



System Issues Resolved

As most of you know, Monday we had major systems issues that shut down our data network. I want to briefly explain what happened and to let you know what we are doing to prevent such a problem in the future. Sunday night a virus was detected in our system and we immediately shut down our servers to prevent further corruption proliferation. Since all servers needed to be scanned and restored, our email, operating systems, and phone network were affected.

Fortunately, we have a strong contingency plan in place whereby all systems are backed up on a daily basis. We were able to restore our systems and bring them back online from the files that were previously saved and stored within hours before the virus was detected.

I apologize to any of you that tried to reach us Monday morning and were not able to get through on the phone. We had our staff contact as many customers as possible and offer cell phone numbers for temporary communication. We are aggressively getting caught up and are almost there. I commend our IT team for all their efforts and hard work in getting us back online. The procedure was clear from the moment our systems were compromised, however it simply takes time to scan, reboot and restore data. I am also impressed with our employees that did everything possible to prevent any disruption in your supply chains.

We have contracted with one of our IT vendors to do a complete analysis of our systems to make sure we are completely up to date with the latest virus protection. They will also determine any other potential risks based on a number of best practices they use. We are also taking this opportunity to upgrade some of our network and terminal equipment to better prevent occurrences like this in the future. Lastly, it was a live test of our data network contingency plan and through this exercise we have identified some changes and upgrades that will better prepare us for any future situations.

I apologize for this very unusual situation and for any problems it may have caused you.

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I can assure you that I take this very seriously and we will take all the needed steps to improve our already strong IT systems.

FDA Issues FRN on Proposed Requirements for ACE

The U.S. Food and Drug Administration (FDA) has issued a Federal Register Notice (FRN) to define the data elements for filing FDA regulated goods in ACE and International Trade Data System (ITDS). It explains the details of the data elements that this agency will require for FDA filing in ACE and the FDA's legal authority to collect this data. The proposed rule will impact all FDA regulated products. It is a lengthy document that is under review by several trade associations, including the National Customs Brokers and Forwarders Association of America (NCBFAA). Comments on the FRN are due by August 6, 2016. The FRN can be found at:

<https://www.gpo.gov/fdsys/pkg/FR-2016-07-01/pdf/2016-15684.pdf>

PierPass Rates to Increase in August

PierPass is a company set from the West Coast MTO Agreement (WCMTOA) and created by the marine terminal operators in the Ports of Los Angeles and Long Beach. PierPass manages the Traffic Mitigation Fee (TMF) that is paid on the movement of containers in the Ports of Los Angeles and Long Beach during "peak" hours to help offset services for off peak hour gate services. The fees were set up to encourage cargo owners to use the off peak hours when there is no PierPass fee.

There is a clause in the WCMTOA that, since 2012, allows for the TMF to be adjusted annually to reflect increases of labor costs. PierPass has announced that beginning August 8 the TMF will be increased from \$69.17 to \$70.49 per TEU (twenty foot equivalent unit) and from \$138.14 to \$140.98 for a 40 foot container.

Quota in ACE and Other Capabilities on July 23

On July 23, U.S. Customs and Border Protection (CBP) will switchover to quota entries in ACE. In this one day switchover, CBP will require all new quota entries to be filed in ACE. As an electronic entry in ACE, the entry will be paperless and will not have to be submitted to CBP for review. The release will be submitted through the entry summary with the entry documents being sent electronically using the Document Imaging System (DIS). With this capability, quota entries may be filed by a broker at all ports in the country using Remote Location Filing (RLF).

Quota entries include Tariff Rate Quota's, Trade Preference Levels (TPL), and Haiti Hope Earned Importer Requirement (EIR) entries. Both TPL and EIR required an original visa or eCert in ACE. Under the ACE program the entry can be submitted with a scanned copy of the original document. The original must be kept and available upon request. In a training program yesterday, CBP emphasized that the broker must have the certificate and copy scanned using the original certificate. We cannot use a copy of a photo copy attached to the rest of the entry document or received separately.

With the opening of quota, CBP will move immediately to requiring the filing of other entries in ACE. Warehouse entries and warehouse withdrawals will also be required to be filed in ACE as well as quota FTZ withdrawals.

'Made in USA' Marking Requirement Introduced in the House

A bill has been introduced in the House of Representatives defining federal authority to regulate the labeling of U.S. made products. HR 5092 would supersede state laws that have specific American content rules for a product to be marked 'Made in the U.S.'. It would allow for commerce to deal with one rule in the United States and not with different requirements for each state. It would also ease liability for state prosecution when garments marked under federal rules do not match a state requirement. A copy of HR 5092 can be found at: <https://www.govtrack.us/congress/bills/114/hr5092/text>



By **Todd Boice**, President