

SUMMARY
CUSTOMS & BORDER PROTECTION TRADE SYMPOSIUM 2007
“PARTNERSHIPS – MEETING THE CHALLENGES
OF SECURING AND FACILITATING TRADE”

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

- Stated the critical importance of Partnerships with the “Trade” to improve supply chain strategy in order to jointly **Secure Commerce and Improve our Economy.**
- Reiterated the enormous responsibility and complexity that CBP is tasked with as **the terror threat is as real today as it was on 9/11/2001.**
- Stated **“Trade Facilitation is Equal to Security Both Must Be Achieved.”** CBP is fully committed to finding solutions to accomplish this.
- Trade has doubled in the past 10 years and is projected to double again in the next 10 years.
- Port Infrastructure needs Investment.
- We have made great strides to prevent terrorist incidents by active cells reiterating the various actions that had been thwarted i.e. JFK airport, Fort Dix.
- Layered Risk Based Strategy is the most effective approach. IT WORKS.
- The feasibility of 100% scanning pilot at 3 International Ports is underway as mandated by Congress. Scanning of every container is not supported. Instead scan 100% of containers Risk Based targeted as not low risk.
- Deploying ACE-estimated completion 2010. Cargo now has a separate National Targeting Center from people. EU and Japanese Officers are on site. Currently there are 58 CSI Ports that handle 86% of Containers into the US. 96% of Containers into the US now pass through Radiation Portal Monitors (RPM’s).
- Information is critical hence 10+2 is being added shortly phased in over 12 months. A voluntary Global Trade Exchange (GTX) data base warehouse is being developed to be operated by a provider.
- Discussed: C-TPAT status and importance citing mutual recognition with EU AEO path in 2009 is expected; WCO Authorized Economic Operator (AEO) initiative; Import safety and the mandating of ITDS incorporated into ACE; the FDA cross designation of 8000 CBP Officers; highlighted the Intellectual Property Initiatives that have been stood up and the SBInet initiative that is optimizing people, technology and infrastructure.

CANADIAN AMBASSADOR MICHAEL WILSON

- Canada and the US have a joint interest in Democracy, the Rule of Law and a Shared Border that must never again become a massive parking lot as it did immediately after 9/11.

- Since the creation of the joint focus Smart Border Declaration, Canada has spent \$10 Billion on Border Security, Asylum, Immigration and Counter Terrorism forming the separate Public Security Ministry. Canada has spent \$430 million on infrastructure and budgeted the announced \$2.1 billion Corridor and Gateways initiative.
- Reviewed the Joint In Transit Container Initiative, the daily sharing of information / intelligence between Canada and the US for the express purpose of identifying “bad things and bad people **before they arrive at our Border.**”
- Canada and the US “make stuff together,” 7.1 million jobs in the US and 3 million jobs in Canada depend on it.
- Management of our “Joint Border” is critical to our joint economies as the Border affects the integration, complexity and immediacy of our economic activity.
- Grave concern that we are straying from Risk Management with some of the recent legislation i.e. The Safe Ports Act 100% screening, disproportionate fees /delays for Canada/US economic activity versus foreign imported finished goods. Instead we must insure Border certainty and reduce current costs that hurt our Global Competitiveness for those who are complying.
- Summer of 2007 has had the worst delays since 9/11. We must view the collective impact as our mutual economic prosperity is at risk.
- WE MUST FACILITATE KNOWN LOW-RISK.
- We must step back and determine a vision to achieve Economic Security resulting in the shared Border being a secure Gateway “not” a Checkpoint. As a point of reference reiterated that the US exports (sales) to China in 2006 were \$55 billion, i.e. only a quarter of the value of exports (sales) to Canada yet that is where the collective impact of all of the individual imposed efforts and fees so negatively affect our joint economic activity.

