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Will International Protests Scuttle US Plans for 100 Percent Container Scanning?

New Report from World Customs Organization is Latest Salvo Against Law; Says will Add Big Costs, Further Slow Flow of Goods and Trade, Change Port Structure

SCDigest Editorial Staff

You can add the World Customs Organization to the already strong voices in opposition to the new law, yet to be enforced, that will require 100% electronic screening of all cargo coming to the US at port of origin.

Last week, the WCO released a report prepared for it by the University of Le Havre in France, which concludes many ports will not be able to meet the 2012 timeline, and that the costs and process changes will reduce global trade.

The WCO is publicly calling for the US to scrap or significantly revise the law.

The WCO joins many companies and trade organizations in the US, such as the National Retail Federation, which opposed the passage of a new U.S. law that will require scanning 100% of cargo bound for the US at the port of origin. That law, passed by both houses of Congress and signed by President Bush in August, requires – in theory - 100% scanning by 2012. (See [100 Percent Container Scanning, if it comes will Touch Shippers in Many Ways](#)).

Many doubt that the technology can or will be in place to meet the timeline.

Those in opposition believe safety can be achieved with a much less onerous process, to which the WCO now lends its voice. It sponsored the research by professors at the University of Le Havre to assess the impact along several dimensions.

One of the report's authors, **Frederic Carluer**, said last week that the 100 percent screening rule would cost $100 per container, raising shipping costs substantially and resulting in increased consumer prices for imported goods into the US. Global port screening costs would rise from approximately $400 million this year to $1 billion in 2012, he concludes.

The result "will resemble an archipelago economy in which a few certified islands, which are secure and at the leading edge of technology, will attract container flows from around the world as obligatory points of passage," the report notes.

Carluer said U.S. authorities also could face reciprocity demands from Asian countries and the European Union that all sea-bound cargo face similar screening before leaving the United States, raising costs on the currently thriving US export market.

Meanwhile, European Union Taxation and Customs Union Commissioner **Laszlo Kovacs** said the legislation would affect 700 ports worldwide and disrupt 40 percent of global trade.

The Le Havre report also suggests some interesting reactions to the new law if left unchanged. For example, it likely will result in the creation of a few mega-ports able to invest in the required technology and keep costs below $10 per container. It might also lead shippers to divert US-bound cargoes to Mexico and Canada to avoid the scanning rules.

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This will not only disrupt current logistics flows and add costs, but could serve as a significant barrier to overall trade.

The WCO and others are recommending that the law start with a much lower threshold for scanning – say 30% - and rising from their as the need and technology advance. Many believe that focusing on the most suspect containers and shippers for detailed scanning will achieve the same result at much lower cost.