



No. 105-3
Fall 2005

NCBFAA CCS Program Enrollment Tops 970 Participants

With an "in bulk" addition of more than 100 Licensed Customs Brokers from DHL Danzas Air & Ocean, the National Customs Brokers and Forwarders Association of America, Inc. (NCBFAA) Educational Institute product, the Certified Customs Specialist (CCS) Program has soared past 970 enrolled Licensed Customs Brokers.

"DHL is proud to support the NCBFAA's Certified Customs Specialist program because we view it not only as an excellent way to impress upon our clients the importance of using professionals to conduct their business," said Mrs. Carol Sheldon, DHL Vice President of Import Services, North America, "but also as an effective means to encourage our employees to participate in critical ongoing continuing education programs that ensure our staff is up to date on the changing regulations within our industry."

"To maximize our participation, DHL has announced the program to our more than 180 Customs

Brokers and has offered to pay the initial cost of their participation," she said. "As a result, nearly 60 percent have signed on and we are continuing our recruiting efforts with a goal of 100 percent participation, because we think it is that important."

Modeled after the highly successful program administered by the Canadian Society of Customs Brokers (CSCB), the CCS designation is available to any individual with more than one year of experience in US customs brokerage.

"As in most professional fields, the rules of the game are not static, they are in a constant state of flux; the Customs Brokerage field is no exception," said NCBFAA President Federico Zuniga. "The CCS program is our attempt to keep the people, involved in our profession, updated on the changes being made to the regulations, which affect our industry."

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Business Questions or Problems? Help Is Just a Call or E-mail Away

As a benefit of membership in the National Customs Brokers and Forwarders Association of America Inc. (NCBFAA), you have access to a national network infrastructure for help in answering your business questions or solving your business problems. Although primarily intended to monitor and address policy issues affecting transportation logistics, the NCBFAA's Board and Committee structure stands ready to provide you with the information you need to facilitate your business activities.

The contact information to reach each of these individuals is posted prominently on the NCBFAA Website. The link to view this information is on the Homepage under the "Committees" marquee. Just click on the "Board of Directors" for a complete list of the current Board members or "Alphabetical List-

ing" for all the working committees and their contact information. While the NCBFAA encourages you to contact those Board members who represent your geographical area, you are free to share your concerns with any of them.

Each of our Board members is an experienced and knowledgeable businessperson who is also active day to day in a commercial enterprise. Our Committee members are each highly qualified in the subject matter of their respective Committees and are more than willing to share that expertise not only with the Association but also with their colleagues in the industry.

Please avail yourself of this valuable member benefit.

Register for FABnet and Never Miss Another Edition of the *Monday Morning e Briefing*

One of the Association's most robust sources of information, FABnet, is free and available to all Regular Members and their employees.

However, because it is a protected site, it requires registration to secure a unique username and password to gain access.

Click on the FABnet icon on the NCBFAA Homepage and, after the logon page opens, click on the underlined word, register, to navigate to the registration page.

Simply follow the instructions and you will have access in no time at all.



President's Letter

by Federico (Kiko) C. Zuniga, NCBFAA President

Securing Trade Takes Center Stage . . . Again

The unrelenting march of globalization has made the phrase "a shrinking world" into an accomplished fact. When a tailor in Dhaka sells a shirt to a banker in New York who makes a loan to a furrier in Siberia that cloths runway models in Paris seen live by fashion mavens in Boise, the interdependence of our world becomes obvious. The advantages and opportunities presented by this international commerce are limited only by the imagination of its participants.

Like interlocking hexagons on a soccer ball, everyone involved in this trading activity relies on their counterparts to ensure the integrity and dynamism of this commercial enterprise. This international marketplace has brought people together for mutual benefit in ways that the most altruistic philosopher kings or theoretical humanitarians could never have imagined. However, this interdependence is a double-edged sword that makes us stronger by giving us access to a larger pool of resources to draw on while at the same time making us vulnerable to disruptions in our commercial activities.

There are some who, like the snake in the Garden, would corrupt this trading activity as a means to draw attention to some political, religious, or ethnic grievance they have against one or more of our trading partners or us. By sowing seeds of fear and distrust, they hope to achieve through intimidation what they fail to accomplish through persuasion. We can only surmise what these malevolent people have planned but if they are allowed to carry out these plans it could cripple or destroy our international commercial network. This we cannot, and must not, permit to happen.

Recently, the World Customs Organization (WCO) issued a proposal to defend our trade network against any such catastrophic assaults. The WCO has released its "Framework of Standards to Secure and Facilitate Global Trade" (Framework) to secure the trade supply chain on one hand and facilitate the delivery of legitimate cargo on the other.

The WCO consists of 166 member nations, representing 99 percent of global trade.

The Framework represents the WCO's effort to secure supply chains throughout the world, while allowing trade to move faster, smoother, and more predictably. For the first time in history, a common set of standards will be implemented to secure cargo moving into, through, and from all ports of the world. It is a global response to terrorists, organized criminals, smugglers, as well as other illegal activities.

Mindful of four basic principles, the WCO developed its Framework. These include:

- Committing to harmonize the advance electronic cargo information requirement on inbound, outbound and transit shipments.
- Applying of a consistent risk management approach to address security threats.
- Using, wherever possible, non-intrusive detection equipment to conduct Customs examinations of high-risk containers and cargo.
- Providing benefits to businesses that meet minimum supply chain security standards and best practices.

Support for this approach will come from two relationships: Customs-to-Customs network arrangements and Customs-to-business partnerships. Within each of these is a set of standards that have been consolidated to guarantee ease of understanding and rapid global implementation.

Traditionally, Customs administrations inspect cargo once it has arrived at their domestic ports. Today, there must be an ability to inspect and screen a container or cargo before it arrives, which is the objective of the Customs-to-Customs relationship. In view of their unique authority and expertise, Customs administrations contribute to both securing and facilitating global trade.

The central tenet of these standards is the use of advance electronic information to identify high-risk containers or cargo. Using automated targeting tools, Customs administrations identify shipments that are high-risk as early as possible in the supply chain, at or before the port of departure.

Under the standards, if provision is to be made for the automated exchange of informa-


tion, the systems will have to be based on harmonized messages and be interoperable.

To be effective and to ensure that the process does not slow down the movement of trade, Customs administrations must use modern technology to inspect high-risk shipments. This technology includes, but is not limited to, large-scale X-ray and gamma ray machines and radiation detection devices. Maintaining cargo and container integrity by facilitating the use of modern technology is also critical.

Benefits

The Framework provides a new and consolidated platform that will enhance world trade, ensure better security against terrorism, and increase the contribution of Customs

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NCBFAA Bulletin

Published by the National Customs Brokers & Forwarders Association of America, Inc.

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Vice President's Letter

by barbara reilly, NCBFAA Executive Vice President

NCBFAA Serves the Membership With Value Added Programs

The Internal Revenue Service (IRS) reports that there are hundreds of thousands of non-profits registered in the United States, and new trade associations, professional societies, charities, foundations, and other nonprofits continue to apply for tax-exempt status each year. The majority of these organizations are classified as trade associations; individual membership organizations, professional societies; or philanthropic organizations. Here are some of the facts from a recent survey NCBFAA participated in last spring:

As of April 2002, the Internal Revenue Service recognized more than 71,000 organizations as tax exempt under Section 501(c)(6) of the Tax Code, which includes trade associations (like the NCBFAA), business leagues and chambers of commerce. To meet the requirements of Section 501(c)(6), an organization must, among other things, "Be an association of persons having some common business interest and its purpose must be to promote this common business interest".

Advancing the Economy

Associations' annual budgets now exceed \$21 billion, which translates into billions of dollars more in indirect benefits to the U.S. economy. Although largely tax exempt, associations still pay more than \$1.1 billion annually in local, state and federal taxes.

Associations employ 260,000 people full time and another 35,000 part time, with most of the national associations right here in the DC area.

The ripple effect of association activities on other sectors of the economy is demonstrated by the impact of association meetings and conventions on the travel and hospitality industry. According to research, association-sponsored meetings and conventions now account for more than 26 million overnight stays in hotels each year.

Associations dominate the \$102 billion U.S. meetings business. Ninety-two percent of associations hold meetings accounting for 67 percent of the total meetings industry, according to a study by the Convention Industry Council (CIC).

