP supervision, unless:

- The vehicle or container will not be sealed by CBP.
 - CBP accepts the check made by the carrier.
-

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General Provisions, Continued

- Duration of trip**
§18.2(c)(2)
- Goods shipped under bond must be delivered at the port of destination:
- Within 15 days after receipt if by air (§122.119(b)).
 - Within 30 days after receipt if by land.
 - Within 60 days after receipt if by vessel.
-

Arrival at port of destination
§18.2(d)

The delivering carrier must deliver the in-bond manifest to the port director at the port of destination no more than 2 working days after the receipt of any part of the in-bond shipment.

Sealing conveyances
§18.4

Conveyances or compartments in which carload lots of bonded material are shipped must be sealed with:

- Commercial shipper seals.
- Customs red in-bond seals.
- Other accepted seals.

After going over the in-bond entry, high-security CBP seals will be needed if the CBP officer decides they are needed to protect the revenue and prevent violations of Customs laws.

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General Provisions, Continued

Diversion §18.5

With certain exceptions, any merchandise under any transportation entry may be diverted to any port other than the port named in the entry at the choice of the:

- Consignee.
- Agent.

Prior application or approval is not needed.

Merchandise can be entered at the diversion port of destination for consumption, warehouse, exportation, and further transportation or under any terms of the tariff law.

Exceptions:

After merchandise has been delivered to the original or diversion port, if it is to be forwarded again, a **new entry is needed.**

The merchandise can be split at the port of destination. Part can be entered for consumption and/or warehouse and the balance forwarded on. Filing of a **new transportation entry will be needed.**

The diversion of shipments in bond which are subject on importation to restriction or prohibition under quarantines and regulations of the Agricultural Research Service of the Department of Agriculture shall be allowed only upon **written permission or under regulations issued by the agency concerned.**

The diversion of in-bond shipments, which contain textiles or textile products subject to section 204, Agricultural Act of 1956, as amended (7 U.S.C. 1854), during the in-bond movement shall be allowed only upon the **prior written permission of the director of the port of origin.**

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General Provisions, Continued

Shortage or nondelivery §18.6

The port director may demand the return of the merchandise to CBP custody when there is:

- A shortage of one or more packages.
- Nondelivery of an entire shipment.
- Delivery to consignee without Custom's permission.

The demand must be made no later than 30 days after discovery and will be made upon the bonded carrier named in the transportation entry. The bonded carrier on the transportation entry is responsible for delivering the merchandise intact.

If the short-shipped material is subsequently received, a new transportation entry must be made with reference to the original entry.

Liability for shortage and irregular or nondelivery §18.8

The initial (or first) bonded carrier is responsible for any shortage, irregular delivery, or nondelivery at the port of destination or exportation. Acceptable proof of proper delivery is a properly receipted in-bond document (CBP Form 7512, CBP Form 7520).

Carriers are liable for payment of liquidated damages for any failure to deliver a complete shipment.

Entry to file §18.10

The following entries and withdrawals may be made for transportation in bond:

- Entry for immediate transportation without appraisalment
- Warehouse or rewarehouse withdrawal for transportation
- Warehouse or rewarehouse withdrawal for exportation or for transportation and exportation
- Entry for transportation and exportation
- Entry for exportation

The copy of each entry or withdrawal made in any of the classes is retained in the office of the forwarding port director and must be signed by the party making the entry or withdrawal.

Before shipping merchandise in bond, the shipper should determine whether warehouse facilities are available at the intended port of destination.



Immediate Transportation Without Appraisalment

**Type of
merchandise
§18.11(a)**

Entry may be made for any merchandise with the following exceptions:

- Merchandise in general-order warehouse at any time within 6 months from date of importation
 - Explosives or prohibited material upon its arrival at a port of entry
-

**Entry made by
§18.11(b)**

A transportation entry may be made by anyone with interest in the shipment:

- Importer
- Freight Forwarder
- Customs broker
- Carrier

Neither a power of attorney nor a bond is needed at the time of filing the transportation entry.

**Other
government
agencies
§18.11(e)**

If the merchandise is subject to detention by any other government agency, the entry must contain a sufficient description to allow a representative of that agency to learn the contents of the shipment.

Some shipments, such as those governed by Fish and Wildlife, are considered to be entered when physically present in the Customs Territory of the United States, even if an “entry” is not filed. To sum up, permission of these agencies is needed *before* processing a transportation in bond entry.

**Quantities of
entries
§18.11(g)**

An imported shipment may be split between consumption, warehouse, and transportation. The lowest unit of measure to be split is the smallest unit of measure on the bill of lading (e.g., one carton or package). All of the merchandise needs to be entered at the same time.

