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Report to the IAM Executive Committee

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Introduction

From a programs perspective, much has occurred in the months following the Annual Meeting in October. The Receivable Protection Program remains underutilized by IAM membership but continues to slowly add participants and retain current ones. IAM Shipper Guides are in the process of being updated to reflect current information and country dynamics. The Hall of Honor is set to undergo many changes this year that ultimately will strengthen the institution in the years to come. Lastly, the YP-35 has seen rapid growth and the YP-35 Management Board are actively looking at engaging new and old participants alike with staff support. Working with members throughout the world, IAM staff will continue to provide and develop programs and resources for our global membership.

Attention has also been focused on U.S. customs regulations that are set to have a considerable impact on how our members will do business in the future. As these customs regulations are set to have far-reaching consequences, it is important that our members are aware of these regulations so that they can better protect the interests of their businesses and clients alike.

Receivable Protection Program (RPP)

The RPP has undergone a few changes since our last meeting. First, IAM staff has updated the Operating Rules and Regulations for the program. We believe that this revision will address issues that have surfaced since the program's initiation and allow it to progress to its next stage of development. The new regulations have been distributed to the membership with a corresponding acknowledgment form in which RPP members have been asked to read through the revised regulations and certify that they understand the provisions of the document. Second, IAM staff has also revised the application form to reflect new information about the program. These documents may be downloaded at <http://www.iamovers.org/rpp.html>.

Since the Annual Meeting, the RPP initiation fee rose from \$350 to \$450 on January 1st, 2010. On April 1st, the initiation fee is set to rise once again to \$650. 2



Currently, the RPP has 109 members and is slowly but steadily growing. In the immediate future, a RPP Advisory Committee composed of selected RPP members will be formed in order to review potential issues and recommend future amendments to the program.

IAM Shipper Guides

IAM, in partnership with the Trilogy Group, is in the midst of updating the IAM Shipper Guides available on our website. Our process begins with the Trilogy Group examining customs regulations solicited in the past by Associate Members Management Board (AMMB) and entering the data into our Shipper Guide template. Upon completion, IAM staff comprehensively reviews the regulation to ensure accuracy and clarity. As of this writing, eleven updates have been completed, reviewed, and posted to the website. Twenty-two updates are currently pending review from IAM staff.

While we are focused on updating the current regulations on file, it is also our intention to expand the number of Shipper Guides that IAM will offer from 120 countries to 169. We also plan on creating greater functionality for the user when accessing the Shipper Guides online. In an effort to enhance the value of the Shipper Guides to our members and their clients alike, we intend to create a more integrated Shipper Guide page which includes links to customs websites of different countries and downloadable customs forms for each country. We believe that these steps will serve to establish the IAM website as the premier place to obtain customs information and documentation for the international movement of household goods and personal effects.

Customs & Security Issues

A. Importer Security Filing (ISF)

United States Customs and Border Protection (CBP) have officially announced that the Importer Security Filing regulation has entered into the *enforced compliance* stage of its development. According to the Director at the Secure Freight Initiative at CBP, Rich DiNucci, CBP will gradually ramp up enforcement efforts as 2010 progresses. Non-filers and errant filers will be targeted during the first quarter and formally notified that they are non-compliant. No penalties will be given during the first quarter and CBP will only hold containers if they constitute a security threat. As we get closer to the end of the year, CBP will gradually introduce increasing numbers of customs holds and assessments of liquidated damages.

IAM staff has been circulating information to members in an effort to educate and promote compliance. Additionally, a "Frequently Asked Questions" (FAQ) document has been created for members. The latest circulation distributed by IAM occurred on January 26, 2010. There has been a lot of positive feedback from both domestic and international members.

We will continue to update the FAQ whenever we get a question from a member that is relevant to the import of household goods and personal effects.



B. Elimination of the Social Security Number (SSN) as the United States Principal Party of Interest (USPPI) identifier in the Automated Export System (AES)

On December 4th, 2009, transferees possessing a SSN could no longer enter this as the USPPI identifier in the AES. Rather, the US Census Bureau has mandated that these transferees obtain an Employer Identification Number (EIN) from the IRS. The EIN will serve as the unique identifier in the AES. The process to obtain an EIN is not an arduous one but it does constitute an additional administrative burden for our members and their clients.

On January 15th, 2010, IAM representatives participated in a conference call with Census Bureau officials from the Foreign Trade Division as well as outbound officers from CBP who are responsible for enforcing this ruling. After providing background on the regulation, IAM requested explanation as to why the EIN was chosen in lieu of other possible identifiers including a passport number. Their primary reasons for choosing the EIN were the following:

1. The EIN never expires
2. It is readily obtainable free of cost

With the elimination of the SSN, CBP officials articulated that they require another permanent identifier that would enable them to track all export transactions. As the EIN does not expire, CBP will be able keep track of this information and maintain an export history for all USPPIs. While the EIN is permanent, a passport number expires and a corresponding exporter history cannot be maintained.

Census stated that, if foreign transferees had the capability of obtaining an EIN, they would be mandated to do so. Since they do not have a SSN, they cannot obtain an EIN; therefore, no EIN can be entered into the AES. It is for this reason alone that foreign shippers can still use their passport number for filing.

Elaborating further, Census described the functionality of the AES when the “USPPI type” is identified as a *foreign entity*. A foreign entity designation in the “USPPI type field” allows the foreign transferee to enter a passport number as its identifier. In this case, the US authorized agent must identify itself with an EIN as well. This process is logical as it tracks the forwarder authorized to export the shipment as well as the transferee.