Defining the Value of Associations

America's trade, professional and philanthropic associations are allocating one of every four dollars they spend to member education and training and public information activities - about three times the amount they spend on direct lobbying of government.

Americans active in associations devote **more than 173 million volunteer hours each year** - (thank you!) time valued at more than \$2 billion - to charitable and community service projects.

Ninety-five percent of associations offer education programs for members, (NEI!) making that service the single most common association function. Following this are convention planning and other convention activities (89 percent), using web sites and email to share information with members (81 percent), and public information activities (79 percent).

In terms of annual spending, membership education and training is also the single largest budget item for associations - accounting for \$3.6 billion per year, or about 18 percent of the average association's budget. Additionally, association members spend in excess of \$10 billion annually to participate in these education programs.

Other noteworthy association activities include industry research, which seven out of 10 associations offer at a total cost of \$615 million a year; and setting industry product and service standards for their industries, which three of five provide at a total cost of about \$884 million annually. The survey found that members spend more than \$1.1 billion to comply with these association-set standards, which safeguard consumers and provide other valuable benefits.

CCS Course on Schedule

For its part, the NCBFAA Association is hard at work preparing to roll out its NEI Certified Customs Specialist (CCS) Certification course this fall. Our grandfathering for licensed customs brokers has been, and

continues to be, a resounding success as more than 950 have signed up to date including 100 plus from member firm DHL. Each has received a Certificate of Enrollment as a Certified Customs Specialist as well as a stylish lapel pin to wear so colleagues can immediately recognize him or her as a Certified Customs Specialist. In addition, an annual membership card evidencing that the Certified Customs Specialist's status as current through 2006 will be issued shortly.

We anticipate beginning the registration process for the CCS course itself shortly when the Internet site for the course material goes live. Those wishing to enroll may do so at that time by accessing the Website through the NCBFAA Home Page. Once there, candidates may complete the process online with our new "e-commerce" capabilities, which include paying for the course. Classes are scheduled to run until October 31, 2006, at which time candidates who have successfully completed the requisite electronic examinations will sit for the final qualification examination. The export course for Certified Transportation Specialist (CTS) designation is expected to follow next Spring.

Certification programs, like the NEI CCS and CTS, serve a dual purpose: one, they add value to the members participation in the NCBFAA; and two, they assist in providing the Association with the funds needed to operate member critical programs as mandated by the Board of Directors that is elected to serve and represent all of you. From the members' perspective, certification is an excellent way to differentiate themselves in their profession as individuals that meet specific professional qualifications (education, knowledge, skills, quality, etc.) and have been granted recognition as such.

The profession also benefits by having established standards of professional practice. The profession or occupation is able to regulate itself by using the standards that are developed through the certification program.

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Washington Report

by J.H. Kent, NCBFAA Legislative Representative

DHS' Second Stage Review: A New Vision or More of the Same?

This summer DHS Secretary Michael Chertoff rolled out his "Second Stage Review" – the new Secretary's vision for the fledgling Department. The idea, according to the Secretary, is to ensure that DHS' "form and function" are effectively aligned to maximize its ability "to achieve the security outcomes" associated with its security mission. Chertoff wants an agency that is "nimble and decisive" – a necessity to thwart the ever-changing terrorist threat.

The Second Stage Review process itself was a think-outside-the-box exercise that pulled 18 action teams comprised of 250 DHS employees from their day-to-day tasks to look comprehensively across the Department and consider the questions: "Freed from the constraints of existing policies and structures – writing on a clean slate – how would you solve...the fundamental challenges of the agency? And how would you take the best solutions and implement them aggressively?"

The result is a new organizational chart that attempts to streamline the agency by having the agencies report directly to Chertoff and his deputy secretary, Michael Jackson – a structural change that makes sense from a chain-of-command perspective. For the first time, there will be a Directorate of Policy that will perform long-range strategic planning and provide the capability to build policy across various parts of the Department. The lack of a department-wide policy function has been a routine criticism of DHS by think tank experts. Also in the new scheme is a Chief Intelligence Officer, who is intended to provide a unified intelligence function and an operational structure that can translate intelligence into action.

Nimble and decisive? Hardly. Nevertheless, the organizational changes are needed. Even friends of DHS acknowledge that the sprawling agency is weighed down with layers of bureaucracy, slowed by turf battles, and devoid of strategic thinking. If the new

structure can indeed help DHS cut through its own bureaucracy, it will allow the Department to operate in a more cohesive and dynamic way.

For the trade community, the most critical feature of the Second Stage Review is of course supply chain security. "Secure Freight" is the name given to Secretary Chertoff's vision for cargo security – a concept revealed only in the very broadest terms. We know that it is risk-based. We know that data seems to be the heart and soul of Secure Freight. "I believe that we can gather, fuse and assess more complete data from the global supply chain to develop a more accurate profile of the history of cargo in a given container," said Secretary Chertoff. Beyond this sketchy outline, Secure Freight remains a blank page.

It seems fairly clear that Secure Freight will build on existing initiatives to develop greater visibility throughout the supply chain. The trade community and CBP have known for a long time that information – more, better and earlier information – is the foundation of risk targeting. That is the direction CBP has been heading.

What does Secure Freight add to the mix? What remnants of the past four years' security measures will remain? What is the next step? No one knows for sure. For now, it remains a vision without an articulated plan.

Without any real guidance, the agencies are plugging along on their own. CBP is moving ahead as planned with ATDI [Advance Trade Data Initiative]. As described by CBP, the goal of ATDI is to gather and analyze specific information already available from commercial supply chain participants in advance of and in addition to the 24-hour rule and entry data currently collected.

Through ATDI, CBP is essentially developing a roadmap of the supply chain and all its many variations. Ultimately, they want data on the true point of origin, all the stops along the way and all the parties associated with the

shipment. To this end, the agency is working closely with the Trade Support Network to develop a private sector view of what the data collection chain should look like. This is critical since it is estimated that an average import shipment involves up to 25 different commercial documents with over 1200 data elements. There is an abundance of information available. The hard part is establishing how much data CBP really needs? When do they need it? And who is in the best position to provide it? These are the tough questions that are still to be answered.

Elsewhere in the Department, TSA is quietly moving ahead with its Freight Assessment System (FAS) – another risk-analysis model. Of late, TSA has been working more collegially with the private sector through ASAC. Equally important is a better working relationship with CBP, which will ensure that they do not have to reinvent the wheel on targeting and risk assessment as FAS is created and implemented. And, under the new leadership of Kip Hawley, TSA is bound to inspire more confidence in their contribution to air cargo security than they have in the past.

Both of these pieces appear to fit within the overall framework of Secure Freight even if they are being assembled without strong guidance from the Department. And as details emerge, Secure Freight may well be the overarching structure that takes the ongoing supply chain security initiatives – from ATDI to FAS to CTPAT -- and integrates them into a more dynamic whole, where enhanced data collection interacts with a more sophisticated technological matrix to produce sharply refined risk analysis.

Secure Freight – it could be a new vision that takes cargo security to the next level. Then again, it could be just more of the same in a different package with a new brand name. We will know the answer soon enough.



Transportation Report

by Edward D. Greenberg, NCBFAA Transportation Counsel

FMC Proposes Expansion Of NSAs

On August 3, 2005, the Commissioners of the Federal Maritime Commission met to consider whether to expand the rules relating to NVOCC Service Arrangements (NSAs). When the Commission initially promulgated the rule authorizing NVOCCs to enter into NSAs with their customers, the agency added two restrictions -- namely, that NSAs could not be entered into by two or more NVOCCs acting as carriers or NVOCCs offering one to another NVOCC customer or to a shippers' association with NVOCC members. The restrictions were imposed due to the Commission's concerns that courts might conclude that NVOCCs acting together under the exemption were somehow immunized from the anti-trust laws.

