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Six ways to ease the ISF compliance pain

Finding it tough to meet the Importer Security Filing ("10+2") mandate? Here are some ideas that may make the road a little smoother.

By **Toby Gooley**

When U.S. Customs and Border Protection (CBP) unveiled its Importer Security Filing (ISF) rule, many people suspected that their business operations were about to change in a big way. Nearly a year after the rule's implementation, it's abundantly clear that their assessment was right on the mark.

The ISF rule, which is intended to help CBP screen incoming ocean containers for security risks, is popularly known as "10+2"—a name derived from the number of data elements importers (10) and ocean carriers (2) must provide to CBP before a U.S.-bound container is loaded on board a ship.

To comply with the rule, which CBP began enforcing in January, importers have been forced to make a number of procedural changes. They must collect more data than before—often from different parties than in the past—and report it to CBP much earlier and in a different format than they used to.

The road to compliance has been a bumpy one; these and many other ISF-related changes have given rise to a host of questions, complications, and procedural errors that have affected almost every importer at some point. Addressing them often requires extremely detailed, technical knowledge, but there are a few general steps you can take to avoid some of the obstacles. In this follow-up to our July 2010 article ("10+2 + technology = progress"), we share six tips that may make your path to "10+2" compliance a little smoother.

1. *Read CBP's "ISF Frequently Asked Questions."* This 63-page download is required reading for anyone who's involved in 10+2 compliance—not just those in import operations but also technical staff who are responsible for software modification and data formatting. The document, updated in July 2010, explains what importers should do and how the agency will respond in specific situations. These FAQs can be found on the [Importer Security Filing page](#) of CBP's website.

A useful summary of ISF basics is the PowerPoint "10+2 Program: Importer Presentation" located on the

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same page. This document explains relationships, responsibilities, typical problems encountered, and where to get more information.

2. *Get expert assistance.* Although some large importers handle their own filings, most importers, large and small, find the details of compliance daunting enough that they seek outside assistance. Many go to their customs brokers for help in managing their filings and keeping abreast of changing policies and procedures. But customs brokers aren't the only source of information. You can also obtain expert advice from trade compliance consultants, global trade management software companies, and specialized organizations like the [American Association of Exporters and Importers](#) and the [International Compliance Professionals Association](#).

3. *Develop an ISF standard procedures manual.* So many procedures and technical requirements have changed that no one can—or should—expect people to figure it out on their own. Having a procedures manual is therefore essential, says Beth Peterson, co-author of two research studies on ISF compliance and president of BPE Global, a San Francisco-based consulting firm that specializes in import/export compliance. An online or printed manual will help you train not only your own employees but also your suppliers' staffs, she says.

4. *Build ISF compliance into your supplier contracts and communications.* You have no choice but to rely on suppliers and providers of transportation and logistics services to provide some of the ISF data—and to provide it within some very tight windows. One of the best ways to make sure you get what you need when you need it is to write those requirements into contractual agreements and service contracts. Peterson recommends raising the subject during negotiations with suppliers like contract manufacturers, rather than waiting until it's time to ship. "You have to get this done at the time you negotiate the broader contract," she says. "You don't want to go back and tell them after the fact, 'Oh, by the way, you have to give me this information within this time frame.'"

Along those lines, CBP recommends incorporating ISF data requirements into purchase orders and advance shipment notifications. Some importers also mandate that their vendors use an online booking tool that requires them to enter all ISF data before they can obtain a booking confirmation or require their suppliers to undergo training in ISF compliance.

5. *Give CBP everything you've got, as soon as you've got it.* Sometimes it's simply not possible to obtain every piece of data within the required time frame. "Send what you have, even if you don't have a bill of lading number yet," advises Peterson. "Make sure what you do send is timely. You can update it as soon as you get additional details."

So far, she says, importers that communicate with customs authorities and can demonstrate that they're making an honest effort to get the information and resolve any problems are "not feeling a lot of pressure. ... Customs has been true to its word" that it will take those efforts into consideration when assessing compliance levels.

6. *Automate, automate, automate.* That's the message from vendors of global trade management (GTM) software. Although they have an obvious interest in promoting automated solutions, they do have a valid point, especially in regard to ISF filings. With so many parties now involved in providing data and with tighter deadlines to meet, using software to standardize data collection and formatting is a huge time saver. It can also promote accuracy, minimize errors, and avoid duplication of effort. On top of that, the software can identify information gaps, provide greater visibility into overseas activities and costs, create a

compliance audit trail, and improve data integrity throughout the supply chain.

Don't let your guard down

Since 10+2 has been in effect, importers have experienced numerous glitches, surprises, and holdups, caused mostly by inaccurate, conflicting, missing, or late information. They have also seen their order-to-delivery cycle times stretch by an average of two days, according to a survey conducted late last year by *American Shipper* magazine and BPE Global.

Thanks to regular communication between the trade community and CBP, and to hard work by organizations like AAEL and CBP's advisory councils, many of those issues have been resolved—or at least they're on the agency's radar screen. In fact, the trade community has done remarkably well in meeting the complex ISF requirements. In a July 23 letter to 15 industry organizations, CBP Commissioner Alan Bersin wrote, "To date, CBP is very satisfied with the compliance levels of the trade community."

Even if you're confident your company merits such praise, that doesn't mean it's safe to let your guard down. Instead, use the six suggestions offered here to make sure that when it comes to ISF compliance, you, your suppliers, and your service providers are all following best practices.

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