

American Association of Exporters and Importers (AAEI)

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More than 28 years ago, supply chain thought leaders re-imagined customs procedures in the

United States, using novel approaches to create the US Customs Modernization Act of 1993 (MOD Act). The landmark legislation introduced two significant ideas: informed compliance and shared responsibility. Since then, the trade community has charted a challenging course to achieve the MOD Act's ambitions.

Border security resurfaced as a priority after the events of Sept. 11, 2001, which also reaffirmed the importance of shared responsibility in national security. US Customs and Border Protection (CBP) and the trade community agreed that

**"It should be up to the trade, as it was 28 years ago, to proactively lay out the vision for customs and maintain the original intent of the MOD Act."**

"co-creation" would secure the supply chain and facilitate legitimate trade. Fast forward 15 years, and we saw new challenges at the border with the rise of e-commerce, illegitimate trade, and counterfeit goods.

Today, importers and exporters face those prior risks along with new environmental, social, and corporate governance compliance rules.

CBP earlier this year created a 21st Century Task Force to help shape policies that address current customs issues and to plot a path for the future. Many in trade, though, fear that CBP's final product will push it away from the MOD Act's tenets.

Ultimately, it should be up to the

trade, as it was 28 years ago, to proactively lay out the vision for customs and maintain the original intent of the MOD Act. In AAEI's view, the next 30 years for customs should include the following adjustments:

- Reasonable care decision-making should be re-engineered and measured at the account level instead of transactional levels;
- Informed compliance should include transparent programs and reliable guidance that eliminate penalties;
- CBP should be managed by metrics, reporting actions identified as critical, such as time frames for cargo release;
- And CBP's Automated Customs Environment (ACE) should be re-engineered to facilitate trade, not just police it.

**"E-commerce is already booming, but we haven't seen anything yet." ▶**

*Godfried Smit*

The MOD Act is still viewed as CBP's most sweeping reform law. As the industry looks ahead, it must not lose sight of its original tenets: partnership and shared responsibility between CBP and the trade community and a balance between enforcement and trade facilitation.

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In a way, we learned from the COVID-19 pandemic that both society and logistics operations

American Cotton Shippers Association (ACSA)

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American Cotton Shippers Association (ACSA) members face the demanding task of efficiently executing exports and domestic shipments through unprecedented logistical challenges. Overall US production for the 2021-22 season is estimated at 18 million bales, and of those, 15.5 million bales are exports. Demand is strong, inventory is tight, and prices have increased rapidly.

Harvest, ginning, warehousing, and shipping are underway, but execution has been poor. Significant vessel service delays, bunching, and a shortage of drivers to perform the critical "first-mile" export container loading are adding delays and costs to shippers and warehouse operators, compromising competitiveness, with no clear solution in sight.

Timely executions to meet commitments and mitigate risks are only achieved by enhanced and aligned visibility between commercial partners. Every linked participant in the supply chain needs better-aligned



**"Every linked participant in the supply chain needs better-aligned visibility."**

visibility. Without transparent, automated technological advancement, we find ourselves leveraging more human resources to coordinate and resolve conflicting operational information in real time.

These disruptions have created a new mandate for enhanced communication to review and address changing circumstances in real time. Logic and mutual partnerships between supply chain participants are required to execute.

ACSA applauds Federal Maritime Commission (FMC) Chairman Daniel Maffei for his testimony to Congress calling for more data and information sharing. While disruptions are inevitable, immediate cultural changes

to enhance visibility and transparency must occur to increase execution. But how do we move from concept to implemented action?

The cotton export industry is primed for growth, and the logistics industry must solve the current supply chain challenges in preparation for volumes expected to exceed historical highs.

Cotton traders value our partners and are objectively changing the way we procure cotton and execute delivery into domestic and global consumption markets. ACSA is hopeful that our strategic partners will also apply long-term perspective to commercial decisions during this difficult time.