



CLECAT Workshop for ICS2

ICS2 – What it brings? When?

Brussels, 10/09/2019



European
Commission

ICS2

- **ICS2 – What it brings?**
 - ❖ Context
 - ❖ Regulatory requirements – freight forwarding perspective
 - ❖ Introduction of Air Cargo Pre-Loading (PLACI) and Multiple Filing
- **Summary of changes impacting freight forwarding**
- **ICS2 – When will enter into operation?**
 - ❖ Implementation in three releases

ICS2 Context



European
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Private-Sector Perspectives

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REMARKS OF CHRISTOPHER KOCH
President and CEO, **World Shipping Council**
Before **the** Maritime Security Expo 2006
New York City
September 19, 2006*

The European Union's basic strategy appears to be properly focused on building **advance** containerized **cargo screening** or risk assessment capabilities that can be applied 24 hours before vessel loading, and on improving importers' supply chain security through voluntary AEO programs.

It is unfortunate, therefore, that **the** European Commission's most recent draft of these regulations has chosen an approach for **the** implementation of that strategy that contains a fundamental flaw and will not meet **the** stated objective of effectively enhancing **the** EU's **cargo** risk assessment capabilities.

The most significant problem with **the** pending draft of Regulation 1250 is that it includes a conscious decision to not require freight forwarders (NVOCCs under U.S. regulations)¹ to file **advance** summary declarations (or manifest information) for **the** shipments they control under their own bills of lading.

EU Advance Cargo Information regime for security risk assessment introduced by Regulation 648/2005
Customs security role brought into the EU legal and operational instruments as a response to the increasing global security challenges (9/11...)

Private-Sector Perspectives

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Without a filing obligation by freight forwarder/NVOCCs, any shipper could easily avoid **advance screening** of its shipment (e.g., **the** underlying shipper and consignee, and **the** origin and destination of **the** shipment) by simply contracting for transportation services with a forwarder instead of an ocean carrier. **The** resulting illogic is particularly pronounced in European containerized trades that historically have had a significant share of freight forwarder-controlled shipments. Without forwarder/NVOCC shipment information, Customs administrations would, for their **cargo** risk assessments, only be able to review **the** ocean carrier's bill of lading information. This is likely to show **the** freight forwarder as both **the** shipper and consignee, show **the** foreign load port as **the** origin and **the** Community port of unloading as **the** destination, and oftentimes will only include a general **cargo** description. This would be insufficient and misleading for **cargo** risk assessment purposes.

It is too soon to know if **the** Commission's current draft regulation will be adopted. There is still **the** hope that **the** Commission will take **the** logical step that other nations' 24-Hour Rule regulations have taken, and require freight forwarders to file their shipment data.

Although ocean carriers could physically comply with a regulatory requirement that doesn't include forwarder filings, it is apparent that all commercial parties, as well as **the** various European Customs authorities, would be better off by not implementing a system that has such a significant security flaw.