Although the law is still not settled, in view of a recent decision from the U.S. Court of Appeals for the Fourth Circuit, the Commission concluded that amending the exemption to allow NVOCCs and shippers' associations with NVOCC members to act as shippers might not result in an unintended grant of anti-trust immunity after all. Accordingly, the Commission instituted a Notice of Proposed Rulemaking in its Docket No. 05-05, *Non-Vessel-Operating Common Carrier Service Arrangements*, in which it seeks comments from the public as to whether it should revise the exemption to allow NVOCCs and shippers' associations with NVOCC members to act as shipper parties in NVOCC service arrangements. Anyone wishing to file comments can do so by submitting both an original and 15 copies to the FMC or by emailing those comments so that they are received no later than August 23, 2005. Any comments sent by email should be either in Word Perfect or Microsoft Word. Any comments should be addressed to Bryant VanBrakle, Secretary, Federal Maritime Commission, 800 North Capitol Street, NW, Room 1046, Washington, DC 20573 or by email at Secretary@FMC.gov.

At the same time, the Commission also decided that it will publish a Notice of Inquiry (NOI) to seek comment from the public with respect to the issue of whether unaffiliated NVOCCs should be able to join or offer

NSAs to their customers. Once that NOI is published, interested parties will be able to discern the basis for the Commission's continued concern over whether a further broadening of the exemption might lead to anti-competitive consequences. For the time being, however, the only issue to be addressed is whether to support the proposal raised in Docket No. 05-05.

A copy of the NPRM in Docket No. 05-05 is posted on FABNet.

Census Responds To NCBFAA Comments On Mandatory AES Rulemaking

On April 18, 2005, the NCBFAA submitted comments to the Census Bureau's Notice Of Proposed Rulemaking that was issued on February 17, 2005 entitled, *Foreign Trade Regulations: Mandatory Automated Export System Filing For All Shipments Requiring Shipper's Export Declaration Information*. Essentially, the NPRM proposed to make it mandatory to submit all Shippers' Export Declaration information via AES, eliminate the filing of paper SEDs, and substantially increase penalties for violations of the rules.

The NCBFAA had submitted detailed comments to the NPRM in a submission dated April 18, 2005, which comments were posted on FABnet.

At this moment, it is not clear whether or when the Census Bureau will move forward on this proposal, in view of recent action pertaining to its budget. Those actions raise questions as to whether the Census Bureau has the funds available to accommodate the shift to mandatory AES filing.

Nonetheless, the Census Bureau has responded to the comments that were filed by the NCBFAA in a letter dated June 9, 2005 addressed to Transportation Counsel Greenberg.

That response is now also posted on FABnet.

Ports Impose New Container Fees

Spurred by the threat of State action that was intended to address traffic congestion

and air pollution issues in the Los Angeles and Long Beach Port areas, the marine terminal operators in those ports have created an entity called PierPass, Inc. that will be imposing a "traffic mitigation fee." As now scheduled, this fee will be imposed with a few exceptions, on all containers moving into or out of the LA/LB Port Complex and will amount to \$80/FEU. The asserted purpose of the fee is to encourage shippers to have their cargo moved into or out of the LA/LB Port Complex during non-peak periods, as containers that move in or out of the port gates during the hours of 6:00 p.m. to 3:00 a.m., Mondays through Thursdays, will not be subject to the fee. Hence, the fee will supposedly be used to defray the cost of extending the port hours. Other exceptions to the imposition of this fee will be containers moving in intermodal service that are paying the Alameda Carter fees.

The fee will be imposed on beneficial cargo owners (BCOs), and this term is being defined as the shipper/consignee on ocean bills of lading. Accordingly, the fees will be imposed upon NVOCCs identified on master bills of lading as well as proprietary shippers. And, the steamship lines will not be authorized to pay this fee on behalf of their customers.

The PierPass program will require BCOs to establish a credit relationship, as companies failing to register and obtain credit will not be able to move cargo off the pier. Companies that have not established credit will be required to make payment by credit card, whereas credit accounts will receive a weekly invoice via email in order to establish a credit relationship. All companies will need to register with PierPass.

There is a substantial amount of information concerning PierPass on the Web, which can be obtained at www.pierpass.org. The Association encourages all members that might be moving containers into or out of the LA/LB Ports to become familiar with this as soon as possible since companies failing to participate in this program will encounter



Customs Report

by Harvey A. Isaacs, NCBFAA General Counsel

Actions Speak Louder Than Words: Avoiding 592 Penalties By Implementing Proper Import Policies And Procedures

The author's associate Barbara Y. Wierbicki, Esq., assisted in preparing this article.

In two cases, decided this past July, the Court of International Trade (CIT) imposed penalties of more than 20 million dollars against Ford Motor Co. (Ford 1 and Ford 2 which can be found in Slip Op. 05-86, 7/20/05 and Slip Op. 05-87, 7/21/05, respectively) for violations of 19 USC §1592. In Ford 1, the court found Ford's actions "grossly negligent" with respect to the failure to declare the value of certain dies and assessed a 3 million dollar penalty in addition to ordering Ford to tender unpaid duties of \$184,495, plus interest. In Ford 2, the court denied CBP's request for unpaid duty in the amount of \$68,178.00, but the CIT assessed a \$17,151,923.60 penalty for the negligent entry of vehicles and components between 1987 and 1992.

Background

Under 19 U.S.C. 1484, the importer is required to provide Customs and Border Protection (CBP) with not only sufficient information to allow CBP to determine the admissibility of the merchandise, but also to properly assess the amount of duties due. This includes informing CBP if not all information is currently available regarding the value of the merchandise. The court found that Ford did not comply with this mandate.

With regard to declaring the automotive dies, the court found that Ford did have mechanisms in place to ensure that merchandise would be entered correctly. Ford had established procedures coordinating its internal units and their information regarding upcoming importations, as well as a "pro-

visional value policy designed to transmit information within Ford, to its broker, and ultimately to Customs that the value of certain merchandise would increase after entry." For this reason the court refused to find that Ford's behavior rose to the level of fraud.

However, in Ford 1, because Ford had repeatedly failed to promptly notify CBP of additional payments and "assists" impacting on the dutiable value of its importations, the court found that Ford's knowledge of and repeated indifference for declaring price adjustments for the dies as a "wanton disregard" of its obligations, amounting to gross negligence.

In Ford 2, the court found that Ford's procedures and actions were "negligent." During the relevant time period, Ford had in place a customs compliance manual which set forth the duties of its employees and the need to report correct dutiable values. Ford had requested CBP to review the manual to which it made several comments and recommendations, which Ford subsequently incorporated. Ford also produced training videos, maintained a compliance hotline and held seminars and meetings relating to Ford's compliance with CBP rules and regulations. In addition, Ford had proposed an "agreement" wherein it obligated itself to report lump sum payments for assists. Accordingly, the court found that Ford did not act with "wanton disregard or indifference" to its obligations, as set forth in its compliance manual. As stated by the court, "The evidence showed that Ford had mechanisms in place which enabled it to comply with its statutory obligations to properly enter merchandise."

Nonetheless, Ford submitted reports that failed to capture the lump sum payments at issue in this case. As was the case in Ford 1, having procedures without properly following them does not insulate the importer from a 592 claim. According to the court's findings, Ford failed to advise CBP of price adjustments in the form of assists and lump sum payments "at once" pursuant to 19 U.S.C. §1485, or even to notify CBP of the adjustments within the 60-day period stated in its agreement. This failure to follow its own policies demonstrated a failure to exercise the level of reasonable care expected of a person in the same circumstances. As a result, the failure to submit accurate information regarding its entries amounted to a negligent 592 violation, resulting in the court's assessment of a penalty in excess of 17 million dollars.

"Reasonable care" requires that proper entry procedures must not only be written into the manuals, they must also be implemented. A company's ability to implement the procedures requires educating employees not directly involved in its importations with regard to the possible impact that its sourcing procedures and P.O. adjustments may have on the company's entries and its obligations to properly declare the value of imported products.

Brokers should advise both experienced and inexperienced importers that they are obligated to advise CBP of any "assist" costs, irrespective of the existence of a Customs Compliance Manual.

New APN Chair Seeks Relevance for Informal Organization

Following in the footsteps of the Affiliate Presidents Network (APN) first Chairman, Geoffrey Powell and Co-Chairman John Hyatt, recently appointed APN Chair Bob Kenneally, Director of Imports, FedEx Trade Networks, is pondering different approaches to communication among the various Affiliated Associations that comprise the network, and between the network and the NCBFAA.

