

SUMMARY

CUSTOMS & BORDER PROTECTION TRADE SYMPOSIUM

“WORKING TOGETHER - STRENGTHEN ECONOMIC COMPETITIVENESS”

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FROM: Can/Am BTA

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CBP Deputy Commissioner David Aguilar Welcome:

- Welcome to the 11th Annual Trade Symposium. CBP has a budget of \$11 Billion with 59,000 personnel. CBP is committed to the critical importance of Trade. CBP is looking at new ways for what it does, how it does it and how to do it better. Risk Assessment is “KEY” to identify and expedite low risk! Must eliminate Organizational Bias, Culture of old ways, and resistance to change. CBP must insure competitiveness of economic Trade. Can and must do so!

CBP Commissioner Alan Bersin Opening Remarks:

- New approach to CBP Mission – STRENGTHEN ECONOMIC COMPETITIVENESS. Economic Strength is “KEY” to National Security not trumped by it. Need to re-conceive CBP Mission. Borders reflect flows of people, goods, culture, investments and services not just a line on a map. Expediting is essential to clear out the legitimate traffic to allow focus on real security and illegal threats. Private Sector is the engine of US prosperity and progress. Customs approach, while being a regulator, must be customer friendly. Eliminate dumb rules. Encourage common sense.

US Trade, A Top Priority Panel

Ambassador Carla Hills – We must work together for Economic Competitiveness. Open markets are essential. In the US every \$1 Trillion of Trade adds \$10,000 to the average family’s income. Trade is top priority and understanding of that by the American Public is critical. Must eliminate the tyranny of small differences and avoid regulatory overkill.

CBP Commissioner Alan Bersin - CBP must secure Goods and People well before the US physical border. US imports are \$2 Trillion and exports \$1.8 Trillion of which 99% are legitimate needing to be expedited. Trusted Shipper and Traveler Programs will be expanded and must have real benefits from participation. Must drive down Trade transaction costs. Posed the desire for input on how do we best do it.

Dept. of Commerce Under Secretary for International Trade Francisco Sanchez –

US export jobs pay 18% wages above the national average. 50% of US economic growth is the result of our Export Trade. 42% of US exports are within the Western Hemisphere. Trade with Canada is key. Only 1 % of US Companies export versus Germany where 12% of Companies export. Of the US Companies that do export, 58% export to only one country. High level leadership must become engaged in Trade.

Secretary General International Chamber of Commerce Jean Carrier – Serving 120 Countries. Fear and protectionism must be avoided. Trade and Investment are paramount.

President and CEO Canadian Manufacturers and Exporters Jayson Myers – Canada is the US's best partner. Has common understanding and recognition. Essential to succeeding is cooperation (private sector and government, agencies within government, US and Canada). Regulations need to be simple, common sense and not over costly. All issuing regulation must be well informed on any impacts and unintended consequences. Business needs to engage with Governments and Agencies.

Luncheon Keynote Speaker Ambassador Ron Kirk US Trade Representative –

Office of US Trade Representative is comprised of about 200 employees. American citizens view of Trade is divisive involving concern for the US economic future, understanding and knowing the true benefit of Trade to the US economy. Cheap T shirts don't do it. US focusing new Trade on emerging markets, increasing enforcement of agreements since bluntly US can not retreat from Global Trade. 97% of the current 270,000 US Companies exporting are small businesses. Working on Trans Pacific Partnership (Free Trade with 21 Countries). In the last year, completed Brazil, Russia, Mexican Truck Agreement, Panama, Columbia and South Korea.

Interagency Cooperation: One government Approach at the Border Panel CBP, Consumer Product Safety Commission, FDA, and EPA

- Tackle issues that present challenges. Cooperative Border Management would result in greater efficiency in Trade Flow. Most importantly it would drive down transaction costs. Described the Interagency Council that has been formed and meets a minimum of 2 times a year (APHIS, USDA, FHWA, Marine & Fisheries, CBP, ICE, EPA, FDA and Consumer Product Safety). If discussion cannot produce an agreeable solution then it is referred to National Security Council for resolution. Purpose of the Council is Information Sharing, Document Imaging and Partnership Program development that will result in developing "One Face at the Border" to render admissibility decisions on a timely basis. ACE and ITDS when fully operational are the answer.