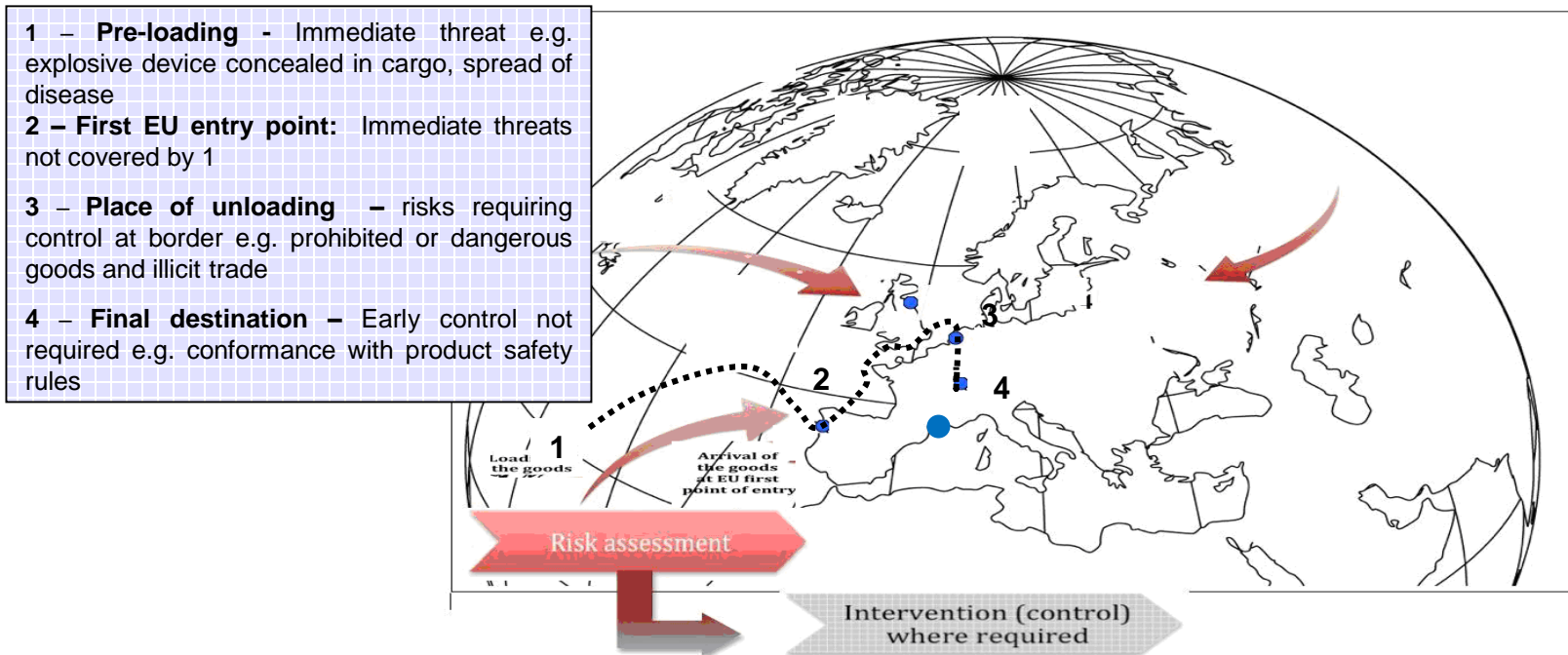
Purpose and scope of the ICS2

ICS2 system supports implementation of new entry summary declaration (ENS) requirements under Union Customs Code and strategic objectives set in the Risk Management Strategy of 2014

- **ENS = Electronic** declaration lodged by the EO to the customs:
 - **in advance of arrival** of goods to the EU
 - **Covers all goods** (except limited waivers) intended to be brought in the EU by commercial means of transport (**also transit through EU**)
 - Includes **info about consignment and conveyances** used
 - Based on a legally **prescribed data-set per specific mode of transport** (air, sea, road & rail) **and business model** (i.e. post, express, general cargo)

Purpose of ENS and ICS2

- ENS is required for customs to carry out risk analysis primarily for the **public security, health and safety purpose**
- Allows customs to **mitigate risks at the most appropriate time and place** in the supply chain



ICS2 Context



Customs entry processes and positioning of the ENS - ICS2 requirements

Customs Pre-arrival Security & Safety risk management and external border controls