Mr. Kenneally is highly qualified to represent the APN. In addition to his APN chairmanship responsibility, he serves as President of the Boston Customs Brokers and Freight Forwarders Association (BCBFFA). He has been a Licensed Customs Broker for nearly 30 years, handled import operations for three companies, operates his own drawback service and, perhaps most importantly, NCBFAA Chairman Peter Powell asked him to assume the position.

Begun in 2002 as a natural extension of the regularly scheduled Affiliated Association breakfast with the NCBFAA held during the NCBFAA Conference, the APN sought to maintain lines of communication between members to address issues and concerns of importance to one or more of them. However, Mr. Kenneally, who has participated in many of these communication efforts, believes that putting too much emphasis on the concerns of individual Associations as opposed to larger issues confronting the industry may not be the most productive use of the group's resources.

Shortly after his installation, he surveyed the entire APN membership to take a measure of the APN's value to them. Although the response was not overwhelming, it was sufficient to glean some trends and attitudes about the organization, especially after he augmented it with conversations with some of the presidents. "One point they made to me was that NCBFAA Area Representatives don't talk to them or provide feedback," he said. "This needs improving because when they campaign for the post they promise a lot but once elected their enthusiasm for talking with us seems to diminish." He would like to see the NCBFAA Representatives working with the APNs in their areas to problem solve.

On the question of available information, many of the presidents are under severe time

constraints, according to Mr. Kenneally. "Most don't use the APN website because they don't have time to access it; in fact, they barely have time to read their emails," he said. "That may be why some forward their copies of the NCBFAA Monday Morning eBriefing to their members to help keep them informed of what National is doing while others don't."

But the differences among the Affiliated Associations don't end there. "We take different approaches to membership fees, with some charging a flat rate and others a sliding scale," Mr. Kenneally pointed out. "Why, even what constitutes a member varies from group to group with some only allowing Customs Brokers to be members while others include a wide range of member categories."

He sees this diversity as natural and understandable but it creates difficulty when trying to agree on issues that affect some or all of the Associations. "Despite the early-on success of conference calling approach,

many of the problems addressed were often really local ones confined to the affected port; thus the solutions were ultimately only applicable there," he noted. "Perhaps, we could identify a single issue or challenge with broad applicability and convene a call to garner input from the APN on the best way to solve it." Among topics that he thinks might deserve consideration are member acquisition and retention, additional member services and fundraising opportunities.

Since many of the Presidents will be attending the NCBFAA Annual Conference, he views the event as an excellent time to convene a mini-seminar for the APN.

"Although several of the Associations are large enough to have professional staff support, most of us rely on part-time volunteers with full-time jobs," he said. "Perhaps, we could bring in someone to provide us with how to information on organizational processes, administrative procedures and financial efficiencies to take some of the guesswork out of running our operations."

One thing that puzzles him is why a firm would belong to the NCBFAA and not the local and vice versa, especially in light of the fact that a number of firms do maintain dual memberships. He would like to look into that. "Perhaps these single membership firms don't see any benefit to belonging to both which would mean we need to work on identifying the reasons for dual membership or come up with some incentive such as reduced dues or shared dues that would encourage more dual members."

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Part of the Chicago Logistics Community for 40 Years, CBFFFAC Has Never Strayed From Its Service Ethic

By Scott Larson, CBFFFAC President

Formed in 1967, the Customs Brokers and Foreign Freight Forwarders Association of Chicago (CBFFFAC), is a non-profit, professional organization of international trade practitioners. Early on its mission was to promote the customhouse broker (as it was known then) industry. Most members were small independent firms that had only local offices. Gradually, larger firms with a national exposure began to join.

As CBFFFAC grew, it was not only the customs issues, but also transportation issues, that were addressed. Entry processing, storage and detention charges, and many other concerns that we now have were also high on the list of issues back then. Now of course, there are computer related and more complex participating government agencies' requirements that are involved with entry processing.

The membership included mostly brokers but had representatives from the steamship, railroad, and trucking industries as well.

The meetings, usually dinner meetings, were held initially at a local downtown restaurant appropriately named the Brokers Inn. However, it was not named just for our industry but for the stockbrokers, commodity brokers, insurance brokers, and their exchanges, which also were located nearby.

Often there would be animated and vigorous discussions that would continue late into the evenings. No matter what direction the issue took, the Association always tried to promote the Chicago area international trade community and it still does to this day.

In the 70s and 80s, CBFFFAC saw tremendous growth not only in membership but also in its role as a key partner with the international business community.

Chicago was the test site for ACCEPT- the forerunner to Selectivity- and the CESC Customs Exam Site programs. With the CBFFFAC's input, these programs were not only tested but became more effective without too much disruption in processing the shipments.

The CBFFFAC has enjoyed a growing participation with its membership when it started an educational program in the 1970's and social events such as an annual golf outing and Christmas Party.

Today CBFFFAC is stronger than ever. Our board is comprised of (4) officers, (6) voting directors, (9) non-voting directors and (13) committees.

Our mission is to strive for excellence in education, information and communication for the freight forwarding, customs brokerage and international trade community of Chicago.

Our board holds regular monthly meetings for the officers and directors for an

active exchange of ideas and forums for our membership.

The educational program provides instruction on a multitude of subjects to our members and has grown from a little "brown bag" meeting at lunch to meeting room / symposium / auditorium places with over 100

Officers

President	Scott Larson	MOL Logistics
Vice President	Mary Peglow	Mid-American Overseas
Treasurer	Marty Zima	Kintetsu World Express
Secretary	Kellie Case	The Camelot Company

Voting Directors

Scott Larson	MOL Logistics
Kellie Case	The Camelot Company
Len Lesiak	Westwind International
Merit Tremper	RIM Logistics
Stephanie Pawlak	SGS Logistic Services
Mary Peglow	Mid-America Overseas

Non-voting Directors

Brian Walsh	Barnes, Richardson & Colburn
Buzz Naughton	Freight Direction
Eve Macella	EMO Trans
Cathy Slaski	CAS International
Eric Rock	Katten, Muchin, Rosenman
Cynthia Robertson	FedEx Trade Networks
Rick Hackbarth	
Debbie Bennett	Delmar Logistics
Kim Marrazzo	Kintetsu World Express

Committees

Membership	Stephanie Pawlak	SGS Logistic Services
Special Events (Golf)	Dave Koos	MOL Logistics
Special Events (Xmas)	Ellie Raye	Catamount Cargo
Customs	Kellie Case	The Camelot Company
Regulatory Agencies	Mary Peglow	Mid-America Overseas
Education	Brian Walsh	Barnes, Richardson & Colburn
By-Laws	Brian Walsh	Barnes, Richardson & Colburn
Website	Eric Rock	Katten, Muchin, Rosenman
Transportation	Merit Tremper	RIM Logistics
Legislative	Jason Cunningham	Sonnenberg & Anderson
Public Relations	Cathy Slaski	CAS International
Meeting Coordinator	Debbie Bennett	Delmar Logistics
Newsletter	Stacy Reynolds	SGS Logistic Services

Senior Advisor

Tom Case	The Camelot Company
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NCBFAA Area 5 Representative

Scott Case	The Camelot
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attendees at times. We are also a strong supporter of the National Educational Institute (NEI) programs.

Socially we host an annual golf outing, which is a regular sellout and a Christmas party that averages over 500 attend in attendance. At the Christmas party, a local charity or community service benefits from contributions made by the CBFFFAC and its members.

CBFFFAC's slogan is "The Port That Works"; this is due to our great relationship with Customs and Border Protection. We hold regular meetings with Customs to report any problems within the industry and offer suggestions for improvement. We also offer training to Customs personnel. In turn we are often the voice for Customs with problems they are having with trade.

We are proud to have a very open relationship with the Food and Drug Administration, Fish and Wildlife and the Agriculture branch of Customs and Border Protection. For several years we have met quarterly with FDA. The Chicago FDA staff is committed to working with CBFFFAC. Training sessions are held on a regular basis for brokers, importers and other interested parties. When bumps in the procedures occur such as prior notice, we already have in place the training resources to go forward! Their staff has supplied CBFFFAC with a complete list of personnel including phone, fax and email addresses. As you can see the line of communication is open.

