

SUMMARY

**CUSTOMS & BORDER PROTECTION TRADE SYMPOSIUM 2009
“A DECADE OF PROGRESS THROUGH PARTNERSHIP”**

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FROM: Can/Am BTA
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CBP Asst. Commissioner Field Operations Tom Winkowski Introduction:

- Welcome to the 10th Annual Trade Symposium. Showcase CBP’s commitment to Trade. Gain Understanding of Priority Trade Issues. Cited twin missions of Trade and Security. Layered Risk Based Strategy. 100% scanning does not mean 100% security. Together we are facing complex and politically charged issues. Partnerships are of Key Importance.
- Acting Commissioner Jay Ahern is retiring at year end after 33 years of service and exceptional leadership.

CBP Acting Commissioner Jay Ahern’s Points:

- Partnership is key to progress. Initiatives to expedite legitimate Trade and Travel include C-TPAT, CSI, ISA, Fast and Trusted traveler programs NEXUS, SENTRI and Global Entry. CBP budget has doubled in the past few years and now numbers 21,000 personnel in CBP and 20,000 in the Border patrol.. CBP Budget growth will not continue and faces difficult times FY2011 and beyond. We must look at “how to do business” and must get more efficient. This involves increasing collaboration with Trade. We must craft new solutions for Trade Facilitation.
- 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:

MODERNIZATION: THE VISION GOING FORWARD

Tom Winkowski, Assistant Commissioner Field Operations

Eugene Schied, Assistant Commissioner Finance

Dan Baldwin, Assistant Commissioner International Trade

Charles Armstrong, Assistant Commissioner Information Technology

- Consolidated and Systematic approach to Trade. Internal and integrated partnership by CBP with Other Government Departments.

- Re-engineered Management approach to focus Trade priorities to achieve management by Account and not transactions. E manifest is a big success in modernization. Key responsibility is customer service to increase periodic monthly statements and in future away from cash. Account base needs statute changes. ACE has seen major changes in the activity it serves (Modular and Portal vs Main Frame). Must integrate systems efficiently. UNIX technology achieves “scale ups.” Have and will continue to improve “up time” operation. Introducing virtualization capability and technical modeling. Must deliver ITDS to gain efficiency and effectiveness. Post summary corrections and imaging are coming. ACE hacking attempts needing a lot of effort. Improving Gateway monitoring and filtering. Data traffic has to go to internet protocols. Looking at Canada and Mexico import as U.S. export and vice versa.

PANELS AND BREAKOUT SESSIONS

TRADE FACILITATION: THEN AND NOW

- 1999 18 million entries 2008 26 million entries
 85% compliance 99.8% compliance
 \$20 Billion collected \$30 Billion collected

Advance data allowing effective targeting and the Trade Act of 2002 have critical importance. Future impacts/priorities are Product Safety, Food safety, Import Safety. Expedited processing with OGD's and electronic technology are key. Introducing offsets to allow “net” payments. Tariff Classification improvement and Remote Location filing impact. Getting foreign service provider data is difficult but necessary as risk assessment depends on accurate advance data. Phased in implementation of new legislation and policy is essential. Global complexity and CBP experience are major factors. For example 80% of NY Trade and Cargo Security staff are 3 years from retirement or have less than 3 years experience. Must use the power of automation and introduce Industry specific processing.

IMPORTER SECURITY FILING (10+2)

- Seven CBP Trade Priorities: Anti dumping/countervailing duties; Intellectual Property Rights; Import Safety; Textiles; Agriculture; proper Revenue Collection and Penalty Collection. Agricultural Cargo Insect Actionable Intercepts have increased causing concern. 10+2 enforced compliance begins 1/26/2010. All damages will be assessed by CBP HQ for consistent treatment. To date 3.7 million filings by 2,000 entities with 95% acceptance, 6,500 vessel Stow Plans and 106 million container status messages have been received. The Stow Plan denotes on each ship color coded location of: un-manifested cargo; high risk; hazmat; empty; Foreign Cargo remaining on board and low risk.

INTELECTUAL PROPERTY RIGHTS (IPR)

- Seizures are up 150% in 2008 from 2002 (15,000 seizures valued at \$300 million. 80 % originating from China. More of the same interdiction will not solve the problem.