Pre-loading data

Pre-arrival data

ZOLL
DOUANE

Arrival & clearance

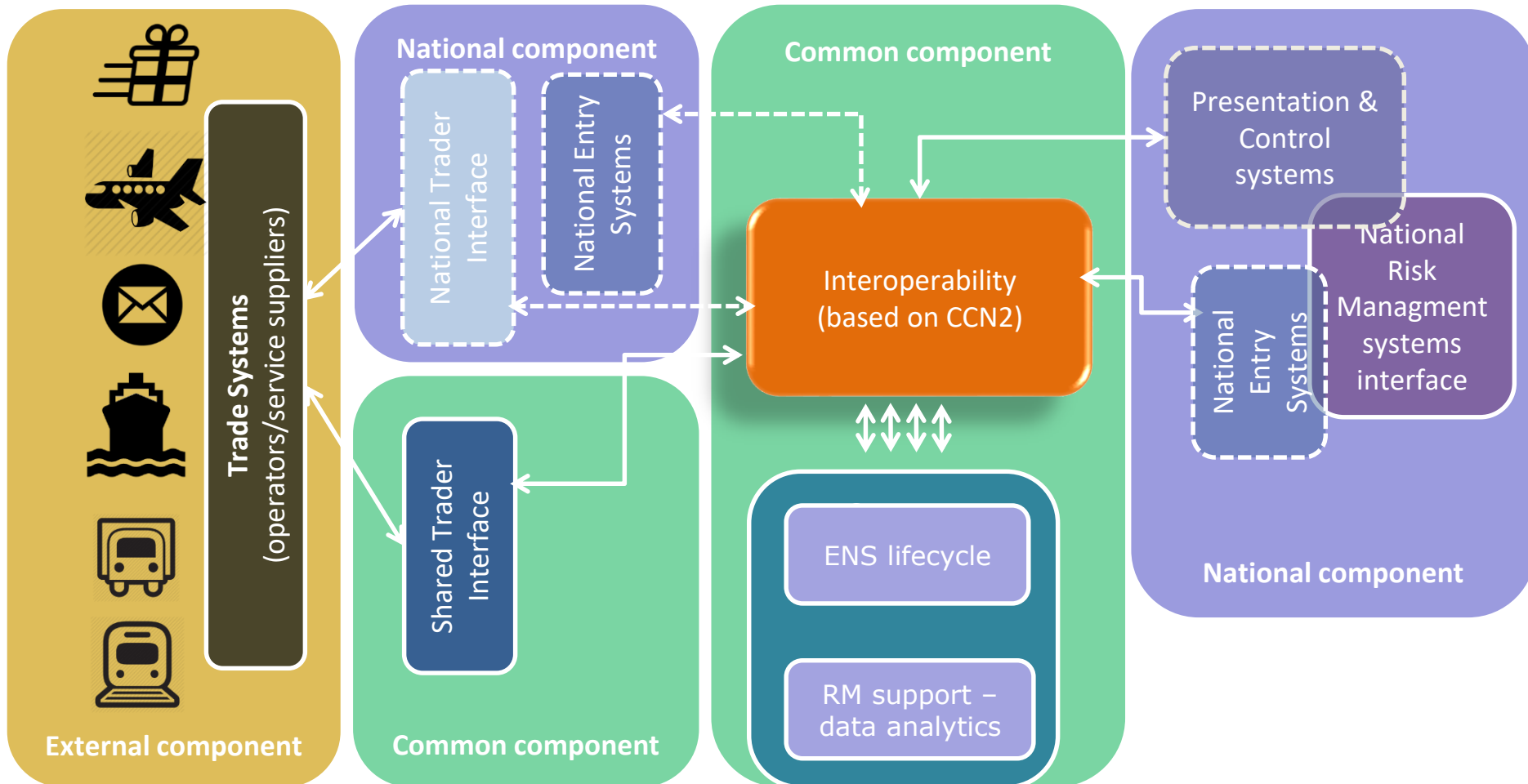
ENS for goods entering - all transport modes

ICS2

Arrival
Presentation
Temporary storage

Import
Transit

ICS2 system architecture – Block 1 & 2.1



ICS2 Regulatory requirements – freight forwarding perspective

(all transport modes)

- **May 2016: Union Customs Code (UCC) entry into force with implementing regulations:**
 - **New ENS data requirements** – improve data quality
 - **Multiple filing** from various supply chain actors (Art. 127 (6))
ENS may be lodged by one EO, or ENS can be lodged in more than one data-set and by more than one Eos
 - **Removal of small consignments waiver** (postal and €<22)
 - **Pre-loading Air (PLACI) filing** (based on ENS data sub-set), **risk analysis** and **risk mitigation referrals to EO**
- **Ongoing – amendments to the implementing law (DAs / IAs)**
+ ICS2 three releases implementation, ENS data sharing and risk processes by customs, new structure of Annex B on data requirements...