CBP Trade Strategy Breakout Session

- Currently it is in the 3rd year of the published CBP 5 Year Trade Strategy. Time to look at what we should be doing and what we should not do. Retail trade is \$1.5 by 200 companies needs import consistency and less CBP attention on textiles that had the quotas removed in 2008. Move collection of all Duty to time of entry. Objective of Trade Strategy should be: automated; account based; paperless (need to make it happen). Of the 810,000 Importers, 73% of value and 64% of

entry lines are made by 3,000 Companies. CBP website should be redesigned for “user friendly” results for “how to” information. 1 Barrel of Oil makes 42 gallons of gasoline. Crude oil at \$109 a barrel results in a base starting cost to the refiner of \$2.60 per gallon before transport and processing begins. Gas is retailing at \$3.79. CBP residue rule is a real problem and should be rethought before becoming a reality. C-TPAT needs more tangible benefits from participation. Business certainty with CBP is a must objective. Management by Account should be expanded.

What’s Ahead for ACE Breakout Session

- Reporting is “not always accurate” as elements of ACS are utilized. Have now separated IT from Business Development in the ACE Program. Executive Steering Committee formed with Deputy Commissioner as Chair and all AC’s represented. Cargo Release is the critical deliverable needed. Import functionality - can we adjust that segment as the basis of delivering an export manifest? CBP is creating a Trade Strategy Mailbox intended to encourage “feed back” and suggestions.

Border Issues/Initatives Breakout Session Panel

Al Martinez-Fonts US Chamber – Highlighted the 4 key elements: Infrastructure; staffing; technology and volume of vehicles and people noting their impact and importance

Kathy Neal A.O. Smith – Utilizes El Paso border crossing. Noted increased outbound activity is lengthening transit times, Supply Chain infiltration is increasing, complimented CBP’s outreach. Described the El Paso Model Border Ports Committee process.

Ana Hinojsa CBP Dir Field Ops El Paso – El Paso Region (West Texas and New Mexico) deals with violence, drugs, guns, money and illegal immigration. After the 2008 downturn, 2010 Trade Volume was up 40% on average at all Ports there and is up another 11% in 2011 (year to date). Strong C-TPAT activity. Using Traffic Segmentation. Mapped Cargo Process step by step to reduce cycle time. C-TPAT users can now pre-file Hazmat shipments for a year (no longer have to do so for each shipment).

Susan Spinella CBP Asst Dir Trade Field Ops Seattle – Border crossing is a challenge of infrastructure and processes. IMTC is a cooperative success. Pac Highway wait time is an hour norm for regular trucks. FAST is low at 22% with negligible wait time. Reconfigured truck flow by eliminating the dedicated FAST Lane as a pilot. Wait times have been reduced by 38 minutes. An additional Bus Lane and NEXUS Lane have also been added. Empty trucks range 25 to 50% of volume and take longer as eManifests are not mandated. If the Trade filled out an “eManifest” voluntarily for empty trucks, inspection time for them would be substantially reduced.

Marten Rojas Am Trucking Association – Overall the Border works but it can be substantially improved for efficiency in reducing wait times without affecting Security. The CBP non-intrusive technology is very good. C-TPAT and PIP should be a single process. CBP needs to implement a single document for entry and exit (import and export). Must segregate FAST access to Primary Inspection. CBP must deliver envisioned benefits from compliance with Trusted Shipper and Trusted Traveler Program participation. Bottom line Border must support and enhance competitiveness!

Deborah Meyers Director Canadian Affairs DHS – Economy must be strong for a country to be strong. Must expedite legitimate Trade and Travel. Partnering and cooperation are essential. Discussed the Feb. 4th Canada/US Perimeter Vision initiative. Work “within, at and away from” the actual Border. Share responsibility. Address threats early before reaching the actual Border. Involves Joint Facilities, Joint Programs and Joint Processes. Streamline and deliver Trade facilitation to protect and increase Economic Security.

Partnership Programs Breakout Session

Brendan O’Hearn Director Strategic Operations. International Trade CBP – CBP promoting Partnerships on a Global scale. Active with WCO and APEC establishing C-TPAT on an international scale with best practices. WCO has Authorized Economic Operator (AEO) involving 177 countries desiring mutual recognition as the basis. Developing a Compendium of AEO Programs for APEC. Objective is to establish International Standards.

Jim Phillips Senior Customs Manager GM – Cited C-TPAT, PIP, Mexican Alliance for Secure Trade, ISA, CSA as basis for establishing similar programs in the WCO. Develop vision of how to work together and actually implement most effective solutions possible. Start with harmonization and then move to create single program. Trusted Trader compliance Programs should have one data set for Import, Export and Security Programs.

