

fashion to supply finished products to distribution facilities located on U.S. territory. Such foreign owned trucking entities are beyond the scope of the RFA's consideration.

If small U.S. based truck companies engage data transmitting aids at a commercially negotiated cost, one would reasonably expect that truck companies would pass those costs downstream. Such a cost increase may encourage a change in competitive relationships with comparable transportation services offered by rail carriers. Further consideration, however, mitigates the likelihood and significance of any competitive modal shift in that such shifts depend highly on the (1) nature of the merchandise to be transported, (2) elasticities of price with respect to demand for those commodities for trade participants and (3) the inherent established time and location-of-service flexibility of trucking versus rail transport.

In summary for this inbound mode, a certain substantial number of U.S. based small truck entities operating on the Northern Border may experience measurable cost of operation impact from the proposed rule. However, CBP estimates that many of those costs would be offset by concomitant operational efficiencies directly resulting from an operational shift from pre-proposal manual hard copy practices to electronic filing and expedited border release, freeing

up resources for expanded revenue generation opportunities.

Rail Mode Inbound; Explanation and Analysis of Data

The proposed rule establishes that cargo information will be electronically submitted 2 hours prior to arrival at the first U.S. port of arrival. As noted in Panel 4 above, 81% of rail volume occurs at Northern Border ports. The CBP estimates that all but 6 rail carriers already submit cargo information electronically. Only those 6 carriers would be affected by the proposed rule, and of those 6, some may not qualify as a small entity according to Panel 1 SBA standards. The operational effect of the proposal would be mitigated to a substantial degree by operational efficiencies attributable to electronic filing. Further mitigation is identified by the proposal's provision that the filing requirement will become mandatory within 90 days of CBP port automation to allow Rail AMS. The CBP establishes that 12 border ports still remain to be made operational for Rail AMS operation.

Vessel Mode Inbound

The proposed rule establishes that cargo information will be transmitted to CBP 24 hours prior to lading at the foreign port of departure, a standard which is consistent and exactly compatible with the earlier

implemented Container Security Initiative (CSI). An estimated 50% of inbound vessel volume is accounted for by the previously implemented CSI program. The CBP estimates that a further 45% of inbound vessel cargo volume already participates in AMS electronic transmission, leaving only 5% of this vessel volume to be affected by the proposed rule. Also, because of the transportation timeframes inherent in long haul vessel transport, the filing time requirement is not expected to impose a measurable operational burden on carriers. And based on capital and labor requirements and practices in this segment, it is highly unlikely that these carriers would meet SBA small entity standards (*see* Panel 1 above). Further still, few carriers are U.S. based and thus properly considered under provisions of the RFA.

All Modes Outbound

Panel 5, below, illustrates the increasing volume of export shipments, from 1995 through 2002, that have been reported electronically through the Automated Export System (AES); and Panel 6, below, reflects, as of February 2003, the vastly increased number of export shipments being reported through AES as a percentage of the total number of export shipments reported, both electronically and on paper.

PANEL 5.—VOLUME OF AES SHIPMENTS

[External transaction numbers, in thousands]

Year	Total	Air	Rail/Truck	Vessel
1995	0.4	0	0	0.4
1996	21.4	0	0	21.4
1997	60.7	0.2	3.6	56.9
1998	221.0	30.3	81.1	109.6
1999	1038.5	486.4	262.7	289.5
2000	7140.9	4053.3	1407.0	1676.2
2001	8819.0	4424.3	1586.3	2800.7
2002	9424.0	4788.8	1832.9	2785.0

Source: Bureau of the Census.

PANEL 6.—EXPORT RECORDS, FEBRUARY 2003

[In thousands]

Mode	Via AES	Via paper SED	Total records	AES as per cent of total
Air	421.3	80.7	502.1	83.9
Vessel	286.3	11.7	298.0	96.1
Truck/Rail	261.3	52.7	314.0	83.3
Total	968.9	145.2	1114.1	87.0

Source: Bureau of the Census.

All Modes Outbound; Explanation and Analysis of Data

The participation of outbound shipments in the proposed rule's reporting requirements will be concurrent with the completion of the redesign of the AES commodity module and mandatory, effective with a future regulatory publication by the Department of Commerce. For purposes of this proposed rule, the treatment below of outbound regulatory

flexibility and E.O. 12866 impact is presented for information purposes solely.

The proposed rule states that exporters (U.S. Principal Parties in Interest—USPPI's) or their authorized agents will file commodity export information via the existing government approved data interchange, AES, within certain time frames prior to departure from the U.S. (*see* Panel 2 for time frames).

The use of AES has risen dramatically since its inception in 1995 (*see* Panel 5), such

that currently AES transactions account for 87% of all export records (*see* Panel 6). Because of the large majority already participating in AES filing, only 13% of export records will be affected by the proposed rule.

Because of modal travel and preparation times, CBP does not identify notable operational hardship in meeting border