

SUMMARY

CUSTOMS & BORDER PROTECTION TRADE SYMPOSIUM 2008
“GLOBAL TRADE: CONTINUITY THROUGH TRANSITION”

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FROM: Can/Am BTA
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CBP Commissioner Ralph Basham’s Overview:

- Ambitious Program; Important Issues; Wants Trade engaged and providing concerns and feedback; Partnerships are of Key Importance;
- Jay Ahern is extremely capable to step in as Acting Commissioner and CBP will not miss a step during the Transition of Administrations.

CBP Deputy Commissioner Ahern’s Points:

- Reiterated long history of CBP/Trade working together to efficiently move legitimate Trade and secure Borders using new sophisticated technology. Cited need for Infrastructure funding for Ports of Entry (\$5 Billion over 10 years). Recognized and thanked Congress plus the help of the Trade for the Budgets accorded CBP to operate. Highly values the professionalism and dedication of CBP Workforce and Management.
- Stated Continuity will be maintained during the Transition. 1) CBP will move forward based on the solid foundation provided by Commissioners Bonner and Basham. 2) There will be no surprises. 3) CBP will continue to forge partnerships (with in Government for a common Border Strategy and globally with WCO using Risk Management to insure Supply Chain Security, ITDS Single Window approach and Global Harmonization Mutual Recognition wherever possible). 4) Open Door Policy by CBP Executives. Bottom Line CBP will NOT Remain in neutral during the arrival of New Administration as it realizes Transitions are vulnerable times.
- Cited essential importance of 10+2 to enhancing targeting accuracy, acknowledged the cost to Industry to achieve it but reminded that the alternative is 100 Percent Inspection with the consequences that approach would bring.
- Reminded all that Trusted Trader and Trusted Traveler programs are top CBP Priorities.

Senior CBP Leaders Forum:Tom Winkowski, Assistant Commissioner Field Operations,Mike Mullen, Assistant Commissioner International Affairs and Trade Relations,Thad Bingel, CBP Chief of Staff,Dan Baldwin, Assistant Commissioner International TradeCharles Armstrong, Assistant Commissioner Information Technology and Chief Information Officer.

- Uniform Port Management is working (Customs, Agriculture and Immigration as CBP) and has resulted in the elimination of duplicate inspections of shipments that routinely occurred prior to formation of CBP. Focusing on Wait Times and Delays using Wait Time Measurement Technology recently including Blue Tooth. Port Bill includes 5,000 Officers and \$5 Billion for Infrastructure replacement and improvements (a many year program) including recognition that Approach Roads are an essential part of Port processing capability. Adding hours of service at constrained Ports of Entry up to 24/5 where needed. Developing improved Non-Intrusive Inspection Technology and Radiation Portal Monitors that identify type of material causing alarms to sound. CBP currently has 20,000 Officers, 3500 Training Slots, 1,000 Import Specialists, with an 8% attrition rate (that the new Law Enforcement Retirement status given by Congress is helping to reduce). Post Entry Works allowing the achieved reduction in “at the” Border Inspections. 10+2 phase-in will not delay cargo. Point of Stuffing is critical to risk score. Layered Risk Based Strategy is the most effective approach. IT WORKS. C-TPAT inspection rate is substantially lower than for non C-TPAT shipments. Vicinity RFID Technology and Readers associated with WHTI coupled with License Plate Readers plus the new Touch Screen Technology will substantially reduce wait times at the Borders. **One major note of concern: micro-management certifications/processes being imposed by Other Government Departments and Congress are resulting in serious interference at the Border.**
- The Trade Office has been re-organized. International Affairs is now geographically aligned. Office of International Trade now has responsibility for Commercial Targeting with the Office of Field Ops. facilitating and executing. This re-organization has resulted in a greater focus on Trade and the development of a formal Trade Strategy that contains the primary objective of facilitating legitimate Trade. In 2008 International Affairs has held 150 Foreign Training and Assistance Events involving attendance by 2,500 individuals dealing with Anti-Corruption Integrity, Standards, Supply Chain Security and Improving Border Security. Mutual recognition is a primary objective. Agreements have been signed with Canada, New Zealand, Jordan and are in process with Japan and the EU completion expected in 2009.
- Agricultural Cargo Insect Actionable Intercepts have increased causing concern. Agricultural Targeting is very effective. Currently Targeting covers “Drugs, Thugs and Bugs.” Recent Trade Legislation i.e. Farm Bill and Lacey Act etc have major effects and serious ramifications.

