

Date: February 29, 2016

Subject: Upcoming Changes Due To Automated Commercial Environment (ACE) Updates

Dear Client,

This letter is to explain the transition to the U.S. government's new import and export processing system, **Automated Commercial Environment (ACE)**, which **becomes mandatory March 31, 2016**. We are at a critical point in the transition and it is important that you as Importers, whose goods must traverse U.S. borders expeditiously, without delay, understand what is occurring so that you can reasonably manage the impact of the changes on your business.

The replacement of U.S. Customs and Border Protection's (CBP) system is a very big deal for the importing community. As with any transition of this magnitude, the potential for missteps is always present. In 2005, a similar transition to a new automated customs processing system in Australia resulted in disaster. The system was not completely developed and was not ready for use by the trade. Delays in clearing merchandise threw the country's economy into disarray. Please be assured we have worked very closely with CBP and our software vendor to assure as smooth of a transition as possible.

An Executive Order has mandated a Single Window for the provision of trade data to every affected government regulatory agency. By March 31, 2016, all companies must transition to the new system (ACE) and transmit customs data, as well as the data required by ten or so partner government agencies.

Another challenge and change is that under the current system, Automated Commercial System (ACS), data for a transaction can be presented at an entry level for multiple lines of an entry. Under ACE, the information will be provided at the line level. This additional data collection is meant to provide greater insight and more granular information at the time of release if an issue arises with non-conforming or violative goods. The amount of work and labor costs associated with the implementation of ACE is rising. As of April 1, 2016, Pacific Customs Brokers' clients will see a new ACE fee of US\$10.00 per entry.

As we move closer to the deadline you may also see an influx in phone calls from our staff requesting additional required information. Please be patient with us as we move through this transition.

Thank you for your business and for your attention to this matter. We appreciate your past patronage and look forward to serving your future trade needs.

Sincerely,

Laura Myers
Vice President
Pacific Customs Brokers, Inc.