Union Customs Code (UCC)

- **ENS requirement - Article 127** of the Union Customs Code (Reg. 952/2013) – applies on all transport modes
- **Carrier is responsible** to lodge e-ENS to the MS of first entry
- **BUT, other parties may be obliged as well** (if the carrier not able to obtain all necessary data) – Article 127 (6) UCC
- So, UCC introduces possibility of dual/multiple ENS filing
- UCC Implementing Acts (DAs and IAs) **concretize it**



UCC Delegated Regulation (2015/2446):

- Responsibilities of different actors for ENS filing – multiple filing
- Exemptions from ENS filing obligations on certain goods
- Time-limits (pre-loading, pre-arrival)
 - **Pre-loading: as early as possible prior to goods loading on plane destined to EU**
 - **Pre-arrival: 4h prior to arrival for flights of +4 hours or at actual departure for flights of –4h.**
- ENS Data requirements (Annex B)

UCC Implementing Regulation (2015/2447):

- Procedural rules for ENS filing (sharing of data among supply chain actors)
- Risk analysis and risk mitigation referrals (RfI, RfS, DNL)
- ENS Data structure and format (Annex B)



Maritime & Air ENS Data requirements (Annex B) include mandatory information:

- contained in the **master bill** of lading (conveyance) – maritime/air carrier
- Contained in any house bill of lading issued under the master bill (including co-load, lowest BoL) – freight forwarder

Maritime ENS Data requirements

- Certain **commercial data** (i.e. seller, buyer (owner)) for the maritime cargo with final destination EU - lowest BoL - ultimate consignee



Parties responsible to file ENS data to the EU customs:

- **Carrier**

In addition and in the case, when more than one bill of lading issued for the same goods (i.e. house bill):

- Any **person issuing that bill of lading**, if it does not want to share this information with the carrier i.e. freight forwarder

In the case of data not contained in the bill of lading (i.e. commercial data):

- **Consignee** at the **lowest bill of lading level**, if it does not want to share this information with the carrier or with the lowest BoL issuing party – freight forwarder

Introduction to ICS2 - Air Cargo Pre-Loading (PLACI)



- **PLACI is a minimum set of ENS data** required as soon as possible prior to loading of goods in a third country
- **PLACI covers only a segment of ENS requirements** and processes in air traffic
- **Obligation to file PLACI is on carrier, or** in absence of required timely information **by other supply chain actor** i.e. postal operator, express carrier, FFW.

Scope and purpose of PLACI filing, customs risk assessment

- To identify a **consignment** (following a PLACI 7+1 declaration) placed in air cargo/mail with an intent of bringing down an aircraft
- which may contain a potential assembled IED (explosive) or IID (incendiary) device → **‘bomb in the box’**
- which may pose an imminent, lethal threat to the **aircraft**
- to help **prevent it being loaded** on aircraft in a third country



PLACI data - minimum ENS dataset



- ▶ **'7+1' minimum ENS dataset:**
 - ❑ Consignor name
 - ❑ Consignor address
 - ❑ Consignee name
 - ❑ Consignee address
 - ❑ Description of goods
 - ❑ Gross mass
 - ❑ Number of packages*
 - ❑ + Transport document number

- ▶ * Total number of packages based on the smallest external packing unit. This is the number of individual items packaged in such a way that they cannot be divided without first undoing the packing, or the number of pieces, if unpackaged.