- Cyber Security is a high priority. Attempts by hackers to Steal Information and Disrupt Operations must be prevented. CBP is reducing Internet Gateways and continuously monitoring operating systems. ACE is about halfway completed, is the Flagship Commercial Program of CBP and among the “best of the best.” ACE is currently under a Team Review to insure achievement of objectives through effective operation and insure it embodies changing realities as they occur. Objective by 2020 is for CBP IT Systems to operate without downtime.

World Customs Organization:

Presented Utilizing Video Conference by the Incoming WCO Secretary General

- Cited current focus on the US election and the Financial Crisis adverse effects globally. Very concerned about a rise in Protectionism and any global political action resulting in need to raise revenue by increasing Custom Collections.
- Provided the WCO priorities to achieve a 21st Century Customs Policy in distinct Building Blocks with explanations:
 - Seamless Global Supply Chains (Trace and Track, Electronic Exchange, Mutual Recognition).
 - Coordinated Border Management.
 - Intel and Risk Management System (Strongly opposed to 100% Scanning).
 - Customs/Business Partnership (Trusted Economic Entities).
 - Technology Based.
 - Appropriate Powers Granted.
 - Efficient Procedures Implemented.
 - Professional Knowledge Based Organizations.
 - Capacity Building Sharing Best Practices.
 - Integrity without Exception.

Charlene Stocker, Procter & Gamble for the Private Sector Consultation Group

PSCG is made up of 13 Associations and 17 Companies worldwide. Includes Companies such as Boeing, IBM, FEDEX, GM, Microsoft to name a few. Their collective efforts have defined Authorized Economic Operator (AEO), Mutual Recognition as well as a single window approach.

CBP International Presence and Activities:

Panel of CBP Attaches stationed in Canada, China and Japan.

CBP has 43 Attaches in 20 Countries advising on: C-TPAT; CSI; Immigration Advisory Program (prevents inadmissible people from boarding to come to the US prior to departure); Trade; Travel; Enforcement and Security.

With Canada the important Shared Border Working Group and June 2008 C-TPAT/PIP Mutual Recognition agreement that, while currently still requiring 2 applications, plans for a single application and validation for both. Canada had \$100 Million of IPR seizures in 2007 and is in the process of strengthening its laws so Canada Border Services has the appropriate powers it needs.

With Japan formalized regulatory reform initiates specific issues involving CBP, USTR and State with the Japanese Government.

China IPR is an uphill battle as 80% of world activity originates in China of which 40% is counterfeit footwear. China Government is sharing activity by specific companies there.

Nexus Between Security and Trade Programs Panel:

Joe Rees, Director Trade Agreements,

Todd Owen, Executive Director Cargo & Conveyance Security,

Brenda Smith, Executive Director Trade Policy and Programs,

Cathy Saucedo, Director Import Safety & Interagency Requirements,

Jeffrey Shurren, Associate Commissioner for Policy / Planning FDA

Ana Hinojosa, Director Field Operations El Paso.

