

# Ready or not, here it comes

How the global supply chain community has prepared for 10+2

**T**he global logistics industry has had a full year to adjust to industry-changing Importer Security Filing (ISF, or 10+2) regulations before they become fully enforced by U.S. Customs and Border Protection (CBP) on Jan. 26, 2010.

Aimed at preventing acts of terrorism, the 10+2 ruling requires ocean cargo information to be transmitted to Customs at least 24 hours before being loaded onto a vessel in the foreign port.

"Because noncompliance in the form of data errors and late transmissions can result in severe financial penalties between \$5,000 and \$10,000 per shipment, timely receipt of information and documentation from overseas suppliers, shippers and cargo agents has never been more critical for the global supply chain community," says Paul Codere, corporate Customs brokerage manager for AIT Worldwide Logistics, Inc.

*Smart Business* spoke with Codere about how the industry has adjusted to the ISF phase-in period and his advice for Customs brokers and importers once CBP begins full enforcement of the ruling.

## Why did Customs give the industry a trial period with the ISF regulations?

Customs afforded the entire industry a yearlong delayed compliance period to acclimate to the new mandates. The intent behind this initiative was for the international trade community to take the full 12 months to work together in educating themselves on complying and cooperating with 10+2. Importers have been warned of infractions rather than being fined so that, ultimately, it will only mean business as usual when full enforcement begins.

First, importers had to decide whether or not they were going to complete their ISF compliance individually or with the security filing assistance of agents like Customs brokers, who have the internal processes, resources and capabilities necessary to file the sensitive data requirements.

Working together to streamline their security filing procedures, brokers, agents and importers have been held responsible for organizing data, implementing a software solution to facilitate the process, and transmitting timely and



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accurate 10+2 filings to U.S. Customs.

Collectively, the implementation of 10+2 has been quite a challenge for the industry. Customs has advised mitigating factors for when they begin enforcing bond guidelines and deadlines, and I am quite confident that the steep financial penalties will absolutely drive 10+2 compliance.

Customs has stated that without fines, the industry might not take ISF seriously.

## What has been the most complicated part of this trial period process with the final rule?

Complications can arise when working with an importer to gain a comprehensive understanding of all possible commodity requirements/classifications for the importation of their goods. While Customs brokers are able to ascertain much from the documentation required for the filings, importers must be able to provide them with information pertaining to all parties involved in the manufacture, sale and transportation of their shipments, particularly if they aren't working with one of your agents.

At the end of the day, you are only as good as the information you have. The

challenge has become obtaining information from importers with a minimum of extra work for all involved.

Customs relies on the accuracy of this data. If the importer has control of its supply chain, knows its suppliers and has investigated the commodity it intends to import, there shouldn't be any major setbacks in organizing the data and completing timely and accurate ISF transmissions.

## What is your advice for Customs brokers who are tasked with the ISF filing responsibility?

My advice is quite simple — be prepared. There's no reason for panic. You must consider all possible shipment scenarios where the process could fall apart, and you must have appropriate action plans in place.

With less inventory being warehoused, the industry has been seeing more and more urgent freight; lead time on orders is down and the lead time on the availability of ISF information will also be shortened. If an order must ship last minute, then, in some situations, it could be suggested that a portion of the most urgent commodities move via air.

Yes, it's a far more costly solution, but the goods will arrive on time and it will give the ISF filer time to ensure 10+2 compliance for the remainder of the shipment that will be transported via ocean.

In the event that the ISF data isn't transmitted to CBP timely or accurately, importers will be assessed fines of \$5,000 to \$10,000, or the importer could push its shipment off to a later vessel, causing significant delays. Because shippers should be assisting in preventing these situations, importers should make them aware that if they do not provide accurate and timely transmissions, there will be severe penalties in the form of bill-backs for fines and loss of business.

If followed correctly, 10+2 will accomplish its objective in creating a more secure global supply chain for the international forwarding community. <<

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