- Lack of advance pertinent information on Trademarks and Copyrights Goods especially who has distribution rights hinders effectiveness of stemming flow. Infringement determination is complex. Currently minimal partnerships with trade in this area exist. Current penalty levels do not deter activity. Authentication identifiers are critical and need to be changed regularly. An Importer Self Assessment (ISA) like program is being developed for IPR.

CUSTOMS -TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT)
SECURITY BREACH PREVENTIVE MEASURES

- Very often breach occurs from procedure breakdown or rules in place not followed. Self policing is critical – verify. View must be point of origin to final destination. Transit time check is key. Security breach can be deliberate or unintentional. Factors are: people; process; technology (equipment and infrastructure. Keep good people from doing bad things. Company must protect codes, id's etc used in supply chain process. Training down to entry level employees is very important. All service providers and supply chain partners need clear understanding of roles and responsibilities. Sub contracting is a key breach point (last minute, unexpected need to use someone else). Company needs to identify and form response for each potential risk i.e. roof and floor of refrigerated trailers, containers, coolers are easily accessed hiding spots.
- C-TPAT Program Actual Experience

SOURCE:		LOCATION OF BREACH:	
Internal Conspiracy	74%	In Transit	51%
Threat/Intimidation of employee	3%	At Factory	25%
Bribery	11%	At Exchange Hub	17%
Unspecified	12%	Unspecified	7%
Procedures in place	51%		
Not followed	83%		

GPS vehicle tracking is absolute best practice to follow. Must reduce ping rates to 10 to 15 minute intervals to prevent detours and time enough for load to be breached. PAS ISO 17712 High security seals recommended. In trucking and in transit breaches Dispatcher is usually involved.

NOTE: When an incident now occurs C-TPAT does not any longer immediately suspend a Company from C-TPAT until an investigation is completed and then reinstate them. Instead they immediately look at the situation and make a judgment on the Company's actions or involvement. In most cases the company was not involved and their supply chain activity and customers are not adversely affected as all were under the previous policy of 100% automatic suspension. We applaud this common sense improvement that eliminates automatic guilty until proven innocent consequences while maintaining very serious outcomes whenever a Company is involved.

LUNCHEON KEYNOTE ADDRESS Jane Holl Lute, Deputy Secretary, DHS

DHS where are we and where are we going?

“What is it we do?”

Strongly suggested that we use the term EXPEDITE Trade as what does Facilitate mean. Mindful of the past, impressed with where we are now leads to focusing on knowing where we are going. We must identify and confront threats. Articulated DHS Mission Sets: prevent terrorist access (detect, disrupt, identify vulnerabilities). Keep out the bad expedite the good; secure our borders; enforce our immigration laws in an orderly process; informed and empowered individuals to respond and provide resiliency; build capable communities to prepare and respond to natural disasters and develop a responsible federal system (mature proficient DHS) joined up with the private sector and OGD’s.

People, technology and partnerships brought together.

“Identify the supply chain of trouble” where it begins and where the threats access.

In closing stated “nothing about you without you partnerships that share, integrate and engage.”

IMPORTER SELF ASSESSMENT (ISA)

- ISA is a voluntary Trade Compliance initiative. One must be C-TPAT to apply and upon acceptance will have a CBP National Account Manager assigned. Currently 50% of entries are under C-TPAT and 16% under ISA (198 accounts covering 820 importers of record). ISA entries are 99.28% compliant. ISA benefits are :exempt from focus audits; penalty and liquidation mitigation; 30 days allowed to do a prior notification; reduced cargo inspections and reduced document inspections. A new program Broker Self Assessment has been initiated (28 applied and 4 were selected for the initial start-up phase).