Bill Anderson Group Director Global Security Ryder – Congratulations on 10 year Anniversary of C-TPAT. Define need for securing the Supply Chain. Foreign entities are the key to inbound goods velocity and security. Trade must educate Foreign entities and incentivize them to participate. Detail internal preparation Review and Objectives. Risk Ratings must be applied based on individual elements of a Supply Chain.

Carol West President Can Customs Brokers WCO Private Sector – Global “is not” remote to North American interests. Described the WCO Private Sector Group involving members from throughout the World. Supports Risk Management. Benefits must be tangible, clearly defined, measurable and reportable. Single Window, Mutual Recognition and relationships developed Customs to Customs, Customs to Business and Government to Government. Borders affect stability and sustainability of Economic Security and Recovery.

Hector X.L. Almaraz Director Secure Supply Chain Mexico Customs – Mexico is the 7th largest Trading volume country. Described the formation of the Alliance for Secure Commerce (PACS).

Luncheon Keynote Speaker CBP Commissioner Alan Bersin –

Private Sector is the engine for Economic recovery. Detailed changes he sees for CBP:

- Build relationships forward with Trade.
- Change paradigms (how we look to define)
- Borders – not just a line on a map. Must include flow of goods and people.
- Treat low risk differently from unknown and high risk shippers.
- Nat. Security and Economic Security single phenomenon not 2 sides of same coin.
- Must identify and take pre-departure action. Operationalize this concept.

- Increase C-TPAT members to 40,000 in next 5-7 years.
- Not afraid of the “B” word. Must introduce meaningful benefits to C-TPAT.
- Green Lane, segment risk, segment traffic, change drawback and back office.
- 2% of Importers do 90% of the value and ship into 5 Ports.
- Must add value to the process - Account Management vs Line by Line transaction.
- WE ARE AT TURNING POINT – LET US TURN THE CORNER TOGETHER.

CBP’s New Ways to Manage by Accounts: Pilots and Initiatives

- Reviewed new CBP sector Centers of Excellence and Account Management approaches. Objectives are transparency, predictability and efficiency to drive transaction costs down. Consistent approach by OGA’s to eliminate duplication and delays. Look at acceptable alternatives. Reduce “holds” for minor transactional reasons. Create virtual environment for uniformity, consistency and single determination to Maintain and Increase Supply Chain Velocity. LET US WORK THRU CHALLENGES TOGETHER.

Enhancing Air Cargo Security After Yemen:Case Study of Collaboration CBP, Express Association of America, TSA and Air Transport Association

- Avoided knee jerk reaction on 74 million Air Cargo shipments a year (102,000 a day) of which 55% made by UPS, FEDEX, DHL and TNT. CBP, TSA and Industry addressed vulnerabilities. Risks must be identified pre-takeoff. The current 4 hour rule no longer applies as planes are loaded and in flight. Rule sets must apply to safety of the aircraft. Focused on data (identify who, when and what must be done with it). Initially focusing on Middle East/North Africa with ultimate global roll out. Pre-takeoff data, decisions and action are a must. Smart alternative approach was identified and implemented and is operational.

Senior CBP Leaders Town Hall Forum: Commissioner Bersin Deputy Commissioner Aguilar and Assistant Commissioners

- Take Prudent Risks.
- Experiment, Innovate, Incubate, Implement.
- Develop and use technology to solve front line issues and needs.
- C-TPAT become OGA Trusted Shipper (end to end) for single determination.
- Risk and Traffic Segmentation.
- Imbed Private Sector into the process.
- Mutual Recognition is End Game with International Business.

Editors Note: Timing allowed each participant to attend 4 Breakout Sessions (notes on the four that I attended are included in the report).

For information the other Breakout Sessions Offered were:

- The National Export Initiative and FTZ’s - Agriculture Mission.
Role of the Broker - Using Today’s ACE Capabilities to Full Potential.
Intellectual Property Rights - In-Bond.

Commissioner Bersin is a visionary who identifies where we need to be. He intends to get us there.

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 COMPETITIVE, COST 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

CAN / AM BORDER TRADE ALLIANCE

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
TSA	TRANSPORTATION SECURITY AGENCY
TSN	TRADE SUPPORT NETWORK
USDA	UNITED STATES DEPARTMENT OF AGRICULTURE
WCO	WORLD CUSTOMS ORGANIZATION