

crossing filing times for any mode. In fact, the air express consignment burden is decreased compared to imports by a 1 hour timeframe prior to departure. Filings may take place via low cost Internet transmission. In filing, the USPPI will submit electronically to CBP a self generated external transaction number (XTN), receiving from CBP an internal transaction number (ITN), which is a system verification and approval (confirmation) number for cargo shipment information. Actual performance establishes that the ITN turnaround is routinely less than 1 minute. Only in the case that the USPPI chooses to engage in a third party commercial data transmission agent would the ITN/XTN turnaround require greater time, an estimated 15–30 minutes.

As in the *Truck Mode Inbound* section above, a potential impact may be experienced by small truck entities serving Northern border export transactions. However, as detailed in the Note to Panel 2, United States exports to Canada are not subject to advanced electronic cargo information submission under this proposal unless (a) the merchandise is licensable by Department of State or Department of Defense regulations or (b) the merchandise is transiting Canada with a 3rd country destination. Such a reporting factor may reasonably be expected to mitigate any burden on small trucking entities in providing a significant portion of the remaining 13% of outbound AES data.

Further with respect to outbound small truck entities, as also noted in the *Truck Mode Inbound* section above, certain cost lowering operational efficiencies will flow from the proposal's obligation to employ electronic filing, namely: (a) Electronic transmission will represent a lower cost burden on record keeping for those entities; (b) more rapid cargo information submission; and (c) more rapid 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, either partially or entirely offsetting one-time data transmission costs.

Executive Order 12866 and Significant Regulatory Action

Sector of Impact Identified

Outbound merchandise shipments generated by the United States Postal Service (USPS) may or may not be included within the scope of the proposed rule. In the event of inclusion, as a hybrid-type "publicly owned private corporation", the USPS would be responsible for data entry and transmission of an estimated 30 million outbound merchandise transactions (*i.e.*, parcel shipments) per year. While not included in the framework of the small entity oriented RFA, this organization and the proposal's effects become relevant in E.O. 12866 considerations which relate to impacts on the national economy. The CBP estimates that USPS would incur costs of \$4–\$6 per outbound transaction in order to perform data entry or purchase data entry services for each export transaction, yielding a total impact of \$120–\$180 million annually. Reasonably expected is that the USPS would request and be permitted to pass that cost to

exporters (U.S.-based consumers) through some mechanism of, effectively, a user fee.

In the case that outbound international mail shipments are indeed included in the proposed rule, then such an impact readily qualifies this proposal as a significant regulatory action, surpassing the \$100 million economic impact threshold established by the Executive Order. In the case that such shipments are removed or waived from the proposal at a later time, then the proposed rule's categorization as a significant regulatory action would no longer hold.

Competitive Relationship Effect

In the event of the USPS being obliged to provide outbound shipment data, then CBP estimates that the proposed rule would increase the degree of commercial competition between USPS and express consignment carriers. The U.S. Customs Service (now merged into CBP) prepared a detailed report to Congress in late 1997 identifying a series of factors of preferential Customs treatment available to USPS and not available to express consignment carriers. One of those identified factors focused on the Customs requirement for express carriers to provide detailed export transaction data with no equivalent requirement for USPS export shipments. By requiring USPS to provide the same data elements as express carriers in the same timeframe, the proposed rule would eliminate one key element of disparate treatment, effectively leveling the playing field between these two exporting entities and bringing both parties into more equal business operating practices.

C. Automation Costs of Participation in Advance Electronic Cargo Information Submission

CBP estimates below the following costs of shipper/carrier/importer/exporter compliance with electronic transmission requirements within the proposed rule's time frame for submission. The data were gathered from discussions with software providers and trade participants active in electronic data transmission with CBP.

Air Mode

Air mode is estimated to incur the greater of the costs for all modes. In order to purchase software, a large air carrier would incur costs of \$5,000–\$25,000 as a one-time license fee and \$6,000/year in maintenance costs, plus an estimated \$20,000/yr. in operating costs, primarily labor. If the air carrier chose to develop the transmission software independently, the carrier would incur development costs of an estimated \$100,000, plus annual operating costs of \$400,000, primarily labor. If the air carrier were to seek transmission services from a service provider, the carrier would incur costs of \$500–\$2,000 in one time subscription fees, plus an annual minimum \$6,000 cost.

In estimating air industry total costs of compliance with the proposed rule, CBP established that 260 of the total 355 air carriers are American-based. The CBP estimates that these 260 carriers will choose information transmission compliance options in the following distribution: (a) 5 to develop

software, maintain system and transmit at their own initiative; (b) 50 to purchase software, maintain and transmit; and (c) 205 to employ service providers for software, maintenance and transmission. Employing that distribution, CBP estimates the following transmission costs of compliance, broken down by both one-time and recurring annual costs:

ESTIMATED AIR MODE COSTS OF TRANSMISSION [Thousands of dollars]

Transmission option selected	One time costs	Recurring annual costs
I. Develop	\$500	\$2,000
II. Purchase	750	1,300
III. Service Providers	205	1,230
Total	1,455	4,530

Truck Mode

In consideration of the truck mode, the primary cost for a shipper/carrier would involve complying with the Automated Broker Interface (ABI) Selectivity practices.

Specifically, there are approximately 13,400 trucking firms that will eventually have to move from a paper-based system to an electronic system.* Compliance with the Automated Broker Interface Selectivity practices would require, at a minimum, a facsimile transmission within the proposed rule's time frame for advance information.

Therefore, this rule would impose a small capital cost (a fax machine for firms that do not already own a fax machine), and a per-transmission cost. Firms could also avail themselves of a commercial transmission service; however, the per-transmission cost may be less cost-effective than a personal fax machine for a firm involved in many shipments. The per-transmission cost should be minimal, since the information that firms would need to send already must be gathered and presented at the time of arrival under current procedures. The CBP also assumes that most trucking firms will already own a fax machine. If 50% of firms must invest in a fax machine (a likely overestimate) at approximately \$150 per machine, the total cost of this rule for the trucking industry would be a one-time cost of approximately \$1 million. The CBP also makes a preliminary determination that this rulemaking would not result in any other changes in business practices that would impose additional costs to trucking firms. We request comments on these assumptions.

(*CBP estimates the following already in the analysis: (22,000 Truck firms at the Canada border + 350 Truck firms at Mexico border) * (.60 that are currently paper based) = 13,410.)

Vessel and Rail Modes

Vessel and rail carriers are the least affected in terms of cost of transmission because of those carriers' already high participation rate in electronic transmission meeting the proposed rule's requirements. In practical terms, costs of data submission for