PLACI – risk mitigation measures

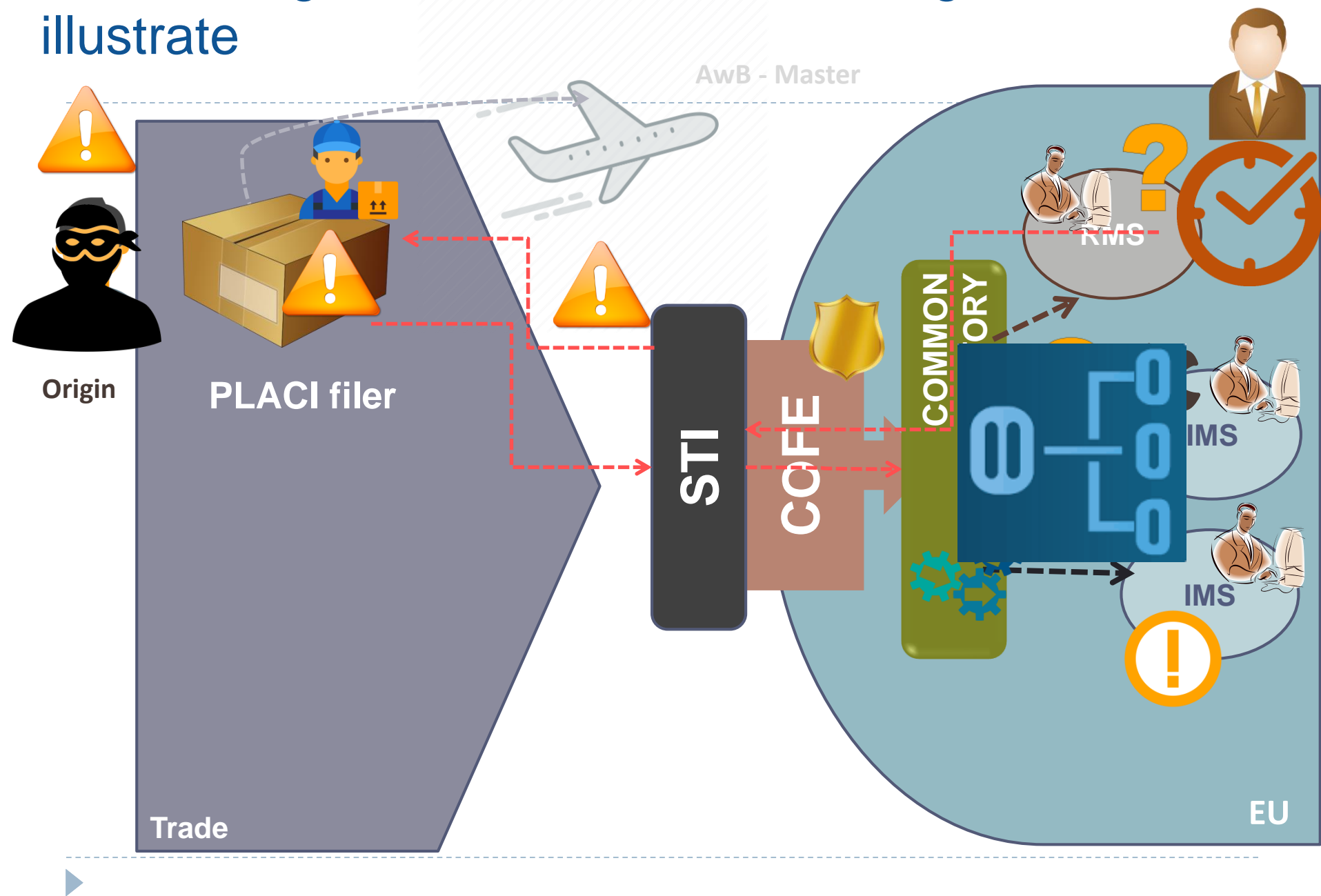


- ▶ If the automated outcome of the PLACI risk analysis will require attention of customs, further risk assessment process will be human based
- ▶ THERE WILL BE NO PURELY AUTOMATED DECISION MAKING (human decision!)
- ▶ Customs addressed in PLACI & in charge of risk assessment filing will have at disposal & depending on individual case different mitigation measures (referrals)

Levels of Mitigation
Level 0 – Information that does not require additional action at pre-load – ‘Assessment complete’
Level 1 - Request for Information (RFI)
Level 2 - Request for Screening (RFS)
Level 3 - Do Not Load (DNL)

- ▶ In the case PLACI will not trigger any MS human intervention, the ‘assessment complete’ message will be generated automatically