Several importations for the same consignee can be consolidated under one transportation entry at the port of first arrival.

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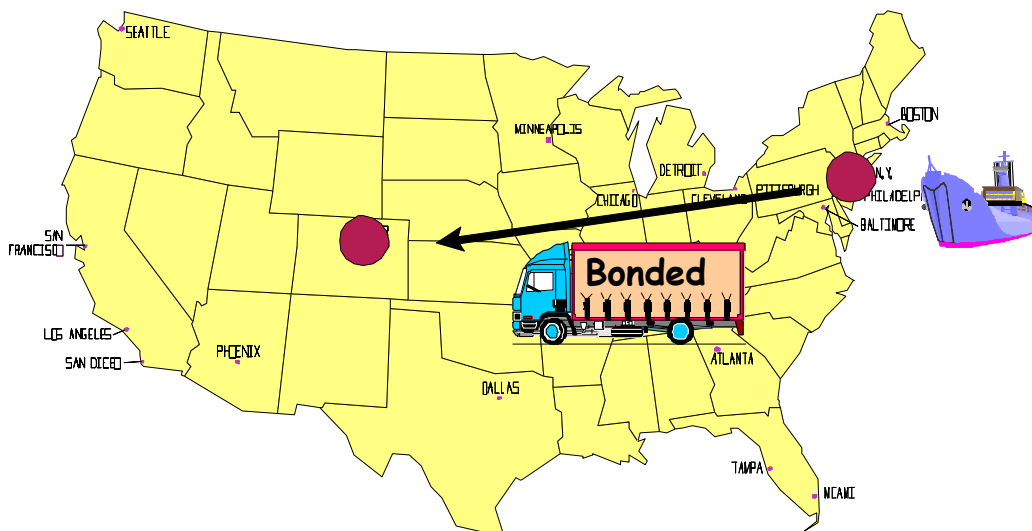
Immediate Transportation Without Appraisal, Continued

Entry at port of destination
§18.12(a);
§127.2(b)

Merchandise received under an immediate transportation without appraisal entry may be entered under any form of entry and will be under all the rules concerning merchandise entered at a port of first arrival if fewer than 6 months have passed from the date of original importation. If more than 6 months have passed, only an entry for consumption will be accepted. Such entry must show the name of the port of first arrival, the transporting carrier, and the number of the immediate transportation entry.

Time frame for entry
(§18.12(d))

Entry has to be made within 15 calendar days after delivery at the port of destination.



When the shipment arrives in the port of New York but importer is in Denver, an IT (CBP Form 7512) is entered and the shipment is moved on a bonded truck to Denver.

Duty rate = IT acceptance at origin (NY)

Time of Entry = Release at final destination (Denver)



Merchandise in Transit to Foreign Countries

**Entry and
transportation
§18.20**

Copies of a bill of lading or air waybill covering the merchandise must accompany the entry.

Merchandise must be forwarded in the same manner as that on an immediate transportation entry (i.e., bonded carrier and the rest).

**Restricted and
prohibited
material
§18.21**

Subject to examination:

Merchandise subject upon importation to examination, disinfection, or further treatment under quarantines and Quarantine Division, Agricultural Research Service, Department of Agriculture, will be released for transportation or exportation only upon written permission.

Narcotics:

Narcotics and other articles prohibited from admission into the commerce of the United States must not be entered for transportation and exportation, and any such merchandise offered for entry for that purpose shall be seized, except that exportation or transportation and exportation may be allowed upon written authority from the proper governmental agency and/or compliance with the rules of such agency.

Explosives

Explosives must not be entered for transportation and/or exportation under a transportation and exportation entry or an immediate transportation entry unless the importer has first received a license or permit from the proper governmental agency. This includes ammunition and the like that would be in transit through the United States.

**Change of
destination or
entry
§18.23**

The parties in interest, upon notice to the director of the port of exit, may change the foreign destination. The director of the port of exit, at his/her discretion, may report the application for a change of foreign destination to the director of the port of entry.

The merchandise, upon arrival at the port of exit, may be entered for consumption or warehouse or under any other form of entry rather than being exported.

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Merchandise in Transit to Foreign Countries, Continued

Retention of goods on dock §18.24(a)

The port director may allow in-transit merchandise to remain on the dock under the supervision of a CBP officer without extra expense to the Government for a period not exceeding 90 days upon:

- Written application of a party in interest.
- The written consent of the owner of the dock.

Upon further application, other extensions of 90 days or less, but not to exceed 1 year from the date of importation, may also be given by the port director. The port director may take possession of the merchandise at any time.

