

The Wave of New Regulations

CONNECT Cargo Symposium
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A Tidal Wave of Change

- CPSC Improvement Act Certificates
- Importer Security Filing (aka: 10+2)
- Import Safety: much more to come
- Lacey Act insecurities
- ACE release ESAR 2.2, 2.3, etc. and M₁, M₂, etc.
- 100% scanning
- Left field: First sale, “Edit Lite”
 - But first, a little history about how we got here:



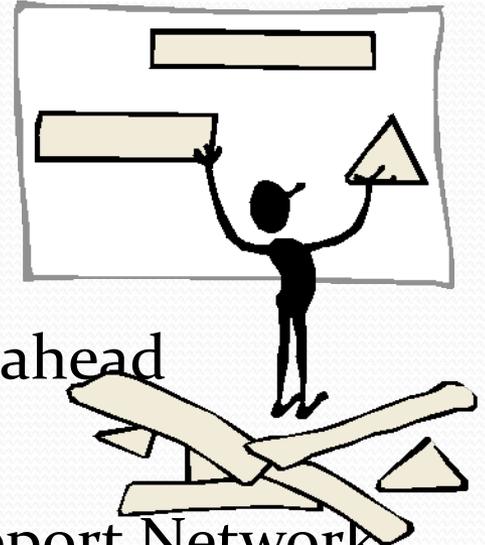
Evolving

- 1980's to early 90's
 - Customs Automation: summary, entry/release, selectivity, automated manifest
 - Mod Act: legalize automation, test programs, shift burdens, informed compliance, remote filing,
 - Accountability: compliance measurements, compliance audits

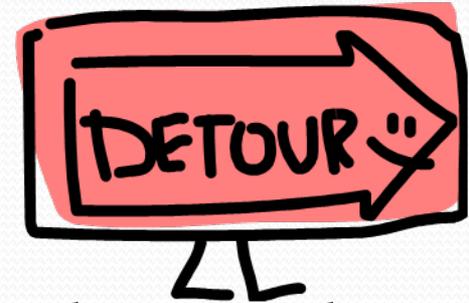


Evolving

- 1990's to early 00's
 - A little time to collect ourselves and look ahead
 - COAC gives trade a look inside
 - Next steps in automation: ERP, Trade Support Network, ACE, opportunity!
 - Defining the limits of responsibility: court cases, penalty review
 - Growth of Remote Location Filing: Fears turn into opportunity
 - Cooperation: ICMP becomes ISA



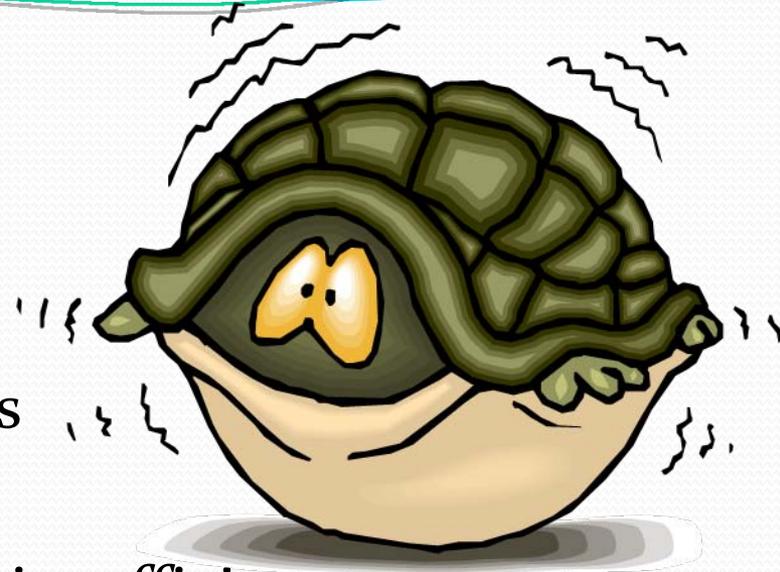
Evolving



- Post 9/11/2001
 - Tackling the unknown: Bonner's layered approach
 - CSI expands CBP's reach
 - Targeting is centralized
 - Advanced Cargo Information: 24 hour rule + +
 - From Treasury to DHS, from Customs Service to CBP
 - New Priorities
 - Cooperative spirit rules – with a few bumps
 - TPAT becomes C-TPAT and a success
 - COAC helps manage ACI after 24 hour rule/straw man blow up
 - FDA Bio-Terrorism Act

Fears Continue

- The “Stephen Flynn” effect
 - Ocean containers are a key focus
 - 100% scanning
 - Data used for targeting deemed insufficient
- Public and Press: bad toys, bad food, and bad China
 - Food safety laws
 - Consumer protection laws
- Election year: Which party is most committed to protecting the public!



