



TIB Bonds and Steel Tariffs from China

It has come to Avalon's attention that there have been instances of CBP requiring a single transaction bond (STB) on TIB entries that are secured by continuous bonds which include merchandise subject to steel tariffs from China. For example, an importer with a \$50,000 continuous bond was considered insufficient to cover the TIB entry due to the value of the merchandise. The value of the merchandise was \$250,000 (five times the bond amount). The merchandise was also subject to a 25% tariff (\$62,500) on steel from China.

A bond is required per [19 CFR 10.31\(f\)](#) in an amount equal to **double the duties and fees** (or a greater amount if deemed necessary to protect the revenue) that would have been due if entered as a consumption entry. In the example referenced above, the \$50,000 continuous bond on file did not cover double the amount of duties, taxes and fees. Therefore, it did not comply with 19 CFR 10.31(f). CBP requested the additional bonding via single transaction bond to protect the revenue based on the existing requirements in 19 CFR 10.31(f) as well as in accordance with the existing [Directive 3510-004 "Monetary Guidelines for Setting Bond Amounts"](#) section on Activity Type 1 – importer/broker – single transaction, paragraph (d).

Example for Smaller Importer:

Continuous Bond Amount:	\$50,000
Value of TIB Shipment:	\$250,000
25% Steel Tariff:	$\$62,500 \times 2 = \$125,000$

Since the TIB shipment at double the duty exceeds the continuous bond amount of \$50,000, CBP may request an STB to cover the TIB shipment in the amount of \$125,000.

We wanted to share this information with you as it seems likely that the steel tariffs will continue even under a new administration. It is also worth noting that some TIB shipments may also be subject to PGA requirements. If the PGA is one that has hold authority (FDA, EPA, BATF, CPSC, AMS, FCC and TOSCA) or is restricted merchandise, the STB would be required for *3 times the value* since it is the higher of the two bond requirements where TIB is two times the value. When you submit an STB in addition to an active continuous bond through eBond, you must use Bond Designation Code "A" to submit an "additional" bond. Since there can only be one Activity Code 1 continuous bond on file, this allows ACE to recognize any additional STBs you may need to file for TIBs or other situations such as AD/CVD where CBP may request this.

Avalon's President, Lisa Gelsomino, currently serves on the COAC and has advised that the COAC Bond Working Group is working on updating the Monetary Guidelines with CBP. Although CBP has no specific deadline, we hope to see a more current version in Q1 2021. As a reminder, please note that all Bond Policy is now being handed by Commercial Operations, Revenue and Entry (CORE) Division within the Office of Trade. Questions or concerns can be sent to otbond@cbp.dhs.gov.

Please contact our Bond Underwriting department via email at bondunderwriting@avalonrisk.com if you have any questions regarding this issue.

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