

## **MANUFACTURERS ASK CBP TO TEST DRIVE '10+2'**

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U.S. Customs and Border Protection needs to conduct limited, real-world testing of data exchanges to prevent costly glitches before it mandates importers across the board to file advance trade data designed to help the agency assess the security risk of cargo shipments, a major U.S. trade association said Thursday.

The border security agency plans to issue a final rulemaking in the coming months requiring importers to file 10 sets of data to better identify the origin, destination and intermediate handling points for international ocean shipments. The information must be filed 24 hours prior to vessel loading. Vessel operators will also later submit two sets of data on the status and stowage cell of containers in their possession, hence the name of the rule as "10+2." CBP plans to phase in enforcement over a 12-month period to give importers and their agents time to comply without penalty.

The National Association of Manufacturers (NAM) called on CBP to change course and enlist a sample of importers to make sure industry and government systems can properly communicate and handle the increased data volumes, instead of requiring compliance from all importers on the rule's effective date. Others, including the Commercial Operations Advisory Committee to the Department of Homeland Security, have asked CBP to phase in the operational rollout of "10+2" out of fear that the agency's trade processing systems could break down under the heavy load.

"We are aware of no test, including the Advance Trade Data Initiative (ATDI), that is being run that tests from end to end the many requirements of the proposed rule. Failure to conduct a pilot program will have severe negative consequences to the U.S. economy and our national security," the manufacturer's group said in a statement submitted to Congress.

ATDI is a loose partnership in which a handful of large companies are voluntarily transmitting raw commercial data to help CBP develop technical and policy requirements, but the process does not replicate the Importer Security Filing because participants can file the information in any format and via any method of their choice.

The rule is widely expected to increase shipper costs in a variety of ways, including fees to third parties to file the new security information, shipment delays while information such as the elusive container stuffing location is tracked down, extra inventory, and lost sales, not to mention the direct cost of reconfiguring internal systems and programming.

"Before NAM members invest (hundreds of billions of dollars to change their operations), they would like to know that the program will not be changed six months after implementation to correct some of the deficiencies in the program. A pilot program would prevent manufacturers and the government from having to make multiple changes to their operations. Additionally, it would allow the government to address the security risks that will arise from implementation of the proposed rule (i.e. containers sitting in foreign ports for several days waiting to be loaded on vessels)," the association said.

An import manager for a large high-tech manufacturer privately disclosed at a recent industry conference that the company is staring at \$100 million in start up costs to replace systems at multiple plants around the world to comply with "10+2."

NAM said last year's mandate from Congress for 100 percent overseas container scanning by 2012 imposes a double burden on industry and taxpayers at a time when the importer security filing is supposed to be used to help ferret out the high-risk containers for selective inspections.

The manufacturing organization endorsed the Secure Freight Initiative because it is an example of a limited pilot program at seven foreign ports that has already provided lessons about the challenges associated with a comprehensive container inspection regime using radiation detection machines and X-ray type equipment. It wants a similar approach with regard to "10+2."

"Phased-in enforcement is no substitute for a pilot program," it said.

"New programs should be real world tested to guarantee that they are both fully effective from a security perspective and do not place U.S. manufacturers at a competitive disadvantage vis-à-vis their competitors around the globe."