Our members receive a monthly newsletter filled with local seminars, committee reports, and great advice and tips. The newsletter is complemented by our website that is filled with great information. Members visit the site regularly to obtain copies of the local CBP pipelines, trade links, and membership info. Please visit our site www.cbfffac.org to see how CBFFFAC is "The Port That Works".

Besides local involvements, the CBFFFAC has been a staunch and continuous supporter of the NCBFAA. Our involvement over the years has not only been financial but also with participation by individuals who have and continue to serve as Directors and committee members. We attend the National convention regularly and are a strong supporter of the Government Affairs Conference.

This summer we had the honor to host the NCBFAA's Chicago Board of Directors meeting. Avalon Risk Management kicked off the event with a mini "Taste of Chicago" on Friday evening at the Westin O'Hare sponsored.

After the committee and board meetings



Pictured front row (left to right) Mary Peglow, Kellie Case, Scott Larson, Marty Zima, Tom Case. Back Row (left to right) Kim Marrazzo, Cathy Slaski, Dave Koos, Scott Case, Ellie Raye, Stacy Reynolds, Stephanie Pawlak, Len Lesiak.

on Saturday, Roanoke Trade Services had two luxury buses waiting to transport everyone to Navy Pier for a dinner cruise on board the Spirit of Chicago. We had a wonderful sunset cruise along the Chicago lakefront. There was plenty of food, drinks, and camaraderie amongst friends.

The Customs Brokers and Foreign Freight Forwarders Association of Chicago (CBFFFAC) would not be as strong and effective without all the hard workingmen and women that serve on the board and various committees. I am proud of our organization and all the people that dedicate their time and efforts in making CBFFFAC what it is today.

CBP: Protecting America - The U.S. Customs and Border Protection 2005-2010 Strategic Plan

To provide a vision for the future, U.S. Customs and Border Protection recently unveiled the first strategic plan for the agency. This five-year plan will enable CBP to be more successful in carrying out the mission of homeland security and reaching the twin goals of increasing security while facilitating the flow of legitimate trade and people.

Technology

Developing new systems and improving the current systems that can provide advance manifest information for pre-screening cargo containers, agricultural products and passengers is vitally important in achieving the goals that CBP has set.

Advance passenger and cargo information, as well as commercial and law enforcement databases will be used to pre-screen,

target and identify potential terrorists and terrorist shipments and any related activity. CBP will also continue to integrate existing databases to improve targeting and analysis.

Proven technology, such as license plate readers and Non-Intrusive Inspection (NII) technology will continue to be used to stop illegal goods from entering or leaving the United States. The use of radiation portals will also be increased. Other systems to be developed and improved upon are Automated Commercial Environment (ACE), Advance Passenger Information System (APIS) and US-VISIT to improve targeting and screening of goods, people and conveyances. The use of e-Commerce will be increased to provide CBP with accurate, timely and integrated data.

New expedited trusted traveler programs will be in place to expedite the processing of

low-risk frequent travelers allowing CBP officers to spend more time looking at possible high-risk travelers. The use of kiosks will be increased to process the passengers enrolled in US-VISIT, NEXUS Air and other trusted traveler programs as they are developed.

Existing programs such as the Immigration Advisory Program, which screens for potential terrorists and inadmissible aliens, the Automated Export System that assists in tracking illegal exports, NEXUS, Free and Secure Trade (FAST), Secure Electronic Network for Travelers Rapid Inspection (SENTRI) and Smart Border Accords with Canada and Mexico will continue to be used and expanded to expedite passenger inspection methods and increase the security of the supply chain.

In addition to the technology to improve passenger and cargo clearances, CBP will also

upgrade its internal budgeting and financial systems to ensure that the acquisition of supplies, services and equipment can be done quickly to work towards the accomplishment of CBP's mission, goals and priorities.

Along the southern border, CBP Border Patrol will use state-of-the-art technology such as computers, remote cameras, and ground sensors to detect illegal aliens. CBP will increase use of personnel in strategic locations, improve air and ground support and expand inter-agency cooperation.

CBP will continue to use its air and marine assets to protect the National Capital Region from possible threats by establishing a permanent National Capital Region Air and Marine Branch, the National Capital Region Command and Control Center, and the National Airspace Security Operations Center. Air and marine support will also be provided for national events and will coordinate with other agencies to conduct air and marine security operations.

The safety of CBP's frontline officers and agents is of paramount importance. They will continue to be provided with firearms and an array of radiation detection technology including personal radiation detectors (PRDs). CBP will also expand existing NII technology and the explosive and chemical detection canine program.

Partnerships

The primary ingredient in the mix to accomplish any goal is information. Information from seizures, other agencies, other countries, the Automated Targeting System and air and marine intelligence will be collected, analyzed and used to identify targets for inspection. This information will also be shared with other law enforcement agencies.

A number of foreign and domestic agreements will be expanded. The Container Security Initiative (CSI) will be expanded in the coming years to include additional locations, with officers on site to screen for potential terrorists and terrorist weapons in cargo.

Another means of improving the secure movement of cargo is to promote additional partnerships with industry, the World Customs Organization and other foreign governments through trade agreements to guarantee that internationally accepted customs standards are used.

In addition to partnerships with foreign entities, the Customs-Trade Partnership Against Terrorism (C-TPAT) program will allow CBP to work with a larger trade community to secure the global supply chain; develop secure, smart cargo containers; and establish minimum standards for cargo security.

Immigration and agriculture enforcement will be strengthened through continued cooperation with U.S. Immigration and Customs Enforcement (ICE), U.S. Department of Agriculture (USDA) and other government agencies and private organizations, such as the National Plant Board, that have a stake in CBP's mission.

Within CBP itself, the Border Patrol's National Strategy and its objectives will help CBP to establish and maintain control of our borders. To enable CBP to assign agents and resources to places where they will be the most effective, CBP Border Patrol will coordinate with the Offices of Field Operations, Intelligence and Anti-Terrorism to increase targeting, operational planning and communications. CBP Border Patrol agents will also continue to work with CBP agricultural specialists to prevent agriculture contraband from entering the United States between the ports of entry. CBP will also form working partnerships with Canadian law enforcement officials as well as officials from federal, state, local and tribal organizations to deter the illegal entry of drugs, aliens, terrorists and terrorist weapons.

Personnel

For CBP to succeed in its anti-terrorism mission, we must have dedicated, well-trained front line officers and agents and support personnel. Recruitment, compensation, management and leadership are an important part of CBP's future. The recruitment, hiring and retention of a highly trained workforce are essential to accomplishing CBP's goals.

By unifying all the border agencies, CBP created a single law enforcement workforce with one uniform and badge worn by all frontline officers. A single unified agency will provide the public with "one stop shopping" when they arrive in the United States instead of undergoing three separate inspection processes.

In addition to combining the personnel from three separate agencies, there are also three different canine programs. These three programs will be combined into a single program.

The ability to move personnel to areas where they are needed is an important tool to accomplishing any goal. The CBP Border Patrol will ensure that there are sufficient personnel to effectively deter illegal immigration between the ports of entry along the northern border.

Training

After recruitment, training is the next step on the ladder to a cohesive and effective

workforce. A National Training Plan will be implemented to prioritize agency-wide training initiatives. Field-based training along with joint training exercises with state, local and federal law enforcement offices will promote cooperation and coordination to combat terrorists and their weapons.

CBP officers and agriculture specialists are being trained in agriculture, customs and immigration functions, and are capable of performing primary and secondary inspections, as well as specialized duties. He/she will also be using one integrated and automated computer system and will be trained in targeting and analysis.

Performance = goals

Through this Strategic Plan, CBP strives to improve program efficiency and effectiveness by maintaining a results-oriented focus. This plan comes with performance measures that can be used by the programs to measure their overall performance and effectiveness.

By achieving the six goals of the U.S. Customs and Border Protection Strategic Plan through partnerships with foreign and domestic government agencies and the private sector, improved recruitment and training and improved technology, CBP will advance its own mission along with the DHS goals to protect our nation against attack. A number of agreements, programs and technologies mentioned above are all ready in place. This plan builds on what the employees of CBP are already doing today and takes the agency through the next five years. With the increased use of equipment, training and the recruitment and retention of highly qualified personnel, CBP's mission of protecting America should be easier to accomplish.

