June 2, 2014

The Honorable Jeh Johnson Secretary of Homeland Security Washington, D.C. 20528

Dear Mr. Secretary:

On behalf of the undersigned organizations representing United States manufacturers, farmers, wholesalers, retailers, importers, distributors, and transportation and logistics providers, we are writing in strong support of your May 5 letter to Congress renewing, for another two years, the extension of the deadline for implementation of 100% scanning of U.S. bound maritime cargo containers. The current risk-based strategy employed by the Department is the right approach to enhance global supply chain security. We also strongly believe that Congress needs to repeal the mandate and focus on practical supply chain security solutions.

The statutory provision calling for 100% container scanning has always been, and remains, impractical and does not actually improve security. If implemented, this provision would have a significantly negative impact on global commerce and cause significant conflict with the governments of our foreign trading partners, many of which have stated their opposition to the requirement previously.

U.S. Customs and Border Protection (CBP), working with the support of U.S. importers, exporters, and ocean carriers, has developed an impressive and effective risk-based strategy to screen all containerized cargo shipments bound for the United States and inspect those that are found to be high risk. Unlike the 100% scanning mandate, this strategy does not impair the efficiency of the global supply chain. The risk-based strategy enables CBP to use state of the art screening systems and scanning technology to identify and thoroughly inspect any and all containers that it finds to be high risk or that warrant a closer examination. This strategy is fully embraced by industry as well as our foreign trading partners and has proven to be highly effective.

The statutory provisions mandating 100% container scanning fail to address a host of questions, including:

- 1. The statute does not define what "scanned" means. For example, does scan mean simply taking a reading or image of a given container, or does it also require an analysis of the reading or image to determine if the container may be released or held for further inspection?
- 2. Without such analysis, the "scan" would be pointless, yet the statute is silent on this point, as well as the key question of who is to perform such analysis. What resources would CBP's National Targeting Center require to analyze scans taken of the 10-plus million maritime cargo containers that are bound for the United States each year?
- 3. What are the standards for the applicable scanning technology?
- 4. Who is to pay for the capital cost of the scanning equipment?
- 5. Who is to operate, maintain and monitor the equipment? Who is to pay for the operation and maintenance of the equipment?
- 6. What protocols are to be used in the foreign ports when a container is scanned?

- 7. What is the role of the Customs and other relevant governmental authorities in all those nations around the world that ship goods to the United States?
- 8. Does DHS have the consent of these foreign governments to such a mandatory regime?
- 9. What would the United States' response be if and when foreign governments insist on a reciprocal or "mirror image" requirement that all U.S. containerized exports be scanned?

Congress was made aware of all these questions when it considered this statute, and it did not answer them. It passed a statute that it knew was wholly impractical, which is why it included the provisions allowing the Secretary of the Department to waive the 100% scanning requirement every two years. As required by the SAFE Port Act, CBP conducted a series of pilot programs in an attempt to address these and other questions. The results of the pilot programs showed the impracticality of achieving 100% scanning in the maritime environment.

Your waiver was sound as a matter of policy and is, in fact, the only action you could take without imperiling international commerce and the U.S. economy. We fully support your waiver; however, instead of going through this exercise every two years, we urge you and the Administration to recommend to the Congress that the statutory 100% container scanning requirement be repealed. That would be the most appropriate way to address this flawed provision and allow the Department, industry and our trading partners to focus on real solutions to address any security gaps that remain in the global supply chain. You would have our full support for such a proposal.

Sincerely,

Agricultural Retailers Association Agriculture

Transportation Coalition - AgTC

Airforwarders Association

Airlines for America

American Apparel & Footwear Association (AAFA)

American Association of Exporters and Importers

American Association of Port Authorities

American Import Shippers Association

American Meat Institute

American Pyrotechnics Association

American Trucking Associations

ASIS International

Association of Global Automakers, Inc.

Auto Care Association

Border Trade Alliance

Business Alliance for Customs Modernization

CAWA - Representing the Automotive Parts Industry Coalition

of New England Companies for Trade - CONECT Columbia

River Customs Brokers and Forwarders Association Cookware

Manufacturers Association

Craft and Hobby Association

Customs Brokers and Forwarders Association of Northern California Customs

Brokers and International Freight Forwarders of Washington State Distilled

Spirits Council of the United States, Inc.

Express Association of America

Fashion Accessories Shippers Association (FASA)

Footwear Distributors & Retailers of America (FDRA)

Halloween Industry Association

Institute of Makers of Explosives Intermodal

Association of North America International

Wood Products Association Juvenile Product

Manufacturers Association

Los Angeles Customs Brokers and Freight Forwarders Association

Meat Importers Council of America, Inc.

Motor & Equipment Manufacturers Association

NASSTRAC, Inc.

National Association of Beverage Importers

National Association of Chemical Distributors

National Association of Manufacturers National

Association of Waterfront Employers National

Chicken Council

National Customs Brokers and Forwarders Association of America (NCBFAA)

National Grain and Feed Association

National Oilseed Processors Association

National Retail Federation

National Turkey Federation

National Wooden Pallet & Container Association

North American Export Grain Association

North American Meat Association

North American Shippers Association, Inc.

Outdoor Industry Association

Pacific Coast Council of Customs Brokers and Freight Forwarders Associations, Inc. - The PCC

Pacific Northwest Asia Shippers Association

Retail Industry Leaders Association

San Diego Customs Brokers Association

Society of Chemical Manufacturers and Affiliates (SOCMA)

Sports & Fitness Industry Association

TechAmerica

The Bicycle Product Suppliers Association

The National Industrial Transportation League

Toy Industry Association

Transportation Intermediaries Association

Travel Goods Association (TGA)

U.S. Chamber of Commerce

U.S. Hide, Skin and Leather Association

US Council for International Business US

Fashion Industry Association

USA Poultry & Egg Export Council Wine

& Spirits Wholesalers of America World

Shipping Council

CC: The Honorable Gil Kerlikowske, Commissioner, U.S. Customs and Border Protection The Honorable Tom Carper, Chairman, Senate Committee on Homeland Security and Governmental Affairs The Honorable Tom Coburn, Ranking Member, Senate Committee on Homeland Security and Governmental Affairs

The Honorable Michael McCaul, Chairman, House Committee on Homeland Security The Honorable Bennie Thompson, Ranking Member, House Committee on Homeland Security

The Honorable Ron Wyden, Chairman, Senate Finance Committee
The Honorable Orrin Hatch, Ranking Member, Senate Finance Committee
The Honorable David Camp, Chairman, House Ways & Means Committee
The Honorable Sander Levin, Ranking Member, House Ways & Means Committee