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U.S. importers and their agents are required to electronically file detailed data about cargo shipments 24 hours prior to vessel loading in a foreign port, but less than one-third of the documents submitted so far meet the deadline, according to the official in charge of the government security program.

The news indicates that companies are still experiencing growing pains as they try to comply with the "10+2" rule that went into effect on Jan. 26.

The Importer Security Filing (ISF) requires 10 types of data identifying where a container originated, the cargo contents, the consolidator and buyer, plus two data fields provided by the ocean carrier (the vessel stow plan and container status messages normally issued to customers). The information is automatically analyzed by computers to identify high-risk shipments that should receive X-ray inspections. U.S. Customs and Border Protection is not enforcing the rule during the first year to allow industry to develop the software and systems for gathering and filing the data with minimal disruption to daily operations.

The agency has received more than 350,000 ISFs as of April 1 from 31,443 importers, customs brokers and freight forwarders, but only 30 percent of those arrived on time, said Richard DiNucci, director of the Secure Freight Initiative, at the Customs-Trade Partnership Against Terrorism's annual conference in New Orleans last week.

The top five "10+2" filers by volume are all C-TPAT Tier 3 importers, but even these elite trusted shippers are having trouble with the timeliness of their submissions.

Tier 3 companies are ones that CBP has recognized for exceeding normal supply chain security standards, making them eligible for the lowest possible cargo examination rates and other trade facilitation benefits.

DiNucci told about 1,000 industry representatives that the on-time rate for those five companies ranged from 28 percent to 41.4 percent, according to Beth Peterson, president of San Francisco-based trade consultants BPE Global, who attended the presentation.



Peterson

CBP is now receiving about 9,500 to 10,000 filings per day, up from 1,200 per day during the first week of the program, she reported to AmericanShipper.com.

One statistic still missing from CBP briefings is the number of filings to date compared to the universe of filings that should have been submitted if everyone was participating. ISFs are to be done at the "lowest" bill of lading level being filed through the vessel Automated Manifest System, meaning the total number of ISFs should equal the number of house or straight bill of ladings filed since the rule went into effect.

Although big shippers are believed to have an advantage in terms of in-country resources to track down necessary information and information technology, DiNucci said CBP is seeing a healthy number of small and medium-size enterprises submitting the "10+2" document, including one filer who only imported one shipment in all of 2008.

CBP has also received hundreds of vessel stow plans and millions of container status messages, Acting Commissioner Jayson Ahern said last week during a hearing of the House Appropriations subcommittee on homeland security.

The highest number of ISF rejections (10,000) by CBP are due to duplicate filings, which are caused by an importer filing without realizing a supply chain partner at origin already did so, or filing an update in a different system than the original, according to Peterson's account of DiNucci's presentation.

Most other errors are typically data entry mistakes, such as a filer using an ISF number for a transaction that has already been used by a different party, or a mistyped commodity tariff number or importer of record number, DiNucci said.

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DiNucci



Ahern

The "10+2" interim final rule gives importers the flexibility to provide a range of acceptable responses for certain data elements that may be difficult to obtain early on from foreign suppliers. Four pieces of information (manufacturer, ship-to-party, country of origin and commodity code number) can be updated up to 24 hours before vessel lading. Two (consolidator's name and container stuffing location) can be provided no later than 24 hours prior to vessel arrival at a U.S. port.

So far, importers are eschewing the flexible arrangements and filing accurately the first time, DiNucci said. Less than 1 percent of the filings have been updated using the extended time windows. The ship-to-party, manufacturer, stuffing location, and consolidator data fields, for example, have only been updated in 0.5 percent of the transactions. Part of the reason for this

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could be cost, because an importer that is using a logistics partner to do the filing will have to pay a service fee for the extra filing work.

Some shippers are still having trouble getting their ocean carriers to speed up issuance of a bill of lading number that is

required as a cross-check on the ISF form. DiNucci encouraged importers to contact CBP if problems persist so that the agency can lean on the carrier to speed up the bill of lading process.

CBP plans to issue the first report cards -- now being called progress reports -- to filers by the end of the month to let them know how well they are doing with providing accurate or timely information, DiNucci said. The agency is leaning towards issuing a batch report to companies doing the filing themselves, or multiple customers, every 60 days.

"For this to be a success, ISF filers need progress reports on a daily basis so they can improve their ISF filing in time to comply with the mandatory ISF regulations that are less than 10 months away," Peterson opined.

Many companies have hesitated to implement "10+2" until they better understand the process and have systems in place to support the ISF filing. Early on, some mistakenly held out hope that the new Obama administration would put the brakes on a program that raises costs for importers and potentially could delay cargo if shipping data is unavailable by the filing deadline. CBP has insisted that shippers should start filing as soon as possible to learn from mistakes since errors are not being penalized. But the leniency policy will change next year, DiNucci reminded the audience, and CBP will be less inclined to overlook filing errors by companies that failed to take advantage of the 12-month grace period.

"If you come to me on Jan. 25, 2010 and you have made no attempt to file by then, there's nothing for us to talk about," DiNucci warned.

DiNucci advised importers to:

• Begin the classification process sooner than for preparation of the customs entry so that the information is available in time for the ISF.

• Decide who will transmit the ISF and how.

• Know all your supply chain partners.

• Require suppliers to provide "10+2" data sooner than before.

• Add data fields to existing forms such as the commercial invoice, purchase order and advance ship notice to capture as much of the required information through normal business processes.

DiNucci strongly encouraged industry compliance managers to participate in trade surveys about the ISF and said he is extremely interested in seeing the results to learn how people are coping with the implementation so far.

American Shipper is conducting an ISF benchmark survey through the end of this week. [Give your input on "10+2" here.](#)

DiNucci also appeared to shut the door on applying "10+2 to other modes in the future. "We have no intention of implementing other modes. We are not going into other modes. Our focus is ocean."

CBP officials in the past have suggested that "10+2" eventually could be modified for air and surface freight transportation once the huge challenge of implementing the rule for the ocean environment is mastered.

However, the difficulty of obtaining advance commercial data for ocean shipments could be multiplied in the air cargo environment where speed is of the essence and shipments are exported in a matter of hours instead of days.

Another factor is that expanding the regulation would require new legislation from Congress because the SAFE Port Act only authorizes "10+2" for ocean shipments. — [Eric Kulisch](#)

New data elements required for 10+2:

- Manufacturer (or supplier) name and address
- Seller (or owner) name and address
- Buyer (or owner) name and address
- Ship to name and address
- Container stuffing location
- Consolidator name and address
- Importer of record number or foreign trade zone applicant ID number
- Consignee number(s)
- Country of origin
- U.S. Commodity Harmonized Tariff Schedule number

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