

The Department of Homeland Security's Bureau of Customs and Border Protection 2004 Symposium Overview

The Department of Homeland Security's Bureau of Customs and Border Protection (CBP) held a two-day symposium focusing on the importance of building a security system that does not impede trade flows. To this end, CBP is focusing on total supply-chain security, from the point of origin to the destination point.

The symposium consisted of five panels over a day and a half, dealing with various aspects of security issues:

Panel I: U.S. Cargo Security Strategy

Panel II: Global Supply Chain Security

Panel III: Internationalizing the Security Strategy

Panel IV: Contingency Plans for Incident Response

Panel V: ACE/ITDS

Panel I

Panel I provided an overview of the various programs being implemented to secure and facilitate global trade. The panel discussed the Container Security Initiative (CSI), Customs-Trade Partnership Against Terrorism (C-TPAT), Automated Risk Targeting, and interagency cooperation. The panelists commented on the success and shortcomings of CSI and C-TPAT, but focused on the importance of interagency cooperation for the success of all of the programs.

Panel II

Panel II addressed global supply chain security. Deborah Spero, Deputy Commissioner, U.S. Customs and Border Protection, discussed the various methods of advanced data collection from the trade community. The panelist discussed the difficulties in obtaining extensive data collection while not unfairly burdening businesses, agreeing that the C-TPAT program has been highly successful in achieving this goal.

Richard Falkenrath, Senior Director, Civitas Group LLC, provided five technological and bureaucratic improvements that would assist in achieving global supply chain security. Most notably, Mr. Falkenrath recommended the adoption of a "telematics" automated electronic means of tracking containers, which would provide a mechanism for real time data collection.

Ms. Spero announced the upcoming Supply Chain Security in a New Business Environment Spring 2005 Training Seminar scheduled for April 18 - 21 in Miami, Florida.

Panel III

Panel III focused on Internationalizing the Security Strategy. Michel Danet, Secretary General of the World Customs Organization (WCO), discussed the organization's recent efforts to streamline international security procedures through the establishment of mutually-agreed upon minimum security measures designed to harmonize the security standards of mem-

ber countries so as to provide predictability, ensure security, and facilitate commerce. In December 2004, the WCO accepted the first draft Framework of Standards to Secure and Facilitate Global Trade. Most of the standards were drawn from existing international security and facilitation measures, such as the International Maritime Organization's International Ship and Port Security (ISPC) Code, and programs developed by member administrations, such as CBP's C-TPAT, CSI, and FAST programs.

In its current form, the Framework consists of four basic principles: (1) advance electronic transmission of data to allow risk assessment; (2) use of a common risk management approach; (3) use of new technology to effect non-intrusive examinations; and (4) providing benefits to participating nations, Customs services, and businesses. The WCO anticipates that its counsel will officially adopt the Framework in June 2005 and then move forward with planned pilot projects to ensure these principles can be effectively implemented on the ground. On this point, Mr. Danet stated that cooperation from member countries and the private sector is crucial.

Mr. Danet noted that among the 164 WCO members, no state or administration is more committed to security or engaged with the trade community than the United States. He also emphasized that the participation and support of the United States and its trade community is vital to the success and credibility of the Framework. These points were underscored by Ed Moriarty, C-TPAT Program Manager, who spoke of U.S. efforts to coordinate and further develop C-TPAT supply chain security measures within the WCO Framework and to expand C-TPAT participation to foreign manufacturers. With

respect to addressing the special needs of developing country members, Mr. Danet commented that the Framework includes a capacity building initiative to defray costs associated with implementing risk management programs. He also spoke of WCO's intent to create flexible standards that are economical, yet provide physical security. The WCO does not advocate a "one-size-fits-all" approach.

Finally, Mr. Dante expressed his belief that support for the Framework and participation by member countries will depend, in large part, on benefits. It was his opinion that more benefits and incentives were needed to encourage participation and compliance. This point was echoed in a follow-up open forum of CBP managers where C-TPAT program personnel acknowledged that new benefits were needed to gain further support and ensure compliance. It was suggested that CBP find a way to link security compliance with real trade compliance benefits that positively impact a company's bottom line. Panelists requested input on ideas and suggestions from the trade community.

Panel IV

Panel IV, titled Contingency Plans for Incident Response, set forth plans for resuming trade, without a prolonged shutdown of U.S. ports, if an attack by global terrorists were to occur. Given the uncertainty of how and in what fashion a terrorist attack may occur, it is difficult to identify contingency plans and therefore the panel emphasized the importance of implementing a comprehensive security strategy to prevent such terrorist attacks. The panel reiterated the importance of calling 1-800-BE-ALERT to report suspicious activity.

Panel V

Panel V focused on the developments of the Automated Commercial Environment (ACE) and International Trade Data System (ITDS) to further cargo security and trade facilitation. Rod MacDonald, Acting Assistant Commissioner, Office of Information and Technology, U.S. Customs and Border Protection, discussed the recent development of Release 4 functionality and outlined the upcoming Releases through 2009 that will result in a completely automated commercial environment. Mr. MacDonald indicated that it will take eight and half years and \$3.3 billion to bring ACE/ITDS to complete fruition.

Louis Samenfink, Director, Customs Modernization, U.S. Customs and Border Protection announced that C-TPAT will no longer be a prerequisite for ACE, stating that CBP will issue a Federal Register notice providing the specifics of such a change.

CBP recently suspended a pilot truck e-manifest program that was implemented in Blaine, Washington citing complex technical difficulties. CBP anticipates having the program back in operation by the end of January 2005. Steve McQueary, General Manager, Brown Line, discussed the benefits of the pilot e-manifest program as it affected his trucking line, specifically extolling the reduced wait times at the border. Mr. Samenfink indicated that the truck e-manifest will, at some point, become mandatory.

The remainder of the discussion dealt with the number of governmental agencies that are involved in ACE/ITDS but are not linked into CBP's data sources. Agencies such as the Environmental Protection Agency (EPA)

do not have individuals at the ports and do not have real time access to any of CBP's data, yet CBP does not have the expertise to address issues that arise under various agency purviews. Efforts are being made to have ACE/ITDS completely integrated for all agencies by the end of 2005.

Punctuating the drawbacks to ACE/ITDS, Arthur L. Litman, Vice President, Regulatory Affairs/Compliance, FedEx Trade Networks, remarked on the cost of developing the program versus the limited benefit, the need for huge financial outlays to maintain the program and security concerns associated with fraudulent entries since anyone may file an entry under ACE/ITDS.

Please contact Collier Shannon if you have questions regarding the CBP Symposium or other CBP matters.

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