

PANEL 3.—INBOUND AIR CARGO ACTIVITY, JANUARY 2003—Continued

Air carrier segment	Airway bill volume (in thousands)	Median number of U.S. ports served
Remaining 338 Carriers	400 (12.3%)	3

Source: Automated Commercial System.

In addition to requiring information submission four hours prior to arrival in the United States, or no later than the time of "wheels-up" in the case of certain nearby foreign areas, air carriers will be required to provide their own interface capability with the government approved electronic interchange at each U.S. Port of Arrival served by that carrier. The current government approved interchange is the Automated Manifest System—Air (AAMS). Those carriers will no longer be required to present a hard copy of their manifest upon arrival. Only in the event that the data interchange system is temporarily unavailable by malfunction would carriers be required to present a hard copy of their cargo manifest.

The data in Panel 3 establishes several relevant considerations in assessing the proposed rule's impact. The large majority of air inbound shipments (73.7%), as measured by airway bills, is accounted for by a relatively small number of large express consignment carriers. Those carriers currently are highly automated and currently have the capacity at virtually no cost to comply with the data submission provisions of the proposed rule. Measured by median, those carriers import shipments into 13 U.S. ports of arrival and long ago equipped those sites for AAMS transmissions.

These express consignment carriers would likely not be affected by the proposed rule even in the case of short haul flights, largely originating in Mexico and Canada, inasmuch as they would only be required to submit AAMS information no later than the time of departure from the foreign area (no later than the time of "wheels-up"). As a result, there would be no delay in departure from the foreign source necessitated in order to meet a pre-arrival reporting requirement. In any event, in operational practice, those carriers often engage more economical land shipment instead of higher cost air movement for short haul moves.

As a result of the above data and operational considerations, CBP concludes that these large carriers are substantially unaffected by the proposed rule.

The CBP estimates that these same factors and conclusion above hold for the second tier of air carriers, comprising 14.1% of airway bill volume. Those 14 carriers arrive at a median 9 U.S. Ports of Arrival.

The CBP data establish that a remaining 338 small carriers account for 12.3% of inbound air volume, serving a median 3 Ports of Arrival. Operating on a manual hard copy basis upon arrival, a majority of those 338 entities are foreign owned and fall out of the scope of the RFA. For those U.S. based small air carriers, CBP estimates that one time costs would be incurred to establish data transmission capability at the median three

arrival ports. To a significant degree, those one time costs would be mitigated by recurring operational efficiencies related to standard business operations and more rapid CBP processing and release of shipments, allowing more rapid turnaround of the aircraft and crew for increased revenue generation activities.

International inbound mail shipments are included in the cargo volumes cited above. However, advanced data submission for mail shipments through the United States Postal Service (USPS) is excluded from consideration in the proposed rule. To this end, reflecting the restrictive condition of involvement of sovereign foreign governments and pre-existing international treaties governing the movement of international inbound mail shipments, CBP contemplates that such shipments will not at this time be subject to the terms and conditions of the proposed rule.

Truck Mode Inbound; Rail Mode Inbound

Panel 4 below illustrates the volume of truck and rail traffic reported on the Northern and Southern borders:

PANEL 4.—CONVEYANCE ARRIVALS

Mode	FY 2002 volume (in thousands)
Total Commercial Aircraft	574.3.
Total Trucks	12,258.0.
At Southern Border ...	349.8 (2.9%).
At Northern Border ...	11,908.2 (97.2%).
Total Trains	44.3.
At Southern Border ...	8.4 (19%).
At Northern Border ...	35.9 (81%).
Total Vessels	226.2.

Source: Automated Commercial System.

Truck Mode Inbound; Explanation and Analysis of Data

The proposed rule requires cargo information submission either 30 minutes or 1 hour prior to arrival at the first U.S. Port of Arrival. As noted in Panel 4 above, the large majority of truck arrivals (97.2%) occurs at Northern Border ports. The CBP estimates that 60% of this inbound mode arrives with manually presented hard copy cargo information and, therefore, would be subject to changed operations to comply with the proposed rule. Further, consultations with industry sources suggest that the Northern Border supports an estimated 22,000 individual truck entities, of which 15,000 meet Small Business Administration standards as small entities (see Panel 1 above). A substantial portion of the 15,000 small trucking firms are Canada-based and, therefore, beyond the scope of the RFA's

consideration. The portion of this segment which is U.S. based will be required to incur one time costs for hardware and software for data transmission.

While hardware requirements and software cost relatively little and while Internet transmission is distinctly low cost, those firms will be required to expend time for data entry. Compared to normal, pre-proposal operation standards, that factor could represent a significant cost.

On the other hand, CBP estimates that recurring annual costs of data transmission are low. Further, certain other benefits representing lower operating costs will be realized. Electronic transmission will represent a lower cost burden on record keeping for those entities as well as speed cargo information submission and physical border release of the conveyance at the U.S. port of arrival for those shipments. Such electronic efficiencies could be expected to translate directly into lower daily operational costs for entities. Also, the likelihood is substantial that U.S. based small truck entities will develop cooperative and commercial arrangements with exporters. Such arrangements would likely involve provision to the truck entity of data in readily transmittable format, thus reducing the data entry burden of this segment.

As yet another mitigating factor, small truck entities may choose to engage the data services of port authorities or commercial service providers. Further still, there is a social good to be considered in that faster conveyance release at the port of arrival will translate directly into less local traffic congestion at the port and lower diesel emissions for residents of the locality. While complex to quantify, such commercial and health benefits cannot responsibly be neglected because tangible social welfare and commercial benefits will result.

Less than 3% of truck activity takes place at Southern Border sites (see Panel 4 above). An unestablished number of trucking entities operate in that geographic environment. However, long-term operational observation establishes that much of that border's truck volume centers on servicing the maquiladora industry based in the local Mexican border area. These Mexican-based plants are owned and operated in the large majority for the assembly function by large U.S. and multinational corporations (Chapter 98, Subchapter II, Harmonized Tariff Schedule of the United States (HTSUS) (Articles Exported and Returned, Advanced or Improved Abroad)). Such U.S. and multinational corporations are highly automated in their record keeping and cargo information transmission capabilities.

Further, a substantial majority of that north bound traffic relies on lower cost Mexican-based trucking entities operating in a shuttle