PLACI filing, risk assessment and mitigation – to illustrate



Introduction to ICS2 ENS Multiple filing process – air and maritime

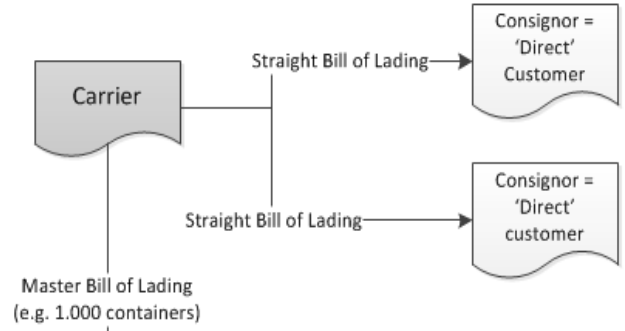
Multiple-filing in operational reality

Knowing what is in the box and who is involved? Can be complicated in some cases



Carrier (MSC line)

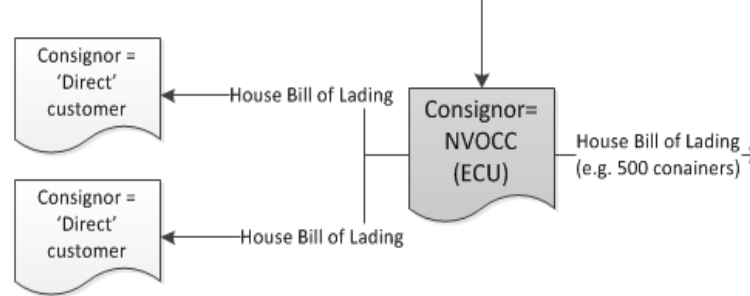
CONSIGNMENT MASTER LEVEL



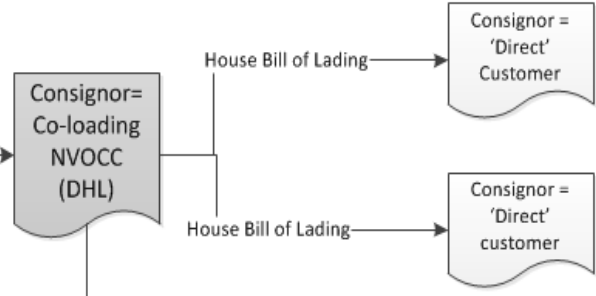
STRAIGHT BoL

NVOCC (ECU) / co-loading NVOCC (DHL)

HOUSE LEVEL - 'MASTER' CONSOLIDATOR



HOUSE LEVEL - CO-LOADING



Freight Forwarder (Qingdao Waywall International Logistics)

HOUSE LEVEL - SUB-HOUSE BoL



ENS multiple-filing process



It happens in the case a carrier is not able to provide complete ENS; Obligation/liability for missing data falls to other party:

- **(Airway)bill issuing party obliged to inform** its contracting party **of the issuance** of that (airway)bill of lading
- **Carrier obliged** to refer **another filer ID (current D.E. 3/38)** in its submission (i.e. **EORI** of FFW, consignee, postal operator), **its own EORI** and **Nr of its MBoL / MAWB** (unique min 1 year).
- **House bill of lading issuing party (FFW)** and if the case; the lowest BoL **consignee obliged** to refer in its filing the carrier's **MBoL / MAWB reference and carrier ID (EORI)** – unique linking key!
- **In the case of Co-loading or sub house BoL issued - House bill of lading issuing party (FFW) obliged** to refer another filer ID in its submission (D.E. 3/38) (e.g. EORI of another FFW **issuing house BoL**)

