

*Before the*  
**Committee on Finance**  
**United States Senate**

*Statement of*  
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## **INTRODUCTION**

Chairman Baucus, Ranking Member Grassley and members of the Finance Committee, thank you for inviting Target to testify before you today. My name is Ted Sherman. I am the director of Global Trade Services for Target and I also currently serve as the co-chair of the U.S. Business Alliance for Customs Modernization. At Target, I lead a team of 100 people responsible for all Customs operations, compliance, brokerage and trade finance activities in support of Target's operating companies. Target is also active in the Retail Industry Leaders Association, the American Association of Exporters and Importers, the American Apparel and Footwear Association, and a number of other trade groups. I want to thank you for giving us this opportunity to have our voice heard in the discussions of the Customs Facilitation and Trade Enforcement Act of 2009. My testimony will specifically address the areas of Facilitation, Partnership Programs and Automation.

## **BACKGROUND**

For background, Target is a 62 billion dollar U.S.-based retailer operating approximately 1700 stores in 49 states. We employ more than 350,000 team members. Our import volumes include more than 160,000 individual Customs filings each year, making us one of the largest U.S. importers by transaction volume.

## **FACILITATION**

We strongly support efforts by Congress to encourage U.S. Customs and Border Protection (CBP) to increase its focus on trade facilitation, while at the same time

fulfilling its border security mission. A focus on true trade facilitation should eventually yield processes that are consistent, reasonable and simple for importers such as Target. To effectively plan our business, we need to be able to operate with some degree of certainty as to the regulatory landscape we will need to navigate in the near-to-medium-term. Decisions to formulate new rules and regulations should be made as part of a holistic view of the requirements currently being placed on importers. New requirements such as the Importer Security Filing (ISF) and the Lacey Act Declaration will by definition place strains on the resources of even the healthiest companies. Given the necessity of carrying out these requirements, consideration should be given to any current initiatives and requirements impacting importers before new rule changes are implemented. This will not only ease the burden on importers, but will improve compliance, as importers will be able to direct resources to what is most important for the country.

#### **PARTNERSHIP PROGRAMS / MANAGEMENT BY ACCOUNT**

Target has partnered with CBP to improve security practices and reduce supply-chain risks. Target is a charter member of the Customs-Trade Partnership Against Terrorism (C-TPAT) and participates in the Importer Self Assessment program, meaning our internal controls have been validated and found to be best in class by CBP. When correctly structured and administered, voluntary partnership programs can deliver benefits to both industry and government. For example, new partnership programs such as the bill's Customs Facilitation Partnership Program, should be as broad as possible and should include tangible benefits for importers found to have the best handle on trade

compliance. Companies involved in such partnership programs could be among the first to benefit from a transition to true account management. They could eventually move toward account-based processing, where most information is submitted to Customs on a periodic basis rather than transaction by transaction.

True periodic reporting will take time, and a considerable amount of partnership between CBP and the trade. In the near term, we have concerns surrounding the potential use of advance filing data for commercial compliance targeting purposes. There are different standards and penalty regimes for filing of advance data used for security purposes and the filing of data used for customs entry purposes. If advance data is to be used for commercial targeting purposes in the near term, there must be safeguards in place to ensure the two penalty regimes are recognized and kept separate. That is, the use of ISF data for commercial compliance targeting must not lead to new penalties or to the wholesale use of traditional commercial enforcement tools as a remedy for ISF discrepancies or omissions.

## **AUTOMATION**

With regard to automation, we strongly favor the full funding and completion of the Automated Commercial Environment (ACE) and the implementation of the International Trade Data System. Large importers such as Target must plan their systems resources over a long period of time. The certainty and timing of ACE's full functionality is critical to these planning efforts.

Complementary to the vision for completing ACE, we support efforts to provide a single window for the entry and release of import transactions. A holistic, systematic approach is needed for collecting information at the border. Currently, in some cases, disparate communication methods are used for interacting with the various other government agencies that have a role in determining admissibility of merchandise into the United States. To that end, we support continued funding for the International Trade Data System.

## **CONCLUSION**

Before I conclude, I would like to recognize Chairman Baucus, Ranking Member Grassley and the Senate Finance Committee for introducing the Customs Facilitation and Trade Enforcement Reauthorization Act of 2009. In general, this Act seeks to review the commercial operations mandate for CBP, and to provide increased predictability and efficiency for the import community. We share these objectives and welcome the opportunity to be a partner as the process moves forward, contributing to our mutual goals of enhancing trade facilitation and our nation's security.

Thank you for the opportunity to speak to you today. I welcome any questions.