CARGO SECURITY PANEL:

- Continuing partnership (CBP and Trade) is essential. A key recognized priority.
- CBP opposes 100% scanning by 2012 embodied in the 9/11 Act passed by Congress.
- Reviewed the 3 Port pilot initiative in the Safe Ports Act and the current status and preparing the final report due to Congress April 2008.
- Highlighted the C-TPAT Mutual Recognition (with New Zealand), partnering with host Country Customs and Governments to enhance facilitation, feeding of data to the National Targeting Cargo Center and the identifying of context and patterns. This leads to Predictability, Partnership, Trust and Confidence in one another.
- Provided an in-depth extensive view of the Cargo Screening Pilot in Pakistan. Significance of this pilot was the “co-located” Customs knowledge, information sharing and data exchange coupled with the jointly agreed procedures taken, result in (with the addition of an appropriate Container Security Device) the ability to eliminate further routine inspection at the US Port upon arrival.
- Representative from Walmart noted the exciting progress momentum. Significance that Government recognizes the importance of legitimate Trade. Reiterated the keys of; early information; standard; Trusted Trader Status; post corrections and timely communication.

ACE BEST PRACTICES PANEL:

- Comprised of members from: Carrier; Broker; Importer and CBP Communities.
- The CBP Automated Commercial Environment (ACE) was described with current status presented (currently 12,000 Secure Data Portal Accounts in operation, \$17 billion collected through ACE in periodic monthly statements since summer 2004 (in month of September 2007 42% of all duties and fees were collected).
- Described Master Data and Enhanced Accounts, integration of ITDS, and the future milestones (Rails and Sea Manifest, Entry Summary and Revenue, Air Manifest and Cargo Release, Exports and Mail Writing System).
- Thanked the Trade Support Network and Trade Ambassador Members for their many contributions and expertise.
- ACE Best Practices for Compliance were presented by the Supply Chain Panel members.
- Outlined difference between LTL and Truck Load movements. Suggested Trailer License and identities of both Team drivers be added for "Load and Go." ACE has reduced this Border Time from 90 minutes to 20 minutes. Reminded CBP that the Trade MUST receive benefits for complying!!!!!!
- Numerous benefits of Periodic Monthly Statement paying versus transactional were reviewed.
- ACE Portal Reporting is a tremendous Broker/Importer partnership tool. Described the future with Entry Summary, Accounts and Revenue (ESAR) and the benefits.
- Described the new Electronic Application Process, Account Management in ACE, Reports provided, Secure Portal Data and reviewed the Detail Entry Summary Report.

IMPORT SAFETY TRADE PANEL:

- The Inter-Governmental Panel charged with developing a plan finalized 14 Broad recommendations with 50 Specific Action Plans. Cannot inspect our way out of the problems. We must apply clear Risk Based Approach to insure that imports meet safety and mandated requirements.
- A separate Food Safety Plan was initiated and described by the FDA representative. It *covers imported and domestic food and feed for both Safety and Defense*. The plan involves Risk Based Specific Certification using Prevention, Intervention (where and how to inspect, accrediting 3rd Party inspections and initiating a FDA Green Lane for those in compliance) plus Response with Trace Back and Mandatory Recall. Purpose is to Build Safety Up Front and Eliminate Vulnerabilities by PUSHING THE BORDER OUT. Currently there are 190,000 Foreign and 135,000 Domestic Food Producers registered who will now have to re-register every 2 years. FDA is partnering with Foreign Governments.
- Grocery Manufacturers are publishing Industry Protocols and Best Practices. Committed to do a better job as Consumers deserve and expect it. (Currently consumers get year round supply of items from 175 Countries). Industry supports a mandate that every importer have a Quality Assurance Plan. Those in compliance would receive an expedited Permitting Process.

