TRADE FACILITATION COMMITTEE NEWS

A compendium of discussion at the monthly meeting by the Trade Facilitation Committee
Of the MARINE EXCHANGE of the San Francisco Bay Region – John A. Leitner, Chair
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U.S. Customs heard, at the opening of the meeting, that their penalties to carriers have now exceeded $100,000 per **single** vessel. With the increased capacity provided by the new 6000+ TEU vessels comes a greater potential liability. Discussion noted that the liability is considerably greater for a containership than a liner with a single commodity per vessel.

Speaking of bulk vessels, our Port Director made national news with a major drug bust onboard a bulk vessel at one of the Bay Area ports. Drug smuggling remains a significant concern and focus for Customs.

However, the largest obstacle affecting all members in the trade community remains to be staffing. As reported by the Washington Post, Customs are not unique to the problem. In 1980 75% of the graduates from Harvard's John F. Kennedy School of Government went to work for government. Today only 33% do, with similar results at other schools of public affairs.

Within the Customs agency, San Francisco is not alone since Los Angeles and JFK also have a serious shortage of operations level staff. Less manpower forces Customs to do more exams by audit. Currently there are over 60 fewer staff within the Port than in previous years, while the volume of entries continues to rise.

This topic lead to discussion about the possible relocation of the Marine Division. Several liner reps expressed an interest in relocating the Marine Division to the East Bay where it would be closer to where the vessels are. Customs stated that 3 years ago the trade community expressed the need to keep the division in San Francisco where the agents who file the documentation are located. Customs indicated they would seek input from the parties who file the documents but added that the ultimate solution would be to eliminate the paper by automating the process. The problem is that there is no driving force from the liner industry to move it from paper to electronic. Maersk Sealand has been successful in filing electronic manifests versus the 50 pounds of paper previously required. It was pointed out that a facsimile is not electronic and therefore not covered by the new regulations, which allow for electronic signatures and other provisions.

Unfortunately, USDA still requires the paper manifest since they are not online with Customs. USDA now has the increased pressure to provide protection against the importation of Foot & Mouth disease, which has been spotted in imported merchandise.

Real progress and incentive will not be achieved until there is a centralized point for all agencies to process common data, filed once, dealing with the importation and exportation of goods. ACE will be a step toward that objective.

Move-in to the new cargo facility at SFO is now set for April 2002 with interest by USDA to move into the same facility. This would facilitate the clearance of cargo.

Banking reported that the Int'l Chamber of Commerce (ICC) has written rules to deal with electronic documentation as part of Letters of Credit. The third draft is due in August with a final draft to be voted on in early 2002.

A standard set of rules for the examination of documents required in a Letter of Credit, which were developed locally, might be presented for global usage. Again the Bay Area could be instrumental in shaping the way business is conducted on a global basis which proves the importance of effort.

Attending: Alan Steinbrugge, Marine Exchange; John Berge, PMSA; Dianne Weldon, CBFANC; Ted Rausch, Ted L Rausch Co.; Paul Riley, Maersk Sealand; Alan Miciano, General Steamship: Bob Hausmann & Jim Mes, Transmarine Navigation; Alice Rigdon & Francean Rible, U.S. Customs Service; Louis Andrade, Union Bank of Calif.; Chaired by John Leitner, Byrnes.