

Automating Ecommerce Customs Entries

Using Section 321 Type 86 Filings to Thrive





Introduction

Even prior to COVID-19, the freight forwarder landscape was changing with new digital players entering the market. Now with high consumer expectations and a spike in ecommerce shipments, there is further pressure on forwarders and customs brokers to streamline operations. There is also an incentive to digitize to handle the large volume of ecommerce shipments.

The key to success is to:

- Automate processes
- Continue to enable compliance
- Offer premiere customer service
- Explore methods to find leads

Automate Processes

A fundamental shift is occurring in how goods cross the U.S. border. Ecommerce retail sales during the first quarter of 2020 have been estimated to be 14.5% higher than 2019, while total non-store retail sales in April increased 8.4% over the previous month and 21.6% compared to last year¹. Many of these ecommerce shipments are processed as low value, Section 321 Type 86 customs entries. The reason why is clear—not only do Section 321 Type 86 filings remove duties from qualified shipments, they also streamline the shipment process and expedite border clearance. There are opportunities for freight forwarders and customs brokers to profit if they can process this entry type in volume.

However, freight forwarders and customs brokers need to be strategic about how they approach this type of entry. The current standard “release from manifest” is manual, error-prone, and cannot feasibly handle a high-volume of Section 321 Type 86 filings. Freight forwarders and customs brokers looking to take advantage of this filing type require a robust solution that will allow them to consolidate entries and process entry filings with the U.S. Automated Commerce Environment (ACE). Look for solutions that can submit thousands of house bills on one master, maintain an audit trail, and enable automatic billing.

What is Section 321 Type 86?

The ACE Entry Type 86 Test is a voluntary program introduced by U.S. Customs and Border Protection (CBP). The objectives of the program are to:

1. Increase visibility on Section 321 shipments for CBP and Partner Government Agencies (PGAs)
2. Simplify the entry/release process
3. Expedite shipments

In service of these goals, CBP has created the new entry type 86. The ACE Entry Type 86 Test program applies to

all Section 321 low-value shipments imported by air, land, and sea through all commercial ports of entry, except for merchandise imported by mail.

Customs brokers and self-filers, including freight forwarders, can use entry type 86 to electronically submit de minimis entries through CBP's Automated Brokerage Interface (ABI), which previously did not support small-package ecommerce (i.e., individual shipments going directly to consumers).

¹ https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

Compliance Matters

Accountability and compliance are critical for logistics operations. Since non-compliance may lead to costly fines, freight forwarders and customs brokers must have reliable, up-to-date technology that can keep pace with changing regulations.

With Section 321 Type 86 filings, there is an increased level of scrutiny from CBP especially on accurate valuation. U.S. Customs is utilizing multiple methods including pricing comparisons to ensure accuracy and verify that goods do not exceed the \$800 de minimis threshold. In addition, penalties are in effect in some cases. For example, non-compliant Section 321 truck shipments can result in fines of up to \$5,000 for the first offense and \$10,000 thereafter.²

Section 321 Type 86 compliance is also complex. Certain types of commodities are ineligible, goods requiring inspection are not permitted, and items subject to Antidumping and Countervailing Duties (AD/CVD) are not accepted. There are even exceptions to these exceptions.

Freight forwarders and customs brokers looking to grow their operations by supporting Section 321 Type 86 entries should look for solutions that can help enable compliance, flag exceptions, and enable record keeping. Best-in-class solutions should also help demonstrate reasonable care, automate processes, improve productivity, and accelerate shipment clearance.



² <https://csms.cbp.gov/viewmssg.asp?Recid=23868>

Customer Visibility

In today's digital world, customers are leaning more on their logistics service providers to provide visibility. Ecommerce savvy customers expect continuous insight from purchase order to the point-of-delivery. This is especially true for Section 321 Type 86 shipments where visibility throughout the shipment lifecycle is expected.

Putting a digital front-end to freight forwarding operations provides customers with a highly demanded and convenient experience. Automated customer visibility also can improve internal operations and streamline previously manual processes such as tracking and shipment updates.

Customers not only expect to have visibility to shipment and clearance statuses, but also expect digital rating, in-transit milestones, delivery updates, and automated invoicing. Look for solutions that can provide end-to-end visibility and that can connect with:

- Carriers to lock-in the best rates, optimize bookings, and ensure accurate ETAs
- Overseas and local agents
- Internal departments such as accounting and repurpose shipment data for billing

Look for New Opportunities

Freight forwarders beginning to expand into Section 321 Type 86 filings need to understand the competitive marketplace and how best to enter it.

Some freight forwarders are now specializing in Section 321 Type 86 filings for ecommerce, some are marketing themselves as expedited, cost-effective "import services" for ecommerce, many are noting the duty-free benefits to their customers, and still others are marketing an end-to-end service for high-volume parcel imports.

However, correctly entering the market, and smart marketing in general, also means a proactive approach. Forwarders and customs brokers need to take a pulse of operations and expand their universe of leads to fuel the sales pipeline. This requires solutions that can easily identify new opportunities to drive up sales and pinpoint trends.

Global trade intelligence solutions capture worldwide import and export flows and provide the insight that forwarders and brokers need to expand business. Look for solutions that can enable forwarders to determine shifts and market fluctuations for a specific commodity or trade lane, reveal competitive activities and industry patterns, highlight trends into the key players and top products across the globe, and provide a broader pool of potential leads to sales teams.

A Company That Got It Right: A Success Story

aircitypost's overall mission is to provide cost-effective methods to ship ecommerce parcels worldwide. The company provides customers with a more efficient way to manage and track shipments and offers express service at postal-like pricing. aircitypost wanted to use Section 321 entries to automatically file shipment details at the air manifest level with U.S. Customs.

The company has used Descartes Air AMS for over a decade to speed the flow of import cargo into the U.S. and comply with requirements to electronically file air waybill information with CBP for customs clearance. For ecommerce packages where the total value does not exceed US\$800, aircitypost now uses Descartes to maximize the potential of Section 321 entries. This allows CBP to expedite customs clearance and permits shipments to be delivered to the end customer on a Deliver Duty Paid (DPP) basis.

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We've been using Descartes Air AMS for 10+ years to facilitate customs filings for air cargo. Descartes helped us scale our business and completely automate filing for lower-value ecommerce shipments. Using the Descartes Air AMS solution, we're helping an average of one to two million ecommerce shipments per month get to their destination faster without increasing costs.

- Frank Casano, CEO, aircitypost

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We're Here to Help

Descartes' technology can enable compliance with a broad range of customs and regulatory requirements worldwide including Section 321 Type 86 entries in the U.S. Our solution not only verifies data prior to submission but can also submit Section 321 Type 86 filings and process a high volume of transactions in a single filing.

The key differentiator of Descartes' solutions is our extensibility. Customers can bolt-on additional security filings for multiple countries as needed and expand with one solution provider with options for shipment management, accounting, rating, Denied Party Screening (DPS), and classification.



About Descartes Systems Group

Descartes is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance, and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track, and measure delivery resources; plan, allocate, and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at www.descartes.com and connect with us on [LinkedIn](#) and [Twitter](#).

U.S. Section 321 Type 86 Information Resource Center

If you are looking to have a conversation about how Descartes can help you get started with Section 321 Type 86 filings, learn more about our solutions and this entry type in our [comprehensive online resource center](#)

Uniting the People & Technology That Move the World.