Each strategic goal was based on future assumptions, previous accomplishments and the need to effectively combine CBP's diverse responsibilities. The goals are linked to specific objectives and strategies and performance measures that are used to measure progress toward achieving the goals. This process has resulted in the formulation of six strategic goals with their associated objectives and strategies.

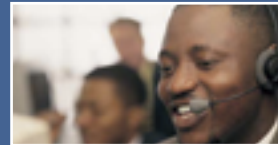
These goals are:

- Preventing terrorism at the ports of entry
- Preventing terrorism between the ports of entry
- Unifying as one border agency
- Balancing legitimate trade and travel with security
- Protecting America and its citizens
- Modernizing and managing to achieve business results



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For more information about the CCS Program, visit
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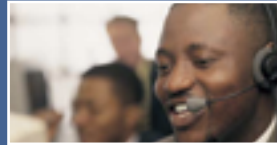


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Credit card number: _____

Expiration date: _____

If paying by check or money order, be sure to deduct 10% for cash discount.

check or money order Check/money order attached and made payable to NCBFAA.

Please note that NSF checks will be subject to an additional fee of \$35.00.

Please return your application by mail or fax to:

The National Customs Brokers & Forwarders Association of America, Inc.

NCBFAA Educational Institute

1200 18th Street, NW, #901 Washington, DC 20036

Fax (202) 466-0226



CCS Program continued from page 1

“U.S. Licensed Customs brokers will stay updated on all the new changes to the regulations used to govern the importation of international trade,” he added, “while people involved in the movement of international trade will be made aware of the complex nature of moving goods over international borders.”

As an incentive for Licensed Customs Brokers to participate, the NCBFAA is granting automatic CCS designation to all of them who pay the \$95 enrollment fee, regardless of NCBFAA membership. To maintain their designation, these grandfathered Licensed Customs Brokers, like all CCS designates, will have to fulfill the program’s continuing education requirements beginning in 2007 and pay the renewal fee of \$95.

“The Certified Customs Specialist program reflects the commitment of NCBFAA to its members and of its members to professional development.” NCBFAA Customs Committee Chairman Ken Bargteil said. “Knowledge is the cornerstone of customs brokerage, and with the CCS initiative NCBFAA will provide both a reliable learning resource and a hallmark certification for successful candidates.”

“The cost to participate in the CCS program has been kept low” Mr. Bargteil noted, “to ensure that every individual with an interest to improve their knowledge of customs business has the means to do so.”

For all other eligible candidates, the CCS Program is a 12-month distance-learning program, available in hard copy or on disk. Enrollment for the Program will take place late this October.

The NCBFAA CCS qualification is destined to become the new standard in the customs marketplace – recognized, and demanded, by those who use brokerage services throughout the country. This distance education course is paper based with an on-line component and designed for the adult learner who is interested in pursuing a career where customs knowledge is essential and where recertification has both personal and professional value and recognition.

In addition to a detailed review of the basic steps involved in US Customs clearance transactions (Reporting of Goods, Release of Goods, Accounting for Goods, Payment of

Duties and Taxes and Recordkeeping), students will be taught the following:

- The principal acts involved in the importation of goods
- Customs Brokers licensing requirements and agency agreements
- The US Harmonized Tariff Classification System
- Tariff treatments and trade agreements
- Valuation and Classification
- Informed Compliance
- Assessment of Duties
- Marking of Imported Goods
- Drawback and refunds
- Special Requirements
- Antidumping and Countervailing Duties
- Foreign Trade Zones
- Recordkeeping

Those who recertify as a CCS annually will demonstrate their ongoing commitment

to professional development and the high quality of service expected from those with the CCS designation. Timely, complete information is critical to the Certified Customs Specialist and this NCBFAA program will provide these individuals with access to information on new customs policies, administrative programs, and fast changing international trade agreements, so they have the knowledge needed to stay current, or the “informed compliance” necessary in today’s international logistics arena.

More details on program costs and curricula are available on the NCBFAA website, www.ncbfaa.org. Also planned for the program is an NCBFAA Certified Transportation Specialist (STC) designation for freight forwarders, and NVOCCs.

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PierPASS Exceeds Expectations in OffPeak's First Weeks

PierPASS Inc. has reported heavy usage during the first weeks of the OffPeak program, which established night and Saturday shifts at the Ports of Los Angeles and Long Beach. Prior to OffPeak's launch on July 23, PierPASS had set a goal of moving 15 to 20 percent of cargo during OffPeak shifts after the first 12 months of operation. But during the first three weeks of the program, OffPeak shifts were typically handling nearly 30 percent of daily cargo traffic, resulting in a noticeable reduction in congestion during peak traffic times on freeways leading to the ports, and relieving congestion inside the terminals. More than 138,000 truck trips were shifted out peak-hour traffic during the program's first two weeks.

Under the OffPeak program, all international container terminals in the two ports have established five new shifts per week (Monday through Thursday from 6 p.m. to 3 a.m. and Saturday from 8 a.m. to 6 p.m.). As an incentive to use the new OffPeak shifts, a

Containers Moved During Peak vs. OffPeak Shifts				
	Peak	OffPeak	Total	OffPeak %
Mon 8/29	19906	10726	30632	35.02%
Tue 8/30	21582	10610	32192	32.96%
Wed 8/31	20690	9823	30513	32.19%
Thu 9/1	20867	9265	30132	30.75%
Total Mon-Thu	83045	40424	123469	32.74%
Sat 9/3	0	10180	10180	100.00%
OffPeak Week Total		50604		

Traffic Mitigation Fee is now required for most cargo movement during peak hours (Monday through Friday, 3 a.m. to 6 p.m.).

Initial program efficiency has been good overall, as demonstrated by the 138,000 truck trips during the first two weeks of OffPeak shifts. However, PierPASS addressed a number

of technical issues during the start of the program, and continues working to enhance efficiency and respond to customer needs.

Customer Service

The most significant technical issue occurred when a telecommunications line to the customer service center (CSC) failed on July 29, causing callers to experience long hold times. That line has been replaced, and as of August 9, 77 percent of calls were being answered within 45 seconds.

To better serve customers, PierPASS has also extended the hours of the CSC, which is now open Monday through Friday from 6 a.m. through 3

a.m. (Pacific Time) and on Saturdays from 8 a.m. through 5 p.m. PierPASS has also added more staff to the CSC to better handle the volume of incoming calls.

In addition, PierPASS has added computer processing and memory capacity for faster processing of payment data, and in response to user input will deploy enhancements to its Traffic Mitigation Fee payment website to make it more user friendly.

Terminal Efficiency

In a continuous effort to identify potential areas of concern, PierPASS is surveying truck drivers to gauge their experience with the program, and is providing feedback to marine terminal operators to address any issues that arise. Marine terminals report that OffPeak turn times for trucks once inside the gates average 35-40 minutes, comparable to turn times during peak hours. However, some drivers have reported delays at individual terminals on certain days. Terminal operators are working to address these delays, adjusting nighttime yard operations in order to service trucks faster. PierPASS also notes that if truck drivers arrive after 7 p.m., they can avoid the congestion created by all the trucks showing up for service at the 6 p.m. start of the OffPeak shift.

Invoicing

In response to customer requests, PierPASS is now working to add additional detailed information to invoices sent to billable accounts. This information, which is currently available on the website (correct?), includes reference numbers, and the date and time when a container passed through the terminal gates.

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202.728.0111

CSI Screening More Than Two-Thirds U.S. Bound Cargo

Relying on its Container Security Initiative (CSI), Customs and Border Protection is now able to screen approximately 70 percent of all maritime containers shipped to the US. Developed in response to 9/11, CSI has rapidly expanded to 38 ports throughout in Europe, Asia, Africa, the Middle East, and North America – including the 20 ports shipping the greatest volume of US bound containers.

The CSI is the only multinational program in place today protecting global trading lanes. The CSI program enables CBP officers to partner with foreign governments to identify and inspect high-risk cargo containers at overseas ports, before they are loaded onto U.S. bound vessels.

“CSI is a dynamic, evolving program moving rapidly forward to extend the zone of security and prescreen the greatest volume of maritime cargo destined to the United States. Our goal is to have 50 operational ports by the end of 2006,” CBP Commissioner Robert Bonner noted. “Once CSI is implemented in 50 ports, approximately 90 percent of all transatlantic and transpacific cargo imported into the United States will be subjected to pre-screening.”