ENS multiple-filing process

	DATA SHARING WITH SUPPLY CHAIN PARTY	ENS D.E.	DATA SHARING WITH SUPPLY CHAIN PARTY	ENS D.E.
SEA/AIR	CARRIER TO FFW	Its EORI ID BOL/MAWB	FFW TO CARRIER	Its EORI
SEA/AIR	'MASTER' FFW TO CO-LOADING FFW	CARRIER EORI ID BOL/MAWB	CO-LOADING FFW TO 'MASTER' FFW	Its EORI
SEA/AIR	'MASTER' FFW TO SUB-HOUSE FFW	CARRIER EORI ID BOL/MAWB	SUB-HOUSE FFW TO 'MASTER' FFW	Its EORI
SEA/AIR	CO-LOADING FFW TO SUB-HOUSE FFW	CARRIER EORI ID BOL/MAWB	SUB-HOUSE FFW TO CO-LOADING FFW	Its EORI
SEA	CARRIER TO ULTIMATE CONSIGNEE	Its EORI ID BOL/MAWB	ULTIMATE CONSIGNEE TO CARRIER	Its EORI
SEA	LOWEST HBOL FFW TO ULTIMATE CONSIGNEE	CARRIER EORI ID BOL/MAWB	ULTIMATE CONSIGNEE TO LOWEST BoI FFW	Its EORI

ENS multiple-filing process



ENS filing options for the EOs:

- **Single filing** by the **carrier** (e.g. straight BoLs, direct MAWBs) – (maritime and air)
- **Dual filing** by the **carrier** and **consignee** (buyer/seller/HS) (maritime)
- **Dual filing** by the **carrier** and **freight forwarder** (maritime and air)
 - **For Air FFW perspective:**
 - a) a possibility to file PLACI with 7+1 only, and supplement at pre-load phase with the additional MAWB reference, and at pre-arrival full house consignment data
 - b) FFW can also choose to file PLACI with 7+2 (thus HAWB + MAWB ref Nr) and at pre-arrival phase full house consignment data
 - c) FFW can also file full house consignment data (with MAWB reference) as part of PLACI filing
- **Multiple filing** by the **carrier**, **freight forwarder(s)** and the lowest BoL **consignee** (maritime)
- **Single filing by the freight forwarder** or consignee (consent of the carrier needed) – (maritime and air)

Summary of changes impacting freight forwarding

How do these changes impact freight forwarders (1)?

- **New roles and legal obligations** due to new ENS requirements:
 - ❖ FFW will either need to share data with carriers, considered commercially sensitive *or*
 - ❖ FFW will choose to file partial ENS data to customs and be responsible, for timeliness, accuracy and completeness of ENS data they provide
- FFW will have **legal obligations** to:
 - ❖ Obtain EU EORI number from EU customs (also non-EU FFW), if chooses to file ENS data
 - ❖ Comply with the legal obligation to inform the carrier or ‘master’ or ‘co-loading’ FFW (as applicable), that they issued a (airway)bill of lading and are legally obliged to provide ENS data
 - ❖ Comply with legal obligation to share its EORI nr for particular transaction (BoL, MAWB) with carrier, ‘master FFW’ or ‘co-loading FFW’, as applicable
 - ❖ Comply with legal obligation to share defined carrier’s data with other FFW (co-loading, sub-house (airway)bill of lading issuing parties, or ultimate consignee, as applicable)

How do these changes impact FFWs? (2)

- **IT aspects:** If FFWs will file ENS data, they will need to:
 - ❖ Develop necessary IT interfaces and systems to support required business processes, or
 - ❖ Use IT service providers that will be allowed to send data and support business processes with EU customs
- **Business transformation:** If FFW will file ENS data, they will need to:
 - ❖ design and implement all necessary ENS business processes (e.g. to organize interactions with other supply chain actors, referral processes, control phase at presentation, etc)

ICS2 – When will enter into operation?

Implementation in three releases

When will it come into operation?

The new ENS (ICS2) implementation in three releases

1. Release = 15/3/2021

New system: Minimum air pre-loading dataset for postal and express consignments – purpose Air Cargo Security RA ('bomb-in-a-box')

Existing system: continuation of all current ENS in the existing system (no change!)