STATE OF THE BORDER

NORTH AMERICAN CUSTOMS LEADERS

Carol Hallett, Moderator, Past U.S. Commissioner of Customs

Jayson Ahern, Acting Commissioner, US CBP

Juan Jose Bravo Moises, Administrator General, Mexico Customs

Stephen Rigby, President, Canada Border Services Agency

- Carol opened with: Borders are impacted globally; the 3 North American countries share the same problems at very different intensity levels; service impact is critical and urged the need to cooperate and work together.
- Stephen cited Jay as a splendid colleague and friend of Canada congratulating him on his announced retirement. Trade facilitation is extremely important and must be achieved along with security. Economic rebound involves expectations of Trade and the budget reality. Efficiency and effectiveness are achieved by ingenuity. Mobility of resources needed to solve shifting priorities. Use IT solutions for enforcement and facilitation. Next 3-5 years: improve risk management overseas, move operations away from border and to off shore; increase predictability for

trade yet random for enforcement. Exploit efficiency gains, partnerships and sustain relationships. Issues: trade chain security; increase trusted programs; enhance risk assessment; single window to government and educate CBSA staff on needs of Trade and Country.

- Juan Jose Bravo Moises also congratulated Jay. He cited the very tough fight against crime in Mexico and at the border. Is harmonizing approach at Ports. Starting a single window and expediting efforts to simplify and go paperless. Control technology and intel are keys for the future. Developing improved system to identify contraband and IPR goods at the Ports. Making \$1 billion investment in infrastructure. Highlighting integrity of staff to “stay clean.”
- Jay asked for a moment of silence upon the death of Michel Danet, past Secretary General of the World Customs Organization. Cited importance of developing the vision of border operations 5-10 years out. Plans should be synchronized. Security protocol must assess impact on legitimate Trade and travel. Risk management is key. Need facilities to process (estimated \$5 billion needed). Should develop joint facilities and enhance information sharing. Global Customs network developing in WCO (167 countries participate). We must not introduce barriers. At shared land borders import data of one country becoming the export data of the other is more than just linking systems. Feasibility, privacy, information sharing and investment being studied.
Stay connected!!!!

REPORT FROM THE PORTS

Susan Mitchell, Executive Director Operations, Field Operations, CBP, Moderator
Jim Engleman, Director Field Operations, Buffalo, CBP (Northern Border)
Ana Hinojosa, Director Field Operations, El Paso, CBP (Southern Border)
Kevin Weeks, Director Field Operations, Los Angeles, CBP (Sea and Air Ports)

- Susan cited critical importance of integrity of data, systems and the infrastructure to serve.
- Jim stated importance of Trade with Canada is key. Have made an array of investments and commitment to facilitate Trade. Non Intrusive Inspection, Trusted Trade and Travel Programs, VACIS, Xray and Radiation Portal Monitors (RPM) to assist determination and reduce time to do so to minutes from hours in the past. 100% of the Northern Border has RPM's. Electronic versus paper has also reduced release to minutes. E manifest reduced time to release by 30%. 85% of trucks are cleared at Primary. Commercial primary lanes have increased from 97 to 154 from 1999 to 2009. 35 of those have hi/low booths and 10% of trucks use FAST dedicated lanes. Challenges: need FAST dedicated approaches to Plazas; queuing space for Non Intrusive Inspection; increase users of FAST and NEXUS; improve cargo processing; increase benefits to complying programs. Budget constraints are coming so must increase efficiency.

- Ana reviewed the Trade growth at each of the major Ports on the southern border 1999 to 2009. Reviewed the paperless pre-filing system at Laredo. Challenges: drug cartel violence; Agriculture smuggling, import safety and need for outbound facilities. Cited the regional transportation initiative to optimize use of closely located land Ports.

Kevin reiterated partnerships are win/win and key to import safety. Reviewed the co-location in LA of CBP with FDA, USDA etc and the resulting benefits to the Trade. C-TPAT very successful with 9,400 partners making up 50% of imports. Product safety being added to ISA. CSI identifies, targets and inspects where necessary before loading the containers. Challenges: drawback simplification is needed; OGD hours of operation force trucks to arrive at peak hours versus CBP 24/7 service. In downturn CBP needs to review Procedures to insert increased efficiencies when upturn occurs.

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
BSA	BROKER SELF ASSESSMENT
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
ISA	IMPORTER SELF ASSESSMENT
ISF	IMPORTER SECURITY FILING
IT	INFORMATION TECHNOLOGY
ITDS	INTERNATIONAL TRADE DATA SYSTEM
NTC	NATIONAL TARGETING CENTER
OGD	OTHER GOVERNMENT DEPARTMENTS
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