

Agriculture Transportation Coalition

"The principal voice of agriculture in U.S. transportation policy"

Contact: 202-783-3333 or info@agtrans.org

24 Hour Rules for Export Documentation

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The recent imposition of deadlines for advance submission of export documentation by ocean carriers to Japan, the European Union, and Korea, has created a new barrier to US exports. These requirements add several days to the export process, posing new challenges to agriculture and forest product exporters and ocean carriers. The problem is most acute for perishable products.

Following is a detailed description of the problem and efforts currently underway to resolve it. (This will also be addressed at the [AgTC Annual Meeting](#) in June.)

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1. Overview—24 Hour Rule Origin

In the wake of 9/11, Congress passed the SAFE Port Act by which the Department of Homeland Security (DHS) would prohibit cargo from being loaded on ships destined for the United States unless information on that cargo were transmitted to DHS no less than 24 hours prior to being loaded on the vessel. Today, such a system is in place. No cargo is loaded on a ship unless Customs and Border Protection has had a chance to run the required data through its computers to determine if it poses some risk.

As a result, a number of our trading partners (EU, Japan, Korea, China) are imposing similar data collection demands on products exported from the United States, destined for their countries, "24-Hour Rules".

Required documentation includes: shipper, consignee, and notify party contact information, description of goods, gross cargo weight, container number, seal numbers, total volume, and six digit HS code. Perishable goods are particularly endangered by these rules, which require ocean carriers to submit data describing all cargo (including container and seal numbers) to the foreign customs agency 24 hours before the ship leaves the port of loading. In order for the vessel operator to obtain, organize, and submit data in advance, they are requiring the exporters and their forwarders to supply information to the carrier at least 24, and often 48 and 72 hours earlier than the 24 hour deadline. **We realize that it is simply not possible to deliver all the data particularly the container and seal numbers to the carrier, and for the carrier to submit to the foreign customs office in compliance with the new rules, without adding additional day(s) to the supply chain.** Several days means the difference between fresh and edible fruit, or spoiled fruit which cannot be sold, threatening the ability of US exporters to compete abroad. The delays these new requirements impose on the US ag exports supply chain are described in detail below, using a perishable example.

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2. Case Study: Impact of Japan 24 Hour Rule on Citrus Industry

To keep perishables fresh, the supply chain requires expedited treatment, from the time the food is picked, to the time it is put in boxes, then in specially refrigerated ocean containers or refrigerated rail box cars, trucked to the ports, transloaded if necessary, loaded on a ship, and transported across the ocean. The 24-hour rule severely delays this process.

Documentation (bills of lading) of this cargo is first filed by the packing house, then given to freight forwarders who submit information to the ocean carrier, who in turn submit a master advance manifest of the vessel's cargo to Japan customs. If shippers put down "TBA" because they do not have access to certain information so early, they must pay a costly correction fee to the ocean carrier.

All the documents must be filed PRIOR to the cargo being loaded on the vessel. Any inaccuracies and late filing result in the container being left off the vessel. If that happens there are two options. Either let the load sit in the port (for up to another week) and load it on the next scheduled vessel, or transport the container to an outside loading facility and trans-load the cargo onto a container for a different steamship line that has a vessel in place that can load prior to the next scheduled vessel from the original steamship line. Either option is very costly. The trans-loading option is the most expensive option and would only be used to avoid the fruit from being several days older at time of shipment, and if having the supply lines with the customer being broken would cause any major issues for the importing retailers.

Earlier Packing Timeline Due to 24 Hour Rule

If the vessel sails on a Wednesday, the port would begin loading the cargo Tuesday (the same day the vessel would arrive in the port). Before they can begin loading, everything must have already been pre-approved by ALL importing countries implementing the new rule. In order to have that approval before loading on Tuesday, those countries would have to have all the documents for review on Monday. For the steamship lines to be able to file the documents with the importing countries by that time, they must have received the necessary information from the freight forwarders by the previous Friday PM. In order for the freight forwarders to complete what they need by Friday, all the cargo for the vessel in question must be shipped by Thursday PM. **This makes the packinghouses cut off for that vessel AT LEAST 3 days earlier than normal.**