2. Release = 1/3/2023

New system: Complete ENS for goods in air traffic

Existing system: continuation of current ENS for maritime, road & rail (phase out of the current ENS for air after end of deployment window)

3. Release = 1/3/2024

New system: Complete ENS for maritime, road & rail (including postal goods in these sectors)

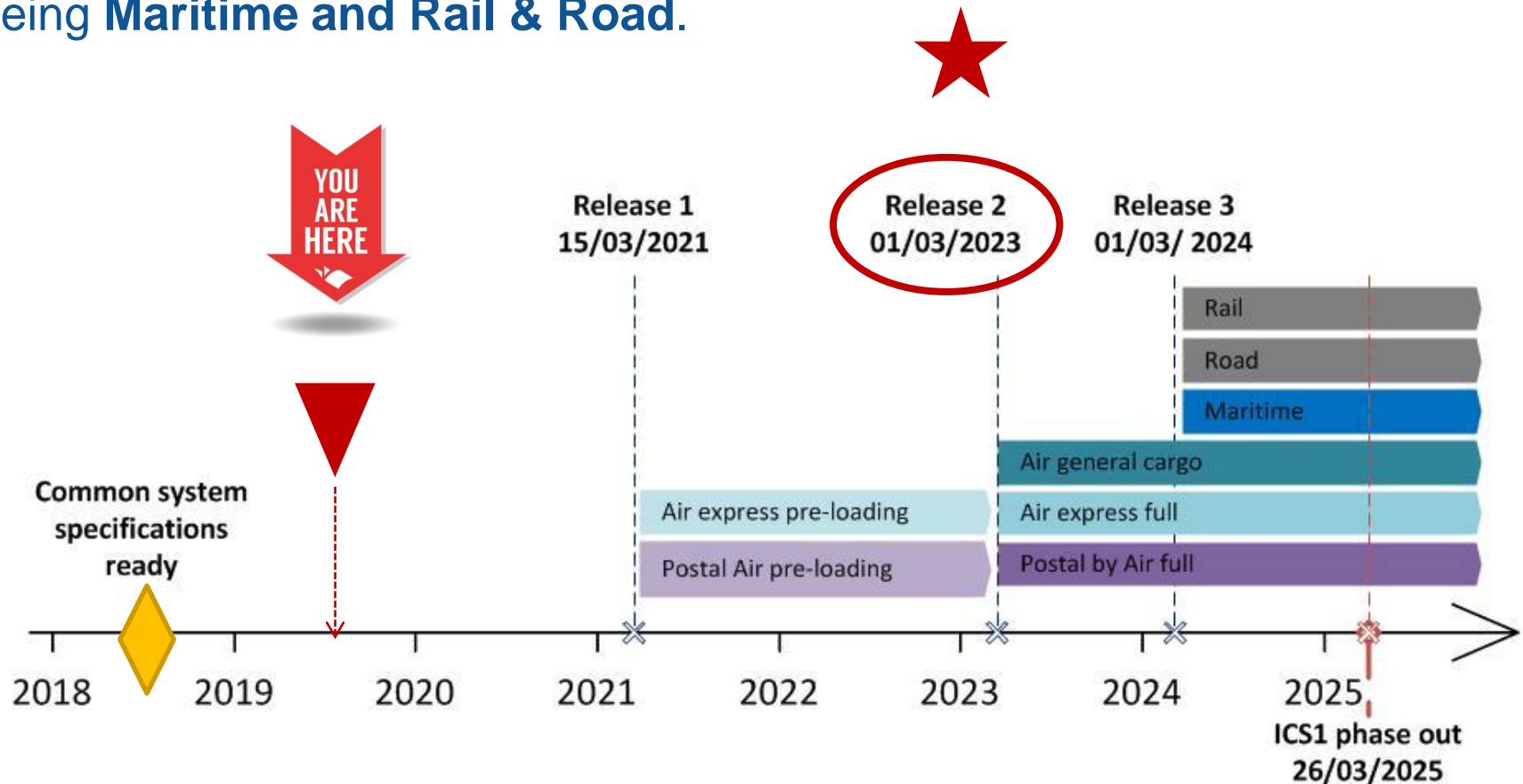
Existing system: Phase out 25.3.2025 (ICS = switched off)



Schedule of ICS2 Releases



Roll out by group starting with **Postal (Air) and Air express pre-load**, followed by **full Postal & Air express and Air cargo**, with last group being **Maritime and Rail & Road**.



Thank you

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