- Security and Trade Enforcement / Compliance is aided by Advance Information, Activities Away from the Border and Self Assessment/Governance. C-TPAT has 8,600 Companies that make up 50% of Imports. Cargo Security is protected by Layered Enforcement. We must insure that the Supply Chain is protected from Compromise. **Point of Stuffing and Drayage to the Point of Export are the 2 Critical Exposures.** C-TPAT purpose is to move through known Trusted Trader shipments to focus on ‘Other.’ 3200 validations were done in 2008. C-TPAT has fewer inspections and when occurring are moved to “the front of the line.” CSI at 58 Ports in 30 Countries handling 86% of containers destined for the US. 200 large Xrays each scan a container in less than a minute. EManifest Advance Information has resulted in reduction in Truck Primary Processing time (Detroit 105 seconds to 67 seconds, Buffalo 104 seconds to 54 seconds and Laredo from 75 seconds to 47 seconds).
- Trade Facilitation objective is to protect Economic Vitality through use of seamless and effective ITDS. Urge participation in Importer Self Assessment Program. CBP also must prevent unsafe imports utilizing: Foreign Visits; Advance data; Known partners. Safety must be resolved before release into the Country. FDA reports imports have tripled, from 150 Countries with 150,000 importers and 300,000 locations including large increase in medical drugs from India and China. With regard to Melamine problem China reaction seems to be “oops we did it again.” **Effective prevention is “key” at the source.**

CBP Trade Strategy:

- This is first-time Strategy to facilitate legitimate Trade at the US Borders has been shared with the public. It uses Risk Management, Advance Information and Partnerships including ACE, Targeting Tools and a sophisticated Trade Community. CBP deals with 800,000 Importers and 13,000 Brokers handling increasing complexities and Legislation. There are 4 elements to the Trade Strategy:

- 1) Facilitate Legitimate Trade and Ensure Compliance using Risk Assessment, pre-entry-post release verification (not at Border).
- 2) Enforce Trade Laws – Collect Accurate Revenue (2008 \$32 Billion) using info sharing, consistent and swift deterrent action and employ Trade Expertise.
- 3) Advance National and Economic Security with efforts in safe Ag Imports, IPR, Textiles and Dumping activities.
- 4) Intensify Modernization of CBP's Trade Activity (Streamline Processes, Employ Skilled Trade Expertise, Organize preparedness and commitment to change. Of 800,000 Importers, 1,000 do 50% of the lines and 40% of value.

KEYNOTE LUNCHEON ADDRESS – COMMISSIONER RALPH BASHAM

Introduction by Deputy Commissioner Jay Ahern recounted Commissioner Basham's history as a Secret Service Agent, Special Agent in Charge, Director of the Secret Service, work in initiating the TSA and currently the Commissioner of CBP commanding the largest Law Enforcement Air Force of 272 Aircraft.

Commissioner Basham:

- CBP is an incredible group of men and women.
- Dealt with many complex issues in the past 2 ½ years facing a dangerous world.
- It is imperative that we monitor who and what comes and goes into our Country.
- Trade is a Big Part of CBP's Mission.
- Must find ways to move forward to achieve Twin Goals (Security & Facilitation).
- CBP Needs "Good Friends and Tough Critics."
- Three KEYS are Integrity, Intelligence and Partnerships.
- Reputation is critical.
- Must Connect the Dots.
- CBP is engaged in Serious Business.
- Must Listen to New Ideas.
- CBP is partnering with Consumer Product Safety Commission.
- 10+2 is required to enhance Risk Management or alternative is 100% Scanning (that is not the way to go).
- CBP MUST STAY WITH LAYERED RISK BASED STRATEGY.

Commissioner received an extended standing ovation.

C-TPAT Security Best Practices and Lessons Learned:

Panel included C-TPAT Managers from Buffalo, Newark, Los Angeles and JFK Airport,.

- Discussed Suspension, Removal and Appeal. Currently 8,647 Companies participate serviced by 7 field offices with 195 employees who performed 9,521 validations resulting in 411 Suspensions and 271 Removals. Non-Participation from those who apply result from ineligibility, rejections, negative vetting and withdrawl. All suspensions and removals require approval by Field Management and Headquarters both. Withdrawl occurs when a security profile is not completed in the required 60 days or an annual self assessment report is not completed. Validation is performed within 12 months and re-validation is performed within next 3 years. Program is managed using common sense and flexibility.