Splitting of shipments §18.24(b)

The splitting up of a shipment for exportation will be allowed when exportation in its entirety is impossible because of:

- The different destinations to which portions of the shipment are destined.
 - The exporting vessel's inability to properly accommodate the entire quantity.
 - Similar circumstances.
-

Direct exportation §18.25

Direct exportation is needed:

- When no entry has been made or finished for merchandise in CBP custody.
- When the merchandise is covered by an unliquidated consumption entry.
- When merchandise that has been entered in good faith is prohibited under any law of the United States.

Such merchandise is to be exported directly, without transportation to another port. In such case, four (4) copies of the CBP Form 7512 must be filed. If the merchandise is covered by either an ATA or TIR carnet, the carnet will be cancelled or discharged, whichever is suitable.

A basic custodial bond on CBP Form 301 will be needed.

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Merchandise in Transit to Foreign Countries, Continued

Direct exportation (continued) §18.25

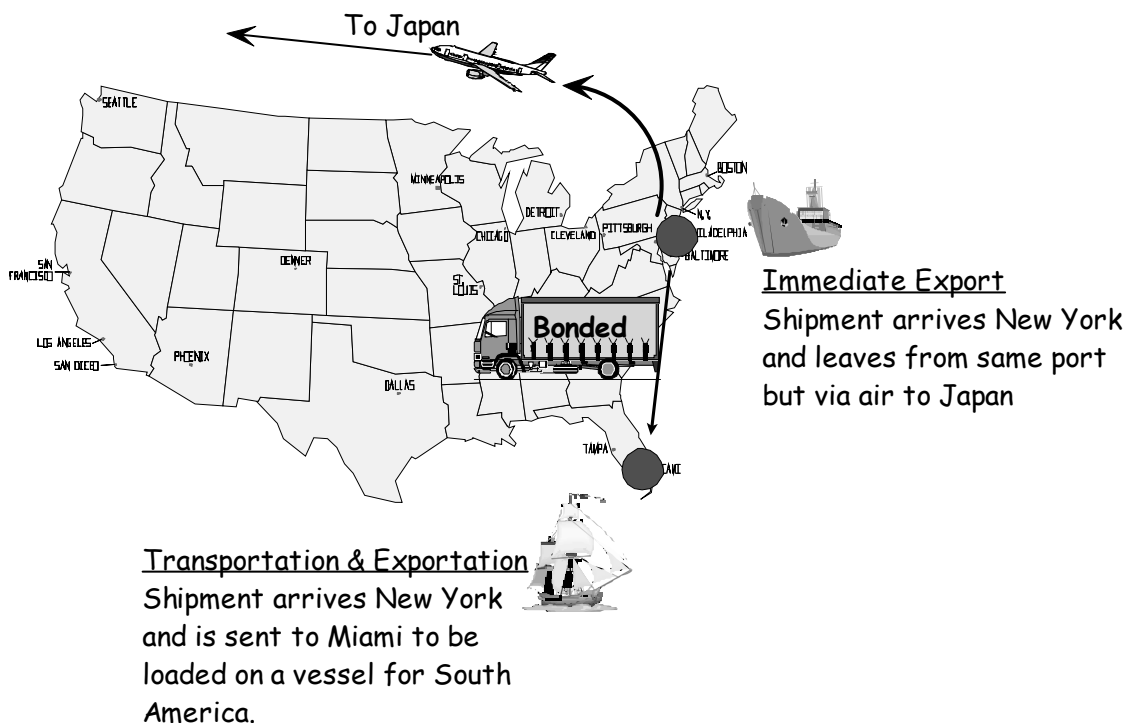
If the merchandise has been landed or is moved from one vessel to another and has not been entered for consumption or for goods entered for consumption and rejected, an export declaration must be filed.

If the merchandise is exported in the importing vessel without landing, a representative of the exporting carrier who knows the facts must certify that the merchandise entered for exportation was not discharged during the vessel's stay in port. A charge will be made against the continuous International Carrier bond on CBP Form 301, if on file, or if a continuous bond is not on file, a single entry International Carrier bond shall be needed for residue cargo for foreign ports.

The principal on any bond filed to guarantee direct exportation should cause the merchandise to be exported and provide such evidence of exportation as needed by the port director within 30 days of exportation.

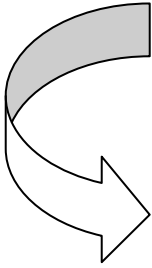
Gunpowder and other explosive substances, the deposit of which in any public store or bonded warehouse is prohibited by law, may be entered on arrival from a foreign port for immediate exportation in bond by sea, but it must be moved directly from the importing vessel to the exporting vessel.

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Merchandise in Transit to Foreign Countries, Continued



Now go to either the workbook or the review quiz in your Students Corner and complete the questions for this chapter.
