

Industry Update

SPECIAL EDITION NEWS RELEASE

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What's To Be Expected From New Law H.R. 1

On August 3, 2007 H.R. 1 was signed into law, with the intent of improving homeland security through implementation of 9/11 Commission recommendations. Key provisions of the legislation establish security standards for US-bound cargo by various modes of transport.

Inspection of air cargo transported aboard passenger aircraft:

- Cargo screening methods must be on par with baggage inspection standards by the end of FY 2009, to include physical and/or X-ray and explosive screening.
- TSA to provide blast-resistant cargo containers to carriers beginning July 1, 2008

Ocean container freight scanning:

- Image and radiation scanning of all US-bound ocean containers prior to loading at foreign ports will be required in 5 years time
- Large ports have 3 years to comply, smaller ports 5 years
- Though interim container security requirements are to be implemented by April 1 2008, ISO PAS sealing standards will become the default rule by October 15, 2008 if the deadline is not met.

Inland routing and tracking of hazardous or security-sensitive materials:

- H.R.1 mandates Rail & Motor Carrier Hazmat tracking and security analysis of transport routes
- Motor carrier tracking to be accomplished via Global Positioning Systems, frequent direct vehicle contact, and emergency broadcast capability
- Surface movement of hazardous or sensitive material is to be governed by security considerations. Motor Carriers may be required to possess and follow a route plan
- Rail carriers will be encouraged to modify cars with electronic means to detect release of hazardous contents

Potential impact:

- Costs associated with meeting requirements will likely result in user fees to the trade community
- Delay or denial: Container scanning requirements may cause congestion at foreign ports; containers will be denied entry unless scanned

Additional considerations:

- The Homeland Security Secretary has been given authority to extend the implementation of container scanning on a port specific basis if certain prohibitive conditions exist, so the 5 year deadline is not absolute for all ports.
- The legislation goes beyond the recommendations of the 9/11 commission in its 100% scanning requirement for ocean containers, which may not be executable or feasible due to costs, impacts on cargo flow, and limited ability of the US to implement requirements in foreign ports.
- The 100% ocean container scanning requirement has been widely criticized by the world trade community for its unilateralism, as well as ambiguity with regard to responsibility for compliance and costs. Conspicuously absent from the legislation is any reciprocal requirements for US exports.

CTCG will continue to monitor and report on further developments