This rule also reduces flexibility to reschedule shipments. This past citrus season (and some prior seasons as well) due to the inclement weather the east coast experienced, several of the vessels were delayed. The announcements of the delays and the revised schedules usually come toward week's end. Without the 24-hour rule, notifications would be received in a timely enough manner to reschedule production for any cargo destined to said vessel based on its new schedule. With the 24-hour rule, most of or all of the cargo for that vessel had already been shipped prior to notification of any delays. This makes cargo several additional days older at the time of the vessel's sailing, something that possibly could have been avoided if not for the 24-hour rule.

The problem with the 24-hour rule in regards to perishables is simply in the timing needed for everyone to fulfill the documentation requirements of it. With this rule in place it forces products to

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be packed several days earlier than what would normally be scheduled based on the actual cut offs implemented by the ports and steamship lines. By packing that far in advance it also does not allow the steamship lines time to inform us of any changes in the vessel schedules prior to cargo being shipped. Shipping a commodity as perishable as citrus more in advance than should be necessary not only increases the possibility of poor arrival conditions of the fruit, usually resulting in claims by the importers that could cost the packinghouses and growers thousands of dollars PER CONTAINER (cost of lost fruit, inland and ocean freight expenses). It is also costly to the steamship lines as they must now keep under refrigeration and store those containers for several days longer than normally expected.

3. Our Objective: Exemption for Agriculture Exports

The AgTC asks why such an onerous advanced data collection process is being imposed on benign products such as cotton, lumber, hay, almonds, potatoes, citrus, apples, pineapple, etc.? What is the security risk? By working with shippers, carriers, the US and foreign governments, **we seek the exemption of agriculture from these unrealistic deadlines.**

4. AgTC Efforts: Reaching Government and Press

We have reached out to US Census Bureau, Customs and Border Protection (CBP), US International Trade Administration (ITA), and foreign embassies. We've explained the hardship these rules create for US exporters and asked for guidance and advice. Census Bureau and CBP advised we speak with the ITA country desk officers in Washington DC, who have put us into contact with US Embassies abroad.

Japan:

The US Embassy Tokyo consulted with their Foreign Agriculture Service and CBP officers and told us that since Japan is implementing what the US has had in place for years, there is not much we can argue against. They did not think that approaching the Japanese Embassy in the US would be useful (we still did). They suggested working through AgTC members' importers in Japan to have them talk to their contacts in Japanese customs to inquire about ways to expedite the process or to see if they can request exemptions. We spoke with the customs officer for the Japanese Embassy in Washington, D.C. He has opened a discussion with the Japan Customs Authority.

Korea:

The US Embassy Seoul echoed the US Embassy Tokyo's guidance saying that these 24 hour rules mimic what the United States and other countries have had in place for years and not much can be done. Again, we need to work directly with the foreign Customs. We are reaching out to the appropriate person at the Korean Embassy in Washington, D.C.

European Union:

The US Embassy EU will get back to us shortly. Our contact person at the Delegation of the European Union here in Washington D.C. will be following up with us soon.

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Press:

In addition, in order to generate more understanding and support, the AgTC has gone to the trade press, with a [press release](#) outlining our efforts and objectives. The Journal of Commerce subsequently [wrote an article](#) about the topic featuring quotations from our Executive Director.

5. Solving the Problem

1. We invite your participation on the AgTC 24 Hour Rule Committee. Please share this briefing paper widely. We need the expertise and input from all agriculture sectors, perishable and otherwise, that are affected by the 24 hour export rules. This includes ag exporters as well as ocean carriers, freight forwarders, etc. Contact Abigail Struxness at Abigail@agtrans.org or call 202-783-3333.
2. We are seeking an exemption for agriculture from 24 hour rules of Japan, Korea, EU, and China
3. We believe that our members' customers in each of the countries (Japan, EU, Korea most immediately) need to be educated on the problem and the impact it will have on their ability to have dependable supply of product to sell. We must motivate these foreign customers, some of whom may have significant clout in their own governments, to press for an agriculture exemption.