customs update: security tops aaei agenda

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NEW YORK — At a time when many traders complain there are too many important issues to manage, the American Association of Exporters and Importers held its annual conference June 16-17 and focused on the biggest issue of the day - security. However, rather that "just" talk about Customs-Trade Partnership Against Terrorism or the Container Security Initiative, AAEI structured its program to deal with security issues from both the regulatory and the physical security perspective and by so doing encompassed all of the current hot-button issues.

The theme heard at all the sessions was that to be truly successful, companies will have to figure out on their own how to secure their supply chain. Any question about whether government understood the shipment of goods was answered with a resounding "no" when Customs rolled out its advance manifest rules and the Food & Drug Administration proposed its bioterrorism regulations. Equally important, there is no coordination of anti-terrorism activities by the federal government between the agencies.

One session reinforced the point further when an FDA representative described C-TPAT as focused on container security! Another session underlined the lack of communication between the agencies when another panelist described a situation of importing a line of products subject to the jurisdiction of several different agencies. Representatives of two of those agencies with offices down the hall from each other had never met until something came up on one of the speaker's company's shipments!

Further efforts by the government to insert itself into the process were evident when the idea of licensing shippers export declaration filers was described in some detail as focused on requiring one licensed person at each filing location!

While the requirements of the Sarbanes-Oxley Act of 2002 - broad-based legislation affecting corporate governance, financial disclosure and the practice of public accounting - were touched upon as they impact publicly-traded

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companies and how that level of structured risk management will be expected from other companies by the government, perhaps the most useful parts of the program were the tips given by the speakers who represented various import and export companies as to how they were able to successfully implement C-TPAT and other meaningful security measures. In each instance, it is clear a team assembled from the various disciplines within the company was necessary, but more than anything else, the most successful programs were the result of active support from upper management.

There has been much criticism by business of C-TPAT as a make-it-look-good paper chase, what became quite clear from the many presentations at AAEI is that private industry has taken to heart the need to develop its own security methods and to have those efforts result in ensuring that what goes into the packages which are stowed into the container, railcar or trailer are what actually arrives at destination. The process is pushing documentation, security and all the other shipping formalities away from destination and toward origin.

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