

FIRST-COME, FIRST-SERVED OVERVIEW

Introduction

The United States Customs and Border Protection (CBP) administers import quotas on the “First-Come, First-Served” (FC-FS) system. This promotes a transparent operation where the producers and traders are able to track a commodity and plan their business accordingly. Information on quota fill is made available to the public on CBP’s website (see websites below).

The date and time the entry summary documents are presented to the office at the port of entry, after the goods have arrived, is important in FC-FS processing. Similar to people standing in a line, CBP needs to determine the order filers have requested trade benefits by presenting the entry summary documents. When the quantity of goods for which duty preference has been requested is greater than the quota balance available, duty preference is granted in order of request. Quota cannot be reserved. Quota priority and status cannot be granted prior to the arrival of the merchandise. For Quotas that are expected to fill on or near the first day, a special procedure is used and proration may be required.

Definitions

Quota priority is the precedence granted to one entry over other entries subject to the same quota. For example, if one entry is presented in the morning and another in the afternoon and both shipments are subject to the same quota, the entry submitted in the morning would have priority because it was submitted earlier.

Quota status is the standing that entitles merchandise to a reduced or free rate of duty under a tariff-rate quota or to any other trade benefit. In the example of the two entries above, if the quota filled at noon, the entry presented in the morning would have an accepted quota status; the entry presented in the afternoon would not.

Proration: A proration is the allocation of a percentage of the quantity of goods entered (and subject to the same quota) compared to the quantity available (restraint limit) for that quota. Prorations are necessary primarily when the quantities of all entry summaries, or withdrawals for consumption presented exceeds the restraint limit for a popular quota that oversubscribes at opening. The proration is based on a comparison of the total quantity presented in relation to the quantity available. The calculation of this percentage ensures that each importer receives an equal share of the quota relative to what they properly presented. An importer may not request more than the total allocation by presenting a quantity in excess of the quota limit.

Procedures

When a filer submits an entry summary covering quota-class merchandise to the office at the port of entry, they should “clock in” or time-stamp the record copy of the entry summary using the date/time stamp machine available in the office. This becomes the official record that is maintained with the entry package. If CBP personnel do not find a date/time stamp on the document when processing quota, the date and time of quota processing is used instead.

When a quota is close to filling – CBP considers this to be the case when 95% of the total quota has been filled – the shipments are held to determine which quantities will be allowed to receive

the duty preference. When this occurs, the quota records will go on hold. Each line of quota must be carefully reviewed to determine the date/time of entry. The entry and line with the earliest date and time of presentation is released first.

After determining that sufficient entries are available to fill the quota, CBP Quota Branch waits two to three days to allow the ports to complete all document processing. Once satisfied all documents regarding this commodity have been processed, CBP Quota Branch identifies the entry lines that fill the quota. If multiple entries have the same date and time, the quota balance should be prorated so that each importer receives an equal share. CBP Quota Branch then notifies each importer of the amount allowed at the preferential duty rate. When the importers accept the prorated quantity, the documents will be revised to reflect the allowed quota entry. The importer will determine the disposal of the remainder of the shipment (for example, by entering the remaining merchandise at the normal tariff rate or warehousing the products). This decision is to be made by the importer within five business days.

“Opening Moment” Procedures

Based on the fill history of specific quota that are known to be popular, CBP Quota Branch issues instructions to the CBP field offices and traders, notifying everyone of the decision to implement special “opening moment” procedures for the opening of a quota period. This is done because the quantities presented for the opening of the commodity are often in excess of the total annual volume. If CBP allowed automatic release of the entire quantities in these instances, these quotas would overfill because the total quantity presented by all importers is greater than the amount of quota available (also called oversubscribing) and not all filers would have an equal opportunity to take advantage of the preferential duty rate.

Under opening moment procedures, CBP considers all entry summaries or withdrawals from warehouse for consumption, presented in proper form for the opening and treats them as being presented simultaneously for quota reporting purposes. Entry summaries presented in proper form for opening moment are reported with the same date (e.g. January 1) and time of opening moment (e.g. noon eastern standard time). The products must have arrived at the port PRIOR to the entry presentation. When the ports report the quota information, subject entries are placed in a quota “hold” status. Entry summaries presented after the opening moment are recorded at the actual time of presentation.

CBP Quota Branch reviews the universe of entries on “hold” for the opening after allowing the port offices sufficient time (three to five days) for reporting all entry summaries received. CBP Quota Branch reviews the entries on hold for several reasons:

- To ensure that the date and time of presentation is reported correctly using opening moment;
- To ensure that no one importer is attempting to enter more than the quota limit; and
- To compare the total quantity presented to the available quota amount, and determine if the quota is potentially filled or oversubscribed and a proration is necessary.

After waiting three to five days to be sure all port offices have finished reporting the subject quota fill rates, CBP Quota Branch issues a notice to the field offices and traders notifying all interested parties of the results of the opening.

If the quota did not oversubscribe at opening, the message states that merchandise presented for the opening has been released and normal processing resumes until the 95% threshold is reached, triggering the quota "hold" manual review and release while the balance remains. Note: It is possible that the fill could occur soon after the opening depending on the balance available and quantities presented.

If the quota does oversubscribe at opening, the message states that a proration is necessary to ensure fair and equitable distribution of the quota. The notice also provides the pro-rata percentage to be accorded to each eligible entry. (The proration percentage is determined by dividing the quota restraint quantity by the total amount presented. Example: Quota Amount 1,500,000 divided by presented amount 1,654,000 equals proration 0.9068924 (use 7 decimal places). Each entry will receive 0.9068924 of the original presented quantity.) Once notified, the importer must decide on disposition of their remaining shipments not eligible for the preferential duty rate.

Examples of reports issued by United States Customs and Border Protection may be viewed by following the following links:

Customs and Border Protection web site

<http://www.cbp.gov/>

Commodity Status Report for TRQs

[http://www.cbp.gov/xp/cgov/trade/trade_programs/textiles and quotas/commodity/](http://www.cbp.gov/xp/cgov/trade/trade_programs/textiles_and_quotas/commodity/)

Threshold/Fill Quick Reference List

[http://www.cbp.gov/xp/cgov/trade/trade_programs/textiles and quotas/commodity/](http://www.cbp.gov/xp/cgov/trade/trade_programs/textiles_and_quotas/commodity/)