Bill Eases Pressure on Cargo Scanning

by Kristi Ellis

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WASHINGTON — The Senate approved a $42.8 billion bill Tuesday by a 79 to 19 vote that boosts funding for the Customs & Border Protection agency and possibly delays a 100 percent cargo scanning deadline.

The measure provides funds for the Department of Homeland Security, which includes Customs, for the 2010 fiscal year that began Oct. 1. It requires President Obama’s signature. The House passed the legislation last Thursday.

Retailers argued the scanning technology does not exist and feared foreign ports could not comply as a result, which would lead to delays in shipments. They praised language in the bill that calls into question the feasibility of meeting the 2012 deadline to scan all U.S.-bound cargo containers at foreign ports to determine if they contain terrorist weapons. Lawmakers said the deadline for implementation presents “practical difficulties.”

Although the bill does not scrap the mandate, it takes pressure off Customs and foreign ports to meet it. The bill, a compromise of House and Senate versions, instructs Customs to provide another report by February on its strategy for achieving “meaningful and effective cargo and supply chain security.”

“Any mention where there is talk of difficulties [in meeting the mandate] is a signal that now Congress…recognizes the challenges to 100 percent screening,” said Jonathan Gold, vice president of supply chain and customs policy at the National Retail Federation. “We are encouraged that they are now questioning whether it’s feasible and can be achieved. This sets up the potential of going back and actually amending [the law to drop the mandate].”

The Homeland Security measure, one of 12 spending bills Congress must approve to fund the federal government in the current fiscal year, increases the budget for Customs by $306 million to $10.1 billion. Customs, which is responsible for monitoring imports for illegal activity such as weapons, fraud, transshipments, false labeling and counterfeiting, has an office dedicated solely to monitoring apparel and textile imports.

In 2008, Customs seized $25.1 million of counterfeit apparel, $102.3 million in bogus footwear and $29.6 million in fake handbags, wallets and backpacks. China continued to be the largest single source of counterfeit merchandise, accounting for 81 percent all fake goods seized last year.

The fashion industry, which imported $84.3 billion of textiles and apparel for the year ending Aug. 31, kept a close eye on funding for the key Customs textile and apparel office in the bill. Lawmakers recommended maintaining the funding level of $4.75 million for Customs' Textile & Apparel Policies and Programs office.

The textile and apparel office recently came under fire from U.S. executives, who testified before a House committee in June, alleging four years of fraud and inadequate Customs enforcement in Central America was crippling their businesses.

Cass Johnson, president of the National Council of Textile Organizations, said the industry wants Congress and the Obama administration to overhaul the textile enforcement division of Customs and crack down on what it says are soaring levels of fraud in Central America and other trade preference areas.

"The office that directs all textile and apparel enforcement efforts is understaffed; that's a big problem," Johnson said. "There needs to be Customs personnel posted permanently in [Central America and Mexico]."