

Is Your Company Ready for ISF 10+2?

Kevin Gavin, vice president of supply chain management for IES Ltd. and host of the company's popular ISF 10+2 Webcasts, answers some common questions surrounding the new regulation.



THE NEW ISF (Importer Security Filing) 10+2 rule will require Importers of Record of ocean cargo, or their authorized agents, to supply U.S. Customs and Border Protection (CBP) with information 24 hours prior to vessel loading in the foreign port. The new filing requirement, aimed at preventing terrorist weapons from entering the United States, is projected to cost the industry anywhere from \$390 million to \$630 million per year.

For those of you who are wondering how ISF 10+2 will affect your company, Kevin Gavin, vice president of supply chain management for IES, answers some of your questions.

When can we expect a final ruling?

Gavin: If Customs follows the same pattern they have in the past, I project that they'll produce the final ruling in August and give the industry a 90-day notice to begin to prepare to file transactions.

I anticipate that the filing would start in November, then become mandatory in another 90 days. So we're looking at a time frame of around February. But, of course, these dates have not been finalized yet.

How complicated will the process be?

Gavin: The filing itself won't be difficult if you're using the right software. But depending on your supply chain, the organization of the data may be quite complicated.

The importer will be required, among other things, to supply information about the manufacturer and the HTS number (to the sixth digit). If you're an Importer of Record that uses a buying agent that deals with multiple factories, you may not know every manufacturer that you indirectly buy the goods from.

As an importer, what steps should I be taking now?

Gavin: First, you must decide if you're going to do this yourself — organize your parts and

catalog them with the proper harmonized HTS numbers.

If you decide not to do it yourself, you must then decide whom you will trust to do it on your behalf. Are you going to ask a Customs Broker(s) to do your security filings? This data is sensitive, and Importers of Record should rightly be concerned about who has access to it. Customs Brokers tend to be your trusted agent and will be familiar with the data requirements. Talk with your broker and see if they have a plan. Ask to see their solution — and be diligent.

We advise that your action items should come in four steps:

- (1) **Education** — Learn about ISF and how it will affect you.
- (2) **Data** — Decide how the information will be pulled together. If it's complex, you may need consulting or outside assistance.
- (3) **Software solution** — Find an authorized vendor that meets your needs.
- (4) **Execution** (and most important) — Understand how you are going to deliver, organize the database properly, create supply chains and document them, and ensure accurate and timely filings with U.S. Customs.

Will I need to hire extra staff?

Gavin: Possibly. Companies should be asking themselves, "Who is going to pull the information together?" You may need to hire staff, reassign existing personnel, pass the requirement on to your broker or choose to have it done overseas. Until a company actually gets in and starts working it out, those answers aren't so easy to come by.

Should my company be organizing its databases already?

Gavin: Yes. We recommend that both importers and Customs Brokers prepare now so that there isn't a panic when this becomes a requirement.

We also recommend that when they get some data into the system, they run it as if it were live with a vendor that can provide that service.

Do you have advice for Customs Brokers?

Gavin: They need to step to the forefront and advise their Importers of Record that they can handle these filings for them. Customs Brokers need to be the experts, reaching out to the Importers of Record and helping them understand what they need to be doing.

Can my company make this a profit-generating activity versus a big expense?

Gavin: Absolutely. ISF 10+2 can provide huge benefits for those companies who embrace it. For importers, the advantage will be a more organized and visible supply chain management tool, leading to better efficiency.

The advantage for Brokers will be additional revenue, and it should reduce redundant data entry.

Any last word of advice?

Gavin: Don't put it off. Now is the time to prepare for 10+2. Before you know it, 10+2 will be mandatory. Those who are not prepared will have a real struggle on their hands.

We've been here before with Ocean AMS, Air AMS and the cross-border Truck ACE program [other IES security programs]. Companies need to educate themselves about ISF 10+2 and how it will affect them. Organizing your Parts Database with descriptions, country of origin and HTS numbers by manufacturer is key. Working to define the supply chain including consolidator, container stuffing location and manufacturer will be equally important. Also, it is essential to find out who will do the filing and when they will do it to be compliant with the expected final rule. ■

If you have more questions, IES invites you to e-mail them to TenPlusTwo@iesltd.com.