Recently, the World Customs Organization (WCO) unanimously adopted a Framework of Standards to Secure Global Trade (see this month’s NCBFAA President’s column on page 2). The WCO Framework is based upon CSI principles and establishes a common set of standards to secure international maritime cargo. Other international organizations have adopted resolutions to implement CSI security measures, including the European Union (EU), European Community (EC) and the C8.

“The Container Security Initiative is the only formal program in operation today that is designed to detect and deter terrorists from exploiting the vulnerabilities of containerized maritime cargo,” said Commissioner Bonner. “CSI is critical to securing global trade.”

By identifying high-risk containers through an automated targeting system, requiring manifests 24 hours before departure, and applying advanced radiation detection and large-scale imaging technology to perform

security inspections of high-risk containers abroad, CBP is taking unprecedented steps to secure international maritime trade destined for America.

“I mailed 25 IRS collection letters using this program 15 paid right away without even a follow-up call. These were our most stubborn accounts given one last chance to pay.” Angela Tomassetti, Controller, A.R. Fuels, Inc.

Ben Ricci is a former credit manager and the founder of Stevens & Ricci, Inc. Mr. Ricci gives seminars across North America and consults with Fortune 500 companies to help them address their A/R problems.

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Transportation Report continued from page 5

substantial difficulty in having containers released from those ports.

In addition, the Association suggests that all members consider several additional points.

First, since this fee is being imposed by PierPass, Inc., which is itself not a port or marine terminal operator, it is possible that existing NVOCC tariffs and/or bills of lading

might not give sufficient notice that this fee is to be passed on to and absorbed by the underlying shippers/consignees of NOVCC cargo. The Association strongly suggests that all NVOCCs review their tariffs, NVOCC service arrangements, contracts and bills of lading so as to ensure that the shipper/consignees will properly be responsible for repayment of these amounts.

Second, if this program is successful, it would not be surprising to see it spread to other ports around the United States. It therefore would be appropriate for all companies, whether or not they are moving cargo through the LA/LB Ports, to become familiar with the information provided by PierPass, so that they can be prepared should this program spread to other ports.

President's Letter continued from page 2

and its trade partners to the economic and social well being of nations. It will improve the ability of Customs officials to detect and deal with high-risk consignments and increase efficiencies in the administration of goods, thereby expediting the clearance and release of goods.

Implementation

To facilitate the steady implementation of the Framework, the international Customs community has agreed to follow a phased approach. The Framework will be implemented at various stages in accordance with each administration's capacity and legislative authority. To assist this process, the WCO will try to help determine each member's capacity building needs and suggest possible solutions. These capacity building initiatives will also be threaded throughout by Customs integrity and training development considerations.

The private sector will be a key player, as each Customs administration will partner with its private sector to involve it in ensuring the safety and security of the international trade supply chain. The main focus of this approach is to create an international system for identifying private businesses that offer a high degree of security guarantees for their role in the supply chain. These business partners should receive tangible benefits in such partnerships in the form of expedited processing and other measures.

The following sums up the critical relationship between Customs administrators and their business partners in adding another layer to the protection of international trade:

"To the extent that Customs can rely on its partners in the trade community to evaluate and address threats to their own supply chain, the risk confronting Customs

is reduced. Therefore, companies that demonstrate a verifiable willingness to enhance supply chain security will benefit. Minimizing risk in this way helps Customs in performing their security functions, and in facilitating legitimate trade."

Such programs push the security of cargo and containers further back into the supply chain by involving the private sector and by requiring increased security at the point of origin, e.g. the point of stuffing a container at a foreign manufacturer's loading docks, and as the container is moved from point to point through the supply chain.

This Framework sets forth the criteria by which businesses in the supply chain can obtain authorized status as a security partner. Such criteria address issues such as threat assessment, a security plan adapted to the assessed threats, a communication plan, procedural measures to prevent irregular or undocumented goods entering the international supply chain, physical security of buildings and premises used as loading or warehousing sites, security of containers and cargo, means of transport, personnel vetting, and protection of information systems.

The priorities of validating or authorizing participants will be determined by a number of factors, including import volume, security-related anomalies, the strategic threat posed by certain geographic regions, or other risk-related information. Deciding which factors to emphasize will inevitably change based on evolving circumstances.

General agreement on the minimum benefits that business partners can reap from the authorized operator status is also crucial. Benefits include quicker movement of low-risk cargo through Customs, improved

security levels, optimized supply chain cost through security efficiencies, enhanced reputation for the organization, increased business opportunities, and improved understanding of Customs requirements.

Many businesses that function within the international supply chain must already meet existing international security requirements and/or have internal security programs in place that address concerns of Customs administrations. The systems within this part of the Framework must be based on the quality accreditation of Customs routines that use information technology to facilitate the procedures commonly associated with cross-border trade and that offer special benefits to those importers, exporters, brokers, forwarders, carriers and other service providers that qualify.

For our part the NCBFAA has joined with its counterparts in Mexico and Canada to form the North American Customs Broker Alliance (NACBA). The goal of NACBA is to enhance the security and efficiency of cross-border trade throughout North America by drawing on the unique expertise and market presence of brokers in all three countries to help importers, exporters, and governments address customs issues in the largest single free trade market in the world.

The NCBFAA fully supports international efforts to protect and enhance the supply chain. However, all such efforts must take into account the flow of commerce, remembering that security measures that unnecessarily encumber commerce could very well prove counterproductive. The Association will closely monitor ongoing activity with this proposal: supporting what it can but opposing if it must.

Vice President's Letter continued from page 3

Lastly, the Association benefits by being able to provide its members with a program that offers significant value. While a credentialing process is almost always voluntary, most members strive to achieve certification because of the knowledge, 'status' and business advantages it offers.

Affiliate President's Network

Helping us to get the word out about our certification programs has also been the role of the Affiliate President's Network. Be

sure to catch the article inside on recently appointed APN Chair Bob Kenneally. He has several interesting insights into the APN and its critical role in our ongoing work on behalf of our members. The APN serves as a high level liaison between the NCBFAA and its Affiliate Association members through the Presidents elected around the country. They provide the National organization with the perspective of the local members, and with that knowledge, we hope to better shape our programs and activities to provide more effective

representation of their interests.

Former Chairman Geoff Powell, of C. H. Powell Co., Baltimore, steered the committee, along with Co-Chair John Hyatt of The Irwin Brown Co., New Orleans, in the direction dictated by the Presidents from around the country, and as reflected during monthly calls or suggestions on the APN Bulletin Board. To continue the mission of preserving and protecting our Association's members' abilities to speak with a collective voice is a key role for NCBFAA and the APN.

Thanks again, Geoff, for getting this program off and running!

The Affiliate Associations are vital partners not only by assisting NCBFAA to mentor future Leadership on both a local and national level, but in the political action arena in which the NCBFAA engages. They provide us with the grassroots support needed to mobilize our Congressional friends whenever the need arises to address legislation that we wish to support or, as is sometimes the case, to oppose. Between our national perspective and their local monitoring, we enjoy a synergy of oversight that has served us well during times of intense Congressional activity, and reflected in the success of the annual Government Affairs Conference each year. This year's program included dynamic presentations from leaders of the Federal Regulatory Agencies and trade related Congressional offices.

In a relatively new area, the Affiliate Associations have been indispensable in assisting with our presence at the various trade shows where we have participated with the US Department of Commerce's Export Pavilion. Their knowledgeable and experienced representatives have explained to hundreds of exporter attendees how vital our community

is to the success of the exporters business endeavors.

As we listen to speaker after speaker talking about the need to reinvent our companies based on what we see happening in the world around us we like what we hear. We want that new Association to become your Association. We feel we might be ahead of the curve in many aspects, but plan to engage our members and identify what your needs become even more in the future.

The (new) Marketing / Membership Development Department headed by NCBFAA veteran Kelly Swearingen is currently investigating exactly what member benefits NCBFAA can improve. We recently launched an industry promotion that garnished numerous responses and feel satisfied this first step is in the right direction. Associations are in the business of getting members and keeping them. Retaining members is at the top of every association executive's list of priorities, just as your client priorities head your lists.

