

ISF: Does It Equal 10 + Too Much?

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November 10, 2009*

On January 26, 2010, U.S. importers of ocean freight will not be permitted to load cargo onto a vessel at a foreign port without completing a properly executed Importer Security Filing (ISF). Some may view this as another added level of complexity contributing to a slowdown in supply chain velocity.

As you probably know by now, ISF is the new regulation from Customs & Border Protection to assist in keeping ocean containers safe upon entering U.S. ports. ISF is also known as “10+2” because it requires the U.S. importer to electronically submit ten key pieces of data relative to the container’s contents 24 hours prior to loading, and asks the steamship line to electronically submit an additional two data points no later than 48 hours after departure.

The electronic importer filing may be completed directly by the importer or an agent may be used. The ten data points required of the importer are as follows:

- Manufacturer name & address
- Seller name & address
- Buyer name & address
- Ship-to name & address
- Container stuffing location
- Consolidator name & address
- Importer of record number (IRS)
- Consignee number (IRS)
- Country of origin code
- Commodity: HTS-6

An eleventh data element is actually required of the importer, which is the master bill of lading number. Although not readily discussed in 10+2 circles, the absence of this “extra” critical data element will cause a delay in your ISF process.

The two data points required of the steamship line are the vessel stow plan and a container status data message. All ISF filings must be submitted electronically via the Automated Manifest System (AMS) or Automated Broker Interface (ABI). If there are changes to the required data points, the party who performs the filing must update it before the goods arrive in the United States. Should cargo inadvertently get loaded at the foreign port, it will likely be off-loaded at another port of call prior to reaching the United States. As you might imagine, this would prove to be a challenging logistics endeavor. ISF is certainly not foolproof.

Years in the making, the ISF regulation effectively pushes the responsibility, and the risk for that matter, across the ocean and back to the foreign port. For those who suggest that

ISF is another security provision adversely affecting desired supply chain velocity, I say, "Consider the alternative."

You may recall that during the 2004 presidential campaign, just three years subsequent to 9/11, many would-be candidates for president were suggesting that every ocean container entering the U.S. be X-rayed prior to clearing Customs. This was a great idea in concept. When you think for a moment about the magnitude of the task at hand, the available resources including land, equipment and money as well as the time required, this idea would have left produce rotting in the harbor waiting for an X-ray and reduced supply chain velocity to the speed of a ten-mile backup on the highway. Not to mention the added cost to the importer of hundreds of dollars per container to pull off such a plan.

By comparison, ISF is a reasonable measure that, while not utopian in its final outcome, offers a greater level of security with a minimal burden in terms of time and cost to the U.S. importer. Failure to comply with the new law that takes effect on January 26, 2010, will subject your company to fines up to \$5,000 per occurrence for a first offense. In fact, to avoid costly fines and remain in compliance, most importers will ultimately rely on the services of an agent to make the filing on their behalf. Most agents will assess a small transactional fee for this service, which is nothing when compared to the mammoth surcharges and time delays that might have occurred had we pursued some of the overzealous ideas suggested in 2004.

Customs & Border Protection is committed to fully supporting the trade community in its efforts to comply with the new regulation. ISF is currently in an informed compliance stage that concludes on January 26, 2010. The Department of Homeland Security has pledged to analyze the data procured during the informed compliance phase of ISF to determine whether the data points in the new regulation should be eliminated, modified or remain unchanged.

If you have not yet begun preparation for ISF compliance, time is running short. It is recommended that you begin your compliance in advance of the January 26, 2010 effective date to insure a smooth transition.

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