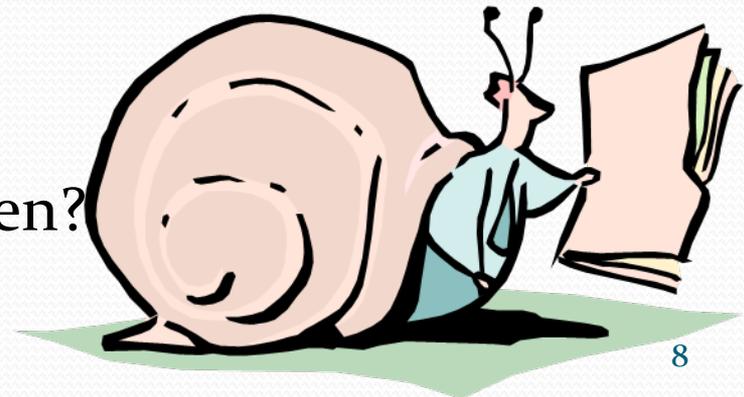
Focus: 10+2



- The 15 days: Will we get a late Thanksgiving and early Christmas present?
- NPRM after two years of working with trade
 - TSN, COAC, CONECT, other trade orgs
- In the interim we have ATDI testing and data layouts
 - 1300+ stow plans, 100M+ CSMs, 60k+ ISFs
- Out of OMB, but a fight to the finish
 - Great pressure by some trade organization on OMB
 - Congressional letter to Chertoff & Basham
 - Basham tough talk on 100% scanning alternative

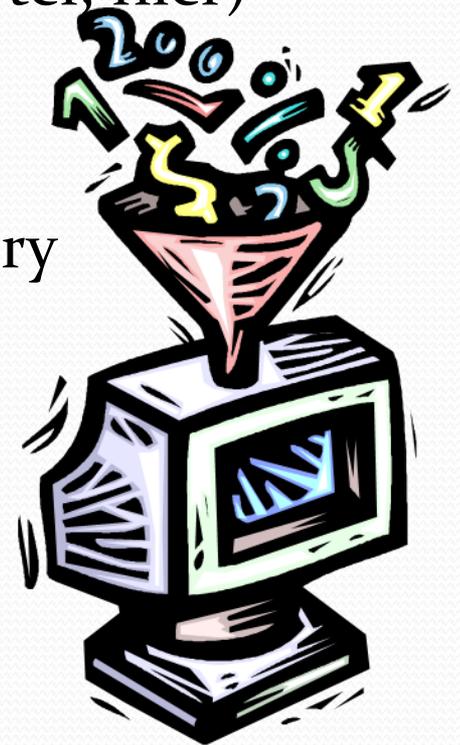
Focus: 10+2 cont.

- Some things to watch for:
 - Tone of CBP response to 200+ submissions
 - The real effect on supply chains
 - If worse than CBP believes, what will be done?
 - If specific problem, what will be done?
 - Who can/will submit information
 - The “Customs Business” question still there
 - Use of the ISF reference number
 - Visibility: to whom; where; how?
 - Who can make changes; and when?



Focus: 10+2 cont.

- More to watch for
 - Bonds - what kind (STB) and who (importer, filer)
 - Exceptions to general rules
 - Bulk, FROB, transiting cargo, etc.
 - Comparison to subsequent Entry/Summary
 - Data information
 - “Flexibility” in some data elements
 - Definitions, definitions, definitions
 - Linking of data elements
 - Partial data submission
 - Bill of lading



Focus: 10+2 cont.

- More to watch for
 - Confidentiality
 - Penalties
 - How CBP will engage the trade
 - Availability of information
 - Forum for discussions
 - Exception handling
 - Overseas players
 - WCO issues
 - Other countries implementing their own ISF



Focus: ACE

- Second quarter of 2009
 - Entry summary information will begin to be submitted for 94% of all transactions (type 1 and 11 entries)
- Other entry types to follow over next few years
- ACE Manifests coming up: truck, air, rail and ocean
- Shared concern: turning off ACS



Focus: ACE cont.

- Issues:
 - Slow to implement and problems with most deliveries?
 - Truck manifest startup problems
 - Portal
 - Manifest delivery delays
 - Timely completion
 - Time and money problems, how will they affect us?
 - Partial/incomplete deliveries
 - “Edit lite” was a wake-up to the trade
 - Partial implementation of Post Summary Correction



Focus: ACE cont.

- More issues:
 - Questions as to when CBP wants us to move onto the new system
 - Timing conflict with other items to come up



So, What To Do

- Keep your cool
- Set priorities
 - Most immediate first
- Keep well informed
 - Be sure your software vendor is well informed
- Rely on friends
 - Trade community: CONECT, AA EI, NCBFAA, JIG, WSC, COAC, XLA,
- Be prepared to change
- Keep your staff well informed





Thank You

