

Why GAO Did This Study

Cargo containers present significant security concerns given the potential for using them to smuggle contraband, including weapons of mass destruction. In January 2009, U.S. Customs and Border Protection (CBP), within the Department of Homeland Security (DHS), implemented the Importer Security Filing (ISF) and Additional Carrier Requirements, collectively known as the 10+2 rule. Collection of cargo information (10 data elements for importers, such as country of origin, and 2 data elements for vessel carriers), in addition to that already collected under other CBP rules, is intended to enhance CBP's ability to identify high-risk shipments. As requested, GAO assessed, among other things, (1) the extent to which CBP conducted the 10+2 regulatory assessment in accordance with Office of Management and Budget (OMB) guidance, (2) how CBP used information it collected and assessed to inform its efforts to implement the 10+2 rule since January 2009, and (3) the extent to which CBP has used the additional 10+2 data to identify high-risk cargo. GAO analyzed relevant laws, OMB guidance, and CBP's 10+2 regulatory assessment, and interviewed CBP officials.

What GAO Recommends

GAO recommends that CBP should, if it updates its regulatory assessment, include information to improve transparency and completeness, and set time frames and milestones for updating its national security targeting criteria. DHS concurred with these recommendations.

View [GAO-10-841](#) or key components. For more information, contact Stephen L. Caldwell at (202) 512-8777 or caldwells@gao.gov.

SUPPLY CHAIN SECURITY

CBP Has Made Progress in Assisting the Trade Industry in Implementing the New Importer Security Filing Requirements, but Some Challenges Remain

What GAO Found

CBP's 10+2 regulatory assessment generally adheres to OMB guidance, although greater transparency regarding the selection of alternatives analyzed and a more complete analysis could have improved CBP's assessment. CBP's regulatory assessment addresses some elements of a good regulatory assessment, as required by OMB, such as the need for the proposed action and evaluation of the benefits and costs. However, the assessment lacks transparency in that it does not explain how the four alternatives considered for the rule—variations in what and how many data elements are to be collected—were selected or how the preferred alternative was chosen. OMB guidance states that regulatory analyses should clearly explain the assumptions used in the analysis. If, as CBP officials stated, an update might be published in the future, greater transparency could help justify the scope of alternatives analyzed in the regulatory assessment and provide insight into CBP's decision making. Further, a more complete analysis of the uncertainty involved in estimating key variables used to evaluate costs and benefits could have improved CBP's regulatory assessment by providing better information about the circumstances under which benefits justify costs. CBP officials said that to the extent that data are available, this information could be added to an updated regulatory assessment to improve its completeness.

CBP is using information it has collected, assessed, and shared with the trade industry to monitor and help improve compliance with and implementation of the 10+2 rule. For example, CBP collects daily information on the ISF compliance of importers' shipments at each U.S. port to monitor the status of ISF implementation, as well as data on vessels arriving in U.S. ports for which carriers did not supply information such as the position of each cargo container (stow plans). CBP data indicate that in July 2010, approximately 80 percent of shipments were ISF compliant, and CBP officials said that most carriers had submitted stow plans. CBP publishes answers to frequently asked questions on its Web site and has conducted outreach sessions with the trade industry to discuss errors in ISF submissions and help improve compliance.

The 10+2 rule data elements are available for identifying high-risk cargo, but CBP has not yet finalized its national security targeting criteria to include these additional data elements to support high-risk targeting. CBP has assessed the submitted 10+2 data elements for risk factors, and according to CBP officials, access to information on stow plans has enabled CBP to identify more than 1,000 unmanifested containers—containers that are inherently high risk because their contents are not listed on a ship's manifest. CBP has conducted a preliminary analysis that indicates that the collection of the additional 10+2 data elements could help determine risk earlier in the supply chain, but CBP has not yet finalized its national security targeting criteria for identifying high-risk cargo containers or established project time frames and milestones—best practices in project management—for doing so. Such efforts could help provide CBP with goals for finishing this project, thus better positioning it to improve its targeting of high-risk cargo.