- If a Company fails validation, CBP tries to help get problems fixed as removal is not a desired outcome. A suspension requires a post Incident Analysis within 30 days. Of 88 appeals, 30 were approved and reversed. In 2007 there were 43 removals (39 for smuggling Marijuana 47 to 5,500 pounds, 2 for smuggling Cocaine each over 63 pounds, and 2 for human smuggling). In 2008 there were 45 removals (35 for marijuana smuggling in one case 4.6 Tons, 4 for Cocaine each over 24 pounds, 2 for human smuggling and 4 for Other Reasons). No Double brokering is allowed as a number of the past cases were caused by subsequent carrier brokering often without the knowledge of the shipper. CBP states it is not arbitrary or capricious.

European Union Perspectives:

- US/EU Joint Customs Coordinating Committee is formed.
- Coordinated EU improves dealing with US on Trade Issues.
- EU has 500 Million population with a single external Border.
- EU and US economies integrated. EU owns 65% of Foreign Investment in the US.
- Counterfeiting, Piracy, Dangerous Goods are serious threats.
- Risk Management is key.
- EU/US Customs work in close cooperation.
- EU requires 24 hour rule on both Imports and Exports.
- Described Authorized Economic Operator (Trusted Trader).
- EU Customs Officers are at US Targeting Center.
- EU/US Mutual Recognition will be achieved in 2009.
- EU strongly opposes Scanning 100%.

Regulatory Change Year 2008 in Review: Reviewed 3 separate categories.

Trade -Softwood Lumber

- Free Trade Agreements completed and pending.
- First Sale – Interpretive Rule
- Uniform Rules of Origin – Codified versus case by case substantial transformation.
- Haiti Hope 1 and 2 (Textiles).

Travel-WHTI

- Corporate Aircraft – General Aviation Advance Passenger Info required.
- Global Entry introduced at JFK, Dulles and Houston, to follow soon Chicago, LA, Miami and Atlanta Airports. Plan is to introduce at 20 Airports ultimately.
- Electronic System for Travel Authorization for I-94 for Visa Waiver Country Travelers will be mandatory January 2009.

Cargo-Mandatory Export Cargo filing through AES.

- Maritime Cargo security Seals
- 10+2

TO BE SUCCESSFUL WE MUST WORK TOGETHER
AND LEVERAGE ONE ANOTHER'S STRENGTHS.

BOTTOM LINE IS TO MAKE OUR COUNTRY AND ITS CRITICAL TRADE
MORE EFFECTIVE AND SAFE.

Jim Phillips

APPENDIX: ACRONYMS DESCRIPTION

ACE	AUTOMATED COMMERCIAL ENVIRONMENT (NEW)
ACS	AUTOMATED COMMERCIAL SYSTEM (OLD)
AEO	AUTHORIZED ECONOMIC OPERATOR
APEC	ASIA PACIFIC ECONOMIC COMMUNITY
CBP	CUSTOMS AND BORDER PROTECTION
COAC	COMMERCIAL OPERATIONS ADVISORY COMMITTEE
CSI	CONTAINER SECURITY INITIATIVE
C-TPAT	CUSTOMS & TRADE PARTNERSHIP AGAINST TERRORISM
DHS	DEPARTMENT OF HOMELAND SECURITY
DOT	DEPARTMENT OF TRANSPORTATION
EPA	ENVIRONMENTAL PROTECTION AGENCY
EU	EUROPEAN UNION
FAST	FREE AND SECURE TRADE
FDA	FEDERAL DRUG ADMINISTRATION
GTX	GLOBAL TRADE EXCHANGE
HS	HARMONIZED SYSTEM
ICE	IMMIGRATION AND CUSTOMS ENFORCEMENT
IPR	INTELLECTUAL PROPERTY RIGHTS
IT	INFORMATION TECHNOLOGY
ITDS	INTERNATIONAL TRADE DATA SYSTEM
NTC	NATIONAL TARGETING CENTER
RPM	RADIATION PORTAL MONITOR
SBInet	SECURE BORDER INITIATIVE
TSA	TRANSPORTATION SECURITY AGENCY
TSN	TRADE SUPPORT NETWORK
USDA	UNITED STATES DEPARTMENT OF AGRICULTURE
WCO	WORLD CUSTOMS ORGANIZATION