

# IMPROVING TRADE FACILITATION TO ALLOW FOR THE EFFICIENT MOVEMENT AND SALES OF CONSUMER ELECTRONICS PRODUCTS

**CEA POSITION:** CEA understands that its members will not fully benefit from lower tariffs and reductions in non-tariff barriers unless supply chains that carry goods across borders, and the rules that govern those supply chains, are efficient, consistent and reliable. Therefore, CEA supports harmonization of customs regulations, tariff classifications, and rules of origin; and we support efforts to make our ports and border crossings more efficient.

**BACKGROUND:** While international trade is essential to the CE industry, companies continue to face major challenges in maintaining and enhancing the efficiency of the global supply chain. Indeed, the Organization for Economic Co-operation and Development (OECD) estimates that factors such as inefficient customs procedures, waiting times at border crossings, new security inspections, and lost business opportunities add a “hidden cost of trade” to traded goods that can be as high as 15 percent of the good’s value. A few statistics illustrate the challenge the CE industry faces at our ports of entry:

- \$792 billion worth of trade in goods crossed the U.S. border in 2005.
- More than 11 million ocean cargo containers arrived at U.S. seaports in 2005, which equates to an average of 30,000 containers each day. In 2005, an additional 8.85 million containers arrived by land through U.S. ports of entry on the northern and southern borders.
- More than 38,000 tons of cargo passed through U.S. airports each day in 2002.
- CE sales in the U.S. have topped \$125 billion in 2006, representing some 40 percent of global CE sales. Given the global nature of the CE industry, a large proportion of those sales represent goods traded internationally.

## **CEA EVALUATION:**

- **Improving NAFTA Trade Facilitation**

Over the past year, CEA has met with several officials at USTR and the Department of Commerce regarding NAFTA. Last year, CEA made contributions to the trilateral presidential initiative among the United States, Mexico and Canada, the Security and Prosperity Partnership (SPP), highlighting the importance of the CE industry and advocating on behalf of more efficient and timely trade facilitation at our borders. As a consequence of these initial efforts we have established closer ties with those government agencies responsible for NAFTA implementation and projects, and are considering several areas for future cooperation. We will continue to work with industry to enhance security at the borders while still ensuring efficient flow of trade.

- **Securing Resources for the Border**

In August, CEA weighed in with the House and Senate to vigorously support increased CBP personnel, trade-partner-friendly lane allocations/hours, and as well as certain improvements to the C-TPAT program. Portions of the House and Senate customs authorization language were ultimately adopted as part of the enacted Port Security legislation. Additional personnel was provided to those border access points.

- **Freight Issues and General Trade Facilitation**

In 2006, CEA actively opposed legislation passed in the California legislature which would have imposed a \$60 tax, payable by cargo owner, on all containers moving through the ports of Los Angeles and Long Beach to pay for undefined port security, clean air and transportation projects in the state of California. On September 22, Governor Schwarzenegger vetoed the container fee legislation. In an effort to raise CEA membership awareness for general trade facilitation issues, CEA issued an *International Insider Series* white paper entitled, *Moving Your Products from Port to Shelf*. In addition, at this year’s Industry Forum in San Francisco, California, CEA led a delegation of members to the port of Oakland. There, members learned about customs and shipping procedures, and shared their insights with port officials.

**OUTLOOK:** 2007 will continue to pose challenges in the trade facilitation arena as new lawmakers consider our national security and its balance with the ability to ensure effective trade. CEA will work diligently to educate policy makers so that such improvements can be done in concert with smooth facilitation of trade at our borders.

**For more information, please contact CEA at [publicpolicy@CE.org](mailto:publicpolicy@CE.org) or visit [www.CE.org/governmentaffairs](http://www.CE.org/governmentaffairs).**