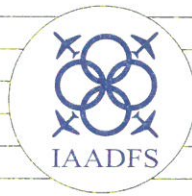


INTERNATIONAL ASSOCIATION OF AIRPORT DUTY FREE STORES

2025 M Street, NW
Suite 800
Washington, DC 20036-3309
USA



Telephone: (202) 367-1184
Fax: (202) 429-5154
E-mail: iaadfs@iaadfs.org
www.iaadfs.org

July 24, 2017

Seth Renkema
Branch Chief
Economic Impact Analysis Branch
U.S. Customs and Border Protection
Washington, D.C. 20229

Reference: Docket # 1651-0033

Dear Mr. Renkema:

The International Association of Airport and Duty Free Stores (IAADFS) is pleased to submit the following comments in response to your June 22, 2017 Federal Register notice on *Agency Information Collection Activities: Bonded Warehouse Proprietor's Submission*.

IAADFS represents operators of airport duty free stores. The airport stores and their associated warehouses are licensed as Class 9 Customs Bonded Warehouses. IAADFS members import products in-bond for sale at an airport duty free store to travellers departing from the U.S.

On its face, the CBP Form 300 annual report by Bonded Warehouse proprietors may seem straightforward. The Form asks for each item in the warehouse inventory to be identified by customs entry number and date of importation, with the beginning inventory and the ending inventory shown, as well as the date the entry is closed out.

For some classes of warehouses, this exercise may not pose a particular challenge. For a Class 9 warehouse, however, it is an immense undertaking.

A Class 9 warehouse is unique among customs bonded warehouses because of its retail operations. Typically, a single customs entry to a Class 9 warehouse will contain anywhere from 10 to 25 invoices involving many thousands of different products, which are eventually sold to thousands of departing travellers in small, personal use quantities. At any given time, a typical Class 9 warehouse may have 4,000+ open entries with as many as 250,000 SKUs (stock keeping units), or unique identifiers, in inventory. Duty free stores utilize state-of-the-art automated systems to track the movement of product from the time the customs warehouse entry is

opened to the time a product is sold to a departing traveler at the airport, with a Point-of-Sale system decrementing each SKU from the entry.

Nevertheless, in this Class 9 retail environment, the Form 300 becomes very difficult to manage due to its required level of detail. Although duty free stores have fully automated systems, the information required cannot simply be produced at the push of a button. Because it requires reporting at the SKU level, the Form 300 becomes a huge project.

To illustrate, one member reports that at the close of each year, they have an average of 4,000 to 5,000 open entries with approximately 230,000 SKUs. This requires teams of IT and regulatory people to work, starting at midnight on New Year's Eve and continuing all of New Year's Day and several days thereafter to run the reports and analyze the balances to prepare the Form 300. For 2016, the company's Form 300 was 5,070 pages in length.

And what happens to this massive paper document? Since CBP no longer requires the Form 300 to actually be submitted, the company sends a letter to CBP confirming that the Form 300 is available. The hard copy then sits in the company's office for 5 years, waiting just in case CBP might want to take a look at it. One member company reports that, although they prepare the 5000+ page report annually, it has NEVER been used by the local CBP audit teams that do either an unannounced spot check audit or a full audit. In fact, when the company offered the document to CBP auditors, in most cases, the officers were not familiar with it and had their own method for selecting entries for audit. We fail to see the value of this voluminous paper document to CBP, particularly now with the implementation of ACE and the availability of the ACE reporting tool.

Following are IAADFS' responses to some of the specific comments requested in the Federal Register notice:

Is it necessary for the proper performance of the agency, including whether the information has practical utility?

IAADFS Response: In our experience, the answer is no, it is not necessary for industry to produce such a lengthy paper document that is rarely, if ever, looked at by the agency. With the completion of ACE, CBP auditors have access to similar, or even better, information for use in targeting entries for audit. In fact, the Form 300 is a relic from a paper-laden past that has outlived its usefulness.

Comment on the accuracy of the agency's estimate of the burden of the proposed collection of information.

IAADFS Response: CBP estimates that it takes each respondent 10 hours to prepare the Form 300. This number is significantly understated. On average, our members estimate it requires close to 250 person hours to prepare the Form 300 annually.

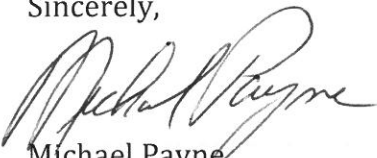
Suggestions to minimize the burden of the collection?

IAADFS Response: Now that ACE is fully operational, we question whether CBP needs the Form 300 report at all. CBP should be able to obtain the data for targeting entries at an HTS level through the ACE reporting tool, which should serve the same purpose as requiring the SKU-level detail on the Form 300. If eliminating the Form 300 altogether is not possible, then we suggest eliminating the requirement to provide detail at the SKU level.

* * * * *

IAADFS appreciates the opportunity to comment. We are available to provide any additional information or insight that might be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Payne", written over a horizontal line.

Michael Payne
President and CEO