

MEMBER ALERT

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30-DAY STAY OF ENFORCEMENT OF U.S. CUSTOMS' AUTOMATED MANIFEST SYSTEM REQUIREMENTS FOR CERTAIN VESSELS

The Club learned today that the U.S. Bureau of Customs and Border Protection (CBP) has issued a memorandum to each U.S. Port Director suspending enforcement of the Automated Manifest System (AMS) requirements for bulk, break bulk and passenger vessels for 30 days. Container vessels, however, are still required to comply with the new requirements as of March 4, 2004. The CBP Website's "Frequently Asked Questions" (FAQ) section (located at http://www.cbp.gov/ImageCache/cgov/content/import/communications_5fto_5ftrade/mandatory_5fadvanced_5felectronics/tpa_5ffags_2edoc/v2/tpa_5ffags.doc) added the following paragraphs today that outline this new development:

QUOTE

Container Vessels – Any container vessel that is beginning a voyage on or after March 4, 2004 must transmit cargo declaration electronically utilizing Sea AMS. The CBP will commence enforcement actions on March 4, 2004 for container vessel carriers failing to comply with the Required Advance Electronic Presentation of Cargo Information Final Rule effective January 5, 2004. The enforcement actions include denial of preliminary entry, issuance of penalties at each port of arrival and denial of unloading.

Bulk and Break Bulk Vessels (Including Passenger Vessels) – The CBP is aware of several bulk and break bulk carriers who because they are foreign entities, have been unable to secure an Activity Code 3 International Carriers bond by the automation deadline of March 4, 2004. Therefore, CBP will allow a period of informed compliance for 30 days from the March 4, 2004. On April 2, 2004, CBP will commence enforcement actions against carriers operating bulk and break bulk vessels that fail to comply with the Required Advance Electronic Presentation of Cargo Information Final Rule effective January 5, 2004. The enforcement actions include denial of preliminary entry, issuance of penalties at each port of arrival and denial of unloading.

UNQUOTE

The Club understands "informed compliance" means that, where necessary, the CBP will inform the carrier that it has violated certain identified provisions of the new regulations, but shall not impose penalties for any such transgressions. This suspension of enforcement will be in effect until April 2, 2004, after which time the new AMS requirements shall be enforced in full. Thus, any bulk, break bulk, or passenger vessel that embarks on a voyage for the United States on or after April 2, 2004 will be subject to penalties for violation of the AMS provisions.

As noted above, the stay of enforcement does not apply to container vessels, which are subject to the new regulations and applicable violation penalties as of March 4, 2004. In addition, and

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most importantly, it is the Club's understanding that bulk, break bulk and passenger vessels carrying any containers, even one, will be deemed container vessels by the CBP and shall not be entitled to the 30 day grace period outlined above. As such, all vessels carrying one or more containers should be prepared to comply fully with the new AMS requirements by March 4, 2004 or be subject to applicable penalties.

Notwithstanding the 30-day period outlined in this Alert, the Club strongly encourages its Members to be prepared to comply fully with the AMS regulations as soon as possible.

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