With this in mind, IAM requested Census Bureau officials to clarify whether it was possible for the AES to recognize household goods/personal effects as a unique commodity whereby the USPPI could identify itself with either an EIN or passport number? Their answer was that this was not possible. However, no definitive response was provided to whether this functionality could be provided in the future.

Our objections to this ruling continue to be that the EIN is an inadequate identifier for all transferees exporting household goods and personal effects. Because the USPPI only exports on a one-time basis



and not as a commercial transaction, it would be more prudent for CBP and Census Bureau to track the forwarder exporting thousands of shipments per year rather than transferee moving overseas for two years.

IAM, together with Jim Wise, are continuing to explore ways in which to contest this ruling as it constitutes an additional administrative burden for members as well as an illogical enforcement of export laws in regards to our industry.

C. Distribution of personal information by CBP to Third Party Companies

Recently, we have experienced an increase from member companies regarding the distribution of their client's personal information to third party companies like Import Genius and Piers. During the course of our research, it has become apparent that certain data elements on a customs manifest are available to the general public. These data elements include the following:

- Shipper name
- Shipper address
- Consignee name
- Consignee address

After speaking with an attorney at the Privacy Act Policy and Procedures Branch in the Office of International Trade at CBP, I was advised that CBP distributes this information as a result of 19 CFR 103.31. While this regulation allows for this information to be distributed, it also details specifically how companies and individual shippers may request confidentiality on all shipments for a period of two years.

This information will be publicized to the membership via eBlast and made available on our website. In my conversation with the attorney at CBP, she also advised that this topic is the subject of an internal examination at CBP. While she was unable to give me specifics on how this regulation may change, she did confirm that CBP has also received many complaints about the availability of this date. This internal examination is expected to be completed by the end of February.

Hall of Honor

The Hall of Honor continues to develop as an IAM institution devoted to recognizing outstanding individuals who have made profound impacts in our industry. Accordingly, IAM has published the Call for Nominations in the January/February edition of The Portal and in recent ePortals. Five nominations have been received thus far.

As the program enters its third year, the Hall of Honor will see several new processes implemented in response to past issues. First, the Selection Committee will utilize a new voting procedure. This new procedure is a comprehensive scoring system whereby each candidate will receive a cumulative score. The three candidates who have attained the highest scores will be automatically recommended to the Executive Committee for inclusion in the Hall of Honor. The Selection Committee may



recommend up to two additional candidates for inclusion provided each candidate accumulates a certain amount of points. The scoring system is described in greater detail below:

- I. Once IAM staff has received all nominations, they will be distributed to each member of the Selection Committee for their independent review.
 - a. Upon completion of the independent assessment, each member of the Selection Committee will assign a rating to that nominee.
 - b. The ratings will have a corresponding score as follows:
 - i. 0 stars = 0 points
 - ii. 1 star = 10 points
 - iii. 2 stars= 30 points
 - iv. 3 stars= 50 points
 - v. 4 stars= 70 points
 - vi. 5 stars= 100 points
 - c. After voting has been completed, the ratings will be tallied and the three nominees with the highest point totals will be automatically recommended to the Executive Committee as HoH inductees pending their approval.
 - d. Should the Selection Committee determine that 1 or 2 other candidates beyond the initial three remain worthy of induction into the HoH, they will reserve the right to recommend induction for up to two additional candidates.
 - e. To determine whether a fourth and fifth candidate are eligible, the candidate must obtain no less than 490 points (70 %) during voting.
 - f. If no candidate (beyond the top 3) receives 490 points or more during voting, no additional candidates will be recommended to the Executive committee or the HoH.

In recognition that several nominations were unsuccessful in the past, the HoH Selection Committee IAM staff has developed a letter at the request of the HoH Selection Committee to be sent to nominators who have seen their previous nominations fail. This letter will serve to encourage these nominators to resubmit their nominations and will be sent to all former nominators immediately after these meetings.

As the visibility of the HoH expands, it is important for the composition of the Selection Committee to mirror the background of our membership. Due to a high influx of members from the Asia region in the immediate past, the share of members from this part of the world now composes a significant percentage of IAM membership. Therefore, a new person will be added to the Selection Committee to represent the Asia region. While this person has not yet been selected, IAM staff will select a member in the near future as the Selection Committee will be meeting soon to deliberate on nominations.

The Selection Committee also discussed establishing terms of service. Introducing term limits would serve to bring new members into process with a fresh voice and perspective. To better utilize the combined experience of the current Selection Committee members, appointments would be staggered



so there would be no wholesale changes to the Selection Committee each year. Preferred term limits have been set at a minimum of two years and a maximum of four years.

As the Hall of Honor continues to evolve, IAM will continue to utilize input from both the Executive Committee and Selection Committee in order to develop the program in the best way possible.

YP-35

YP-35 membership has increased dramatically in recent months from 103 to 161. This membership total is rather fluid as there are 31 members who have not paid dues for this fiscal year. However, there are several pending applications that should offset any losses experienced.

While membership has grown, the YP-35 Management Board is exploring ways in which to foster engagement and participation from the group. As Stephan explains in his report, committees have been formed to administer certain aspects of the program. One new aspect embraced by the YP-35 is the creation of a Facebook page for current and former YPs. Other committees are in their formative stages and will be developed as we come closer to the 2010 Annual Meeting.

As Stephan discussed, the YP-35 will be a sponsor of The Young Movers Conference in Rome this year. Our sponsorship will serve to publicize the growing international presence of the YP-35 to FEDEMAC members and other attendees. It will also foster a greater degree of cooperation between the two organizations on common issues.

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