So, what keeps our members up at night? What questions can we answer or problems can we solve? What programs can we offer to assist our members in their day to day industry businesses? How can we streamline administrative procedures associated with

membership renewal, event registration and general participation?

With the assistance of Tom Mathers heading the Communications Department, Membership Chairman Bruce Goodwin of Yusen Air & Sea Service (USA), Inc., Boston, and numerous new affinity programs ready for launch, plans are underway to revamp the retention strategy to make membership *desired* rather than *required*, in an effective and increasingly competitive marketplace. Through authorization of a Board of Directors mandate to pursue e-commerce programs and top-level customer/member service system strategies, your Association will thrive in today's global community, as well as the future, but only with the support of volunteers and members like yourselves.

And in closing, I would like to take one more opportunity to thank all of those who have contributed information to the NCBFAA "Katrina Help Site" and Bulletin Board Postings. Your generosity has not gone unnoticed, and I am sure that many of those who have been so terribly affected by this disaster appreciate the offers of aid posted there. Our thoughts and prayers are with all of you in the Gulf Ports.



ASK THE BARRISTERS

Frequently, the NCBFAA receives queries from members stumped by some of the rules, regulations, and recent court decisions related to trade. Some of those questions, and the answers provided by NCBFAA legal counsel and officers, will be included in this feature of the NCBFAA Quarterly Bulletin. If you have a specific question, fax it to NCBFAA or e-mail to communications@ncbfaa.org.

Question: What is the best way to cancel a Power of Attorney (POAs)?

Answer: There is no provision for cancellation in the regulations. You should

cancel the various POAs by writing to each broker and giving notice. By sending this communication by courier to the licensed office, you will have evidence of delivery in case they do not acknowledge. Thereafter, should one of the brokers file an entry, it is grounds for filing a complaint with Customs and Border Protection.

Question: Is it possible for a U.S. licensed customs broker to maintain an office in Canada and offer customs brokerage services in Canada to U.S. importers, that is, prepare

and file entries to U.S. Customs from a location in Canada?

Answer: 19 CFR 111.2(b)(1) and 111.19(b) make clear that, except as provided for in 111.2(b)(i), a customs broker is restricted to transacting customs business within those districts in which the broker is permitted. There are no customs districts outside the customs territory of the United States; therefore, customs business may not be transacted from any location in Canada.

NEWS&NOTES

NCBFAA Notes Passing of John Eberlein

The NCBFAA is saddened to report that John G. Eberlein, Jr., 92, longtime friend of the NCBFAA and our industry, died on July 28. Mr. Eberlein started in the drawback business in 1937 where he was active until 2003. During that time he served on various committees and chaired the NYFFA Drawback committee for many years. He was also instrumental in founding The Mill Neck Manor School for deaf children in 1950. He served as the school's treasurer and made numerous trips abroad in support of deaf education.

Wood Packing Material Enforcement Beginning

As of September 16, CBP will begin full enforcement of USDA-APHIS regulations relating to importation of goods with wood packing materials (WPM). These regulations provide that all WPM must be treated and so marked. Violations of the regulations will require that the goods be immediately exported. NCBFAA has been advised that, prior to September 16, CBP will issue detailed enforcement guidelines.

Penalty Guidelines For Advance Electronic Cargo Information

In the Customs Bulletin of July 6, 2005 (CBP Dec. 05-23 at pages 1-12) CBP published guidelines for the assessment and mitigation of penalties against arriving vessels, air and rail carriers for failing to timely provide the required advance electronic cargo information. It also contains guidelines for bond cancellation standards for liquidated damages incurred by NVOCCs and others who elect to advance electronic cargo.

CBP Answers PMS Bond Rider Question

To clarify any confusion on the broker's need for a Periodic Monthly Statement (PMS) bond rider, CBP has asked the NCBFAA to disseminate the following question and answer as a service.

Question: Do brokers need to obtain a bond rider to participate in PMS processing for their importer client(s)?

Answer: No, the broker is not required to obtain a bond rider to perform PMS processing for their importer clients. The broker continues to perform statement processing, Periodic Monthly or ABI Daily Statement, as a customs brokerage service. It is the Importer of Record who is required to obtain a continuous importing bond "Bond Rider" to participate in payment through the PMS. However, if the broker is the Importer of Record on the entry then he/she will need to obtain a bond rider to place that entry on a PMS.

CBP Will Use New Seals for Inspected Containers

Beginning August 9, upon concluding the CBP physical container inspection, CBP officers will use a new bolt seal, compliant with International Organization for Standardization Publicly Available Specification 17712 (ISO/PAS 17712).

The new seals are marked with unique serial numbers that will be provided to the trade community when used. Containers undergoing a non-intrusive inspection (NII) will not receive the new seals, unless a subsequent physical examination is performed.

The objectives of this policy are to preserve the integrity of containerized cargo leaving CBP's possession, eliminate any confusion within the trade community that might result in the refusal of delivery and unnecessary delay in legitimate cargo entering the United States commerce, and standardize the type of seal CBP officers are authorized to affix. Any questions related to this policy may be directed to Trade Relations at (202) 344-1440.

CIT Orders All HMT Actions Dismissed

The Court of International Trade (CIT) has granted the Government's motion establishing a procedure for the dismissal of all pending Harbor Maintenance Tax (HMT) cases. Any plaintiff who believes its action should not be dismissed must file a motion to stay the dismissal by September 26, 2005. Any plaintiff whose action also contains a non-HMT claim, and who intends to pursue that claim, must file a motion to sever the non-HMT claim into a new case by September 26, 2005. The government must respond to all such motions by October 28, 2005. All HMT actions pending after December 1, 2005 shall be dismissed by the Office of the Clerk, without further direction of the court.

The order, containing additional details regarding the filing procedures for the motions, may be found in United States Shoe Corp. v. United States, Slip Opinion 05-89, posted on the website of the Court of International Trade.

CPB Makes Finding ACE Info Easier

In an effort to better address questions regarding the Automated Commercial Environment (ACE), CBP has developed an ACE Resource Contact Guide.

The Guide helps individuals identify the most appropriate source of ACE information to ensure timely and effective answers to their questions. Depending upon the inquiry topic, there are many options for obtaining ACE information and technical support - e-mail, telephone or website visit.

In response to the increased interest and questions regarding the periodic monthly statement feature of ACE, CBP created a new e-mail address specifically for questions regarding the benefits, eligibility and/or approval process for this feature. Subject matter experts monitor the email address, PMS.Mailbox@dhs.gov, during daily working hours.

NCBFAA President Offers DHS Help In Updating C-TPAT

In a letter to DHS, NCBFAA President Federico Zuniga offered to meet with the DHS Office of Border Security "to provide our input and suggestions" in their current effort to update the requirements for customs broker participation in C-TPAT. Citing the NCBFAA's support for "both the spirit and intent of the C-TPAT program," President Zuniga noted that the Association "has always encouraged its members to participate."

"We are most interested in cooperating with your office in this endeavor and assisting in any way possible to ensure," he wrote, "that the final requirements serve both the needs of CBP and the brokerage industry."

NCBFAA Offers to Help Train New CBP Employees

In a letter to CBP, the NCBFAA has offered to conduct a free hour-long seminar on the function and work of customs brokers for new CBP inspectors and import specialists at the Glynco, GA, training facility. The proposal is based on programs initiated by the regional Associations several years ago that invited new CPB employees to spend time in an actual customs brokers office to become familiar with the role that customs brokers play in the preparation and processing of importations.

NCBFAA has joined CBP at their training sessions held at various locations in the past and evaluations of those presentations indicated that they were both informative and beneficial. NCBFAA President and former Customs Committee Chair Federico "Kiko" Zuniga along with other current NCBFAA

Customs Committee members have been honored to have participated.

Because these programs have led to a better understanding by CBP staff of the brokers' function, the NCBFAA believes it would benefit both the trade and CBP if it became a formal part of the training for new employees.

Hawley Confirmed as TSA Administrator

The Senate has confirmed the nomination of Edmund "Kip" Hawley as TSA Administrator. Hawley is the fourth TSA Administrator in three years. He takes the helm of the agency following a restructuring of the entire DHS by the new Homeland Security Secretary Michael Chertoff, which includes a revised role for TSA. Many believe Hawley's technical and private sector background will be especially useful in achieving the necessary changes at TSA.

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