



WORLD CUSTOMS ORGANIZATION

THE PRIVATE SECTOR CONSULTATIVE GROUP

November 15, 2007

Mr. W. Ralph Basham
Commissioner
U.S. Customs and Border Protection
1300 Pennsylvania Ave., N.W.
Washington, DC 20229

Dear Commissioner Basham,

We are writing in our capacity as members of the World Customs Organization (WCO) Private Sector Consultative Group (PSCG), which is made up of 30 representatives of the international business community. The PSCG was established to provide advice to the WCO and its member customs administrations on a range of trade related issues, but with particular focus on the implementation of the WCO SAFE Framework to secure and facilitate global trade.

The PSCG supports the continued development and implementation of security measures that are practicable and that both enhance security and facilitate legitimate global trade. In this respect, we have been closely involved in the development, implementation and promotion of the WCO SAFE Framework, which is aimed at balancing the needs of security with the practical realities of international trade, through its use of a multi-layered risk based approach to securing the global supply chain. We appreciate the leadership role your agency has undertaken in the development of the WCO SAFE Framework, which embodies key US cargo security principles and objectives.

While PSCG members fully share the U.S. Customs and Border Protection's goal to ensure the security of global supply chains serving the United States, we believe that how that goal is pursued is just as vitally important. Accordingly, we would like to take this opportunity to underline the international business community's strong concerns regarding the United States' '100% scanning' requirement for all US-bound maritime cargo containers, which was signed into law earlier this year.

The 100% scanning requirement not only fails to take account of the importance of risk based analysis, but also threatens to have major repercussions for the flow of international trade. Even if the technology existed, a requirement to scan every single maritime container on its way to the United States would create huge delays and would impose enormous costs on industry and governments, without providing any proven and measured benefit to safety and security. Advance cargo risk assessment, combined with intelligent targeting of 'high risk' shipments, provides a far more considered and efficient mechanism for ensuring appropriate security levels. It is also important to bear in mind that a range of initiatives to

address the need for enhanced containerized cargo security - such as the '24 hour rule', the Container Security Initiative (CSI), the 'Megaport' initiative, C-TPAT and the IMO International Ship and Port Facility Security (ISPS) Code, which has been fully incorporated into US law - are already in place. At the same time, consideration is being given as to how to improve further the US Government's cargo risk assessment capabilities in conformity with the WCO SAFE Framework.

The US 100% scanning requirement also fails to address a number of key issues, such as who would perform the container scanning and who would be responsible for purchasing, operating and maintaining the scanning technology. The scanning requirement has also yet to be defined, and responsibility for analyzing the scan results has not been addressed. The US law also fails to consider broader practical concerns, such as port infrastructure capacity and interruptions to normal trade flows, and whether the US would actually be equipped, prepared and willing to respond to requirements from US trading partners for outward bound US containers to be subject to reciprocal procedures. Until these fundamental issues are addressed, the PSCG continues to have strong concerns about the workability of the legislation and its potential to bring international trade to a grinding halt.

As an example, we understand that there are more than 600 ocean ports that currently ship cargo to the United States. It would no doubt be very difficult for all of these ports to have the capability to scan cargo bound for the US, much less have the training to use this capability effectively. The scope of such a project is truly daunting.

Finally, the PSCG is also concerned that the United States government has promulgated a 100% scanning requirement before the results of the pilot projects for the Secure Freight Initiative are known. This would seem particularly important, given that the SFI programme is aimed at testing the feasibility of container scanning and assessing how to address many of the critical issues, such as the necessary co-operation of foreign governments, that the current legislation leaves unanswered.

As a supporter of the WCO SAFE Framework, the United States should enhance its supply chain security in ways that are compatible with the WCO SAFE Framework. Accordingly, we urge the United States to reconsider its 100% scanning requirement and to continue to support instead the selective use of scanning technology as one of a number of appropriate, and proven, tools for risk based analysis, as defined in the WCO SAFE Framework. As representatives of the international trade community, we are dedicated to supporting CBP's efforts to implement effective and appropriate supply chain security measures.

Accordingly, we ask that the concerns expressed herein be considered. We request the opportunity to meet with you and your staff in the near future to more fully discuss our concerns with this legislation.

Regards,

Renee E. Stein
PSCG Chairperson

List of Supporting WCO Private Sector Consultative members

American Association of Exporters and Importers (AAEI)
Barloworld (So. Africa)
Business Anti-Smuggling Coalition (BASC)
Boeing
British Petroleum
Carrefour
COSCO (China)
FEDEX
General Motors
Global Express Association (GEA)
International Association of Ports and Harbors (IAPH)
International Air Transport Association (IATA)
IBM
International Chambers of Commerce (ICC)
International Chamber of Shipping (ICS)
International Freight & Customs Broker Association (IFCBA)
International Road Transport Union (IRU)
Japan Machinery Center for Trade and Investment (JMCTI)
The Limited Brands
Moscow International Business Association (MIBA)
Maersk
Microsoft
Nissan Europe
Philips
Proctor & Gamble
Siemens
SITPRO
Thales Group
World Shipping Counsel

CC: Michel Danet, Secretary General, WCO