- Industry supports doubling the FDA Budget over next 5 years.
- On a question about harmonizing standards FDA responded that they had been trying for 10 years to do so on Seafood with Canada and have been unsuccessful so how could they expect to do it with others.
- Audience also stated USER FEES are a BIG CONCERN.
- Discussed Toy Safety by a Company who has had “no lead” problems from their Chinese Imports. Shared their Quality Assurance approach from checks during negotiations to pre-production to production to independent 3rd party testing (during the process to post-production) coupled with their random sampling of raw materials (paint by drum) to finished product sampling sent back to their US QC department for duplicate comparative tests. Necessary as importers have serious liability risk should a problem arise.
- Discussed Intellectual Property Rights situation with 850,000 importers into the US active. Counterfeiting is a serious and massive problem costing billions \$ and loss of many jobs in legitimate firms owning the rights.
- CBP is shifting from Intervention at the US Port to Prevention at the source. Trade must know their product and suppliers as it is their responsibility. Favor Trusted Trader approach. Severe penalties and consequences are being introduced for repeaters. Risk management versus “knee jerk reactions” is resulting in targeting and exams being co-located and cross designated.
- Imaging does not determine product safety i.e. if pajama’s are flammable. Therefore, looking at whether C-TPAT validation process could be expanded to product safety and other import aspects outside of the present security only.

KEYNOTE LUNCHEON ADDRESS – DHS SECRETARY MICHAEL CHERTOFF

- Trade is very important – Private Sector activity owns assets and creates jobs.
- Facing a dangerous world. Reviewed numerous acts thwarted. From a strategic standpoint now is a period of heightened threat risk that is troubling.
- It is imperative that we monitor who and what comes and goes into our Country. UK Border now has biometric system. Our plan is to build secure pathways for Travel and Trade WITHOUT HINDRANCE for legal and known low-risk people and cargo (using a layered approach and synchronized around the world).
- Opposes 100% scanning by 2012 (in the 9/11 Act recently passed) Instead believes in Information Gathering-every Container Risk Assessed through targeting-100% Radiation Portal Monitoring-100% Imaging and physical inspection as necessary of those “deemed not low-risk” Advance Trade Data is key first element. Must have a secure system for freight and secure the Global Supply Chains.
- Global Trade Exchange is coming for precise targeting (voluntary and securely managed).
- Behavioral Officers have been added at Airport Screening to supplement Xray and screening.
- ACE/ITDS, Import Safety are important issues.
- Agriculture Inspection should stay in DHS. Streamline and Integrate for balanced set of tradeoffs for most cost effective results.

USDA/CBP MERGER – BENEFITS TO INDUSTRY PANEL:

- Currently 2,159 Ag. Specialists in CBP. In addition 18,000 CBP Officers have been cross trained (60,000 prohibited pests and diseases have been found).
- Task Force is raising priority, increasing outreach and communication and raising prominence within CBP.
- Developing Emergency Response approach to work with other Countries in response to an outbreak.
- Additional Canine Teams added and very effective.
- USDA looking at better ways to collect data, automate and assess risk.
- Panel did not believe APHIS fee is appropriate to collect at the US/Canada border.

WHAT'S ON THE HORIZON FOR TRADE PANEL:

- CBP drafting a new National Trade Strategy “3-5 years out” covering how to facilitate and enforce. Includes the continuing path to modernization.
- 2008 Focus: Remote Location Filing—electronic only; address ACS IT limitations; Importer Self Assessment and develop Broker Self Assessment System.
- Discussed initiatives for the Trade: Entry Summary start census warning override; Integrate ACE and ACS summaries; with automation and technology using Logic Analysis to clear or not to clear (in fact can clear compliant cargo even before it reaches our shores).
- National Targeting Center IPR to be in LA, CA. Targeting pushes the Border out. Using 3 tools: Selectivity; Risk Management and IPR Model. 2007 to date have interdicted 13,600 shipments valued at \$200 million. Interdictions up 26% over 2006 and 53% over 2005 (in electrical. Electronics, computers, semi conductors, toothpaste, auto parts all posing serious safety threats).
- CBP working on IPR in concert with WCO, G8 and APEC. Have trained 500 Customs Officers from a dozen countries.
- Forming strong partnerships with Rights Holders.

COMMISSIONER BASHAM'S CLOSING REMARKS:

Reiterated this Symposium as a tremendous opportunity for CBP and the Trade to get together.

Truly helps us to get to know one another better to understand the problems and issues we both face.

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