

June 29, 2010

**The Honorable Sheila Jackson-Lee
Chairwoman
Subcommittee on Transportation Security
Committee on Homeland Security
U.S. House of Representatives
Washington, DC 20510**

**The Honorable Charlie Dent
Ranking Member
Subcommittee on Transportation Security
Committee on Homeland Security
U.S. House of Representatives
Washington, DC 20510**

Dear Chairwoman Jackson-Lee and Ranking Member Dent,

The Airforwarders Association (AfA), the voice of the freight forwarding industry representing over 300 dues-paying member companies with 1,260 facilities and 6,300 employees, respectfully submits the following comments in advance of the June 30 hearing on air cargo security. Our members include a broad range of businesses including both multinational logistics companies with hundreds of employees and facilities as well as small, 'mom and pop' operations with a single facility.

The Airforwarders Association and our members have been actively engaged with the development and launch of the Certified Cargo Screener Program (CCSP). We have worked closely with TSA to provide insight into the complexities of the air cargo supply chain, including the impact of time, temperature and screening methodologies on the product. The AfA has consistently provided information and enthusiastically encouraged our members' enrollment in CCSP. We also coordinated with airlines and TSA to reach our customers, who were less aware of the regulations and its' impact on their products. The freight forwarding industry, including AFA members, has invested tens of millions of dollars to ensure that CCSP works as intended.

Concerns remain regarding the efficacy of a 100 percent screening program (as opposed to a risk-based targeting system) and its ability to provide a robust and nimble security regime. The legislation is clear, however, and the screening deadline must be met by August 2010. The AfA is apprehensive that the bulk of screening responsibilities, including cost and liability, are shifted to the private sector. Still, given the other options to meet the deadline, we firmly believe that the time for complaints is over, and our focus must be on compliance through the CCSP.

With only 5 weeks to meet the 100 percent screening mandate, we applaud the Committee for examining the status of enrollment in CCSP as well as the overall progress in screening. While the TSA's phased-in approach to screening percentages, notably the narrow body amendment in October 2008 and 75 percent by May 2010, has presented challenges to the forwarding industry, it has resulted in compliance with few disruptions. As a result, the 100 percent mandate looks increasingly attainable now that the industry, particularly for domestic flights, is already screening the vast majority of cargo in passenger planes.

750 National Press Building, 529 14th Street, N.W.,
Washington, D.C. 20045, 202-393-2818,
bfried@airforwarders.org

Despite this progress, the members of the Airforwarders Association have several ongoing concerns that we ask Congress and TSA to address in the days leading up to and after the August 2010 deadline.

Preserving Just in Time delivery: There is no question that screening has the potential to substantially delay cargo. CCSP was designed to address this issue by moving screening into the supply chain so tendering screened cargo would eliminate delays at the airport. Given the lower rate of enrollment with shippers, this may not work as effectively as TSA originally anticipated. In a recent survey, our members have identified two of their most significant concerns as delays and earlier lock out times.

Recommendations:

1. TSA should be provided additional budget to continue to encourage enrollment in the program. Increased enrollment will lower the amount of cargo that requires airline screening at the airport. This is arguably the least efficient point in the supply chain to screen cargo; the less cargo screened there improves efficiency across the supply chain.
2. It is **imperative** that additional budget dollars are allocated to certify a method or equipment that is capable of screening an entire pallet or ULD. This may also require an amendment to the existing legislation to adjust the piece level mandate, which would provide TSA with needed flexibility. Pallets contain up to 300 individual pieces that must be screened, piece by piece, since there is no approved technology that can effectively scan the cargo. Unpacking and repacking the pallet is extremely time-consuming and will result in delays. The pallet issue also raises warranty concerns for shippers and security concerns with loose cargo for airlines. The anticipation of screening pallets is spurring airlines to have earlier lockout times for cargo, which is problematic for sensitive cargo that cannot easily handle additional time at the airport. It is our understanding that such pallet screening equipment has been certified for use at European airports.

Minimizing costs: For some forwarders, the cost-benefit analysis and available capital provided ample incentive and opportunity to become a Certified Cargo Screening Facility (CCSF). Smaller and mid-size forwarders do not have the same business case to justify an up to half million dollar investment in technology. The costs to the forwarding community (the largest percentage of CCSF's) are staggering. Without guarantees of certification past 2012, the purchase of technology becomes a serious financial risk. Airlines who have published screening policies and pricing information, notably American and Southwest, are providing an alternative by screening at the airport, but additional options should be explored.

Recommendations:

1. TSA should continue to develop and approve alternate screening options. The AfA is working closely with TSA on concepts for independent screeners and consortium approaches to screening. TSA should certify the existing pilots, as well as provide assistance to others wishing to establish a consortium or independent facility.

2. Congress should direct GAO to work with TSA and the industry to prepare a report on the state of the industry no less than six months after the August deadline. A full report detailing the economic impact on industry, areas of concern as well as areas for improvement will assist in ensuring that Congressional intent – providing a more secure air cargo environment without disrupting commerce – has been achieved with the existing programs and technology.

The AfA welcomes the opportunity to share our concerns and questions about alternative options for screening, namely federalization of screening by having TSA agents screen cargo. The call for federal screening at airports ignores three key points: 1) there is already an airport alternative – the airlines – for forwarders; 2) the pricing for these services is kept competitive and affordable through market competition, rather than through an arbitrary fee for federal screening; and 3) smaller markets and forwarders at Category I airports have been operating in a 100 percent screening environment since the narrow body amendment became effective in October 2008. We have virtually no complaints with pricing or service from our members on record since the amendment took effect six months ago.

Our concerns with federalized screening are on the record with this committee in our testimony from July 2009 and March 2008, but bear repeating. The private sector has the experience and expertise with sensitive cargo shipments, from how to handle the containers to what screening technology is most effective. There are fundamental flaws with federalizing screening, ranging from the lack of existing facility space at many Category X airports to a lack of TSA budget and personnel to staff such an effort. We do not deny that the federal government has an important role to play, but we believe it should be through funding for participants in CCSP and enhancing technological capabilities.

The Airforwarders Association looks forward to continuing our dialogue on these issues with the Committee. The Airforwarders Association is the only dues-based association that represents the full spectrum of the forwarding industry and regularly polls our membership to assess a true sense of the issues that affect forwarders. We will continue to share this and other vital pieces of information to the Committee and its staff.

Brandon Fried
Executive Director, Airforwarders Association
bfried@airforwarders.org
202-393-2818

Airforwarders Association
750 National Press Building
529 14th St NW
Washington, DC 20045

750 National Press Building, 529 14th Street, N.W.,
Washington, D.C. 20045, 202-393-2818,
bfried@airforwarders.org