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# ITDS

## Message From the Chairman

### A Message from the Chairman

The ITDS Program Team has recently completed the first round of ACE requirement gathering “Deep Dives” for 15 government agencies. Thanks to all of those agencies who participated in this round of working sessions. As a result of the deep dives, the ITDS Program Team has been working to update agencies’ Concept of Operations to reflect the decisions made during the deep dives. In addition, ITDS was also a topic of interest in recent hearings before the Senate Finance Committee. An excerpt of testimony on ITDS is included on pages 3-5 of this quarter’s newsletter.

- Tim Skud, ITDS Chairman

### EPA and CBP Collaborate to Improve Import Safety

Collaboration between the Environmental Protection Agency (EPA) and Customs and Border Protection (CBP) continues to gain momentum. Earlier this year, representatives from EPA and CBP visited three California ports (Calexico, Otay Mesa, and Long Beach) to get a first-hand understanding of CBP operations, identify EPA-related import issues, identify near-term opportunities to improve import safety, and establish relationships with CBP officers in the field. As a result of this trip, EPA plans to develop a set of customized business processes that will better fit the CBP port environment and effectively streamline business operations between CBP and EPA. In addition, the port visits gave EPA the opportunity to provide CBP field personnel with a better understanding of EPA’s mission and program requirements and consider how to improve EPA education and outreach efforts to border officers about EPA import areas of concern.

In addition to the port visits, EPA continues its successful partnership with the ITDS program through the “Deep Dive” requirements gathering session held with CBP on April 21 and 22. The meeting produced an initial set of detailed requirements for two of EPA’s programs to be integrated into future ACE releases. EPA also identified work it will be taking on with regards to product codes and regulatory and policy items that need to be addressed as part of the integration effort.

Finally, EPA has successfully implemented its cutting-edge proof of concept (detailed in the 2007 Q4 newsletter) that presented a new internet-based approach for interoperability with the ACE system using web services. As a next step, EPA will pilot a data flow exchanging toxic chemical data reference files with CBP using EPA’s network node technology.

The first half of 2008 has seen a whirlwind of activity between EPA and CBP. Looking to the second half of 2008, EPA looks forward to improving import safety through its growing partnership with the ITDS program.



## The Road to Success: How AMS is Using ACE to Improve the U.S. Agricultural Market

*Yakima, Washington, Los Angeles, California, New York, New York, and Southern Georgia....* These are just a few of the many places key members of the Agricultural Marketing Service's (AMS) ITDS participants have spent time during their careers. With an impressive 63 years of combined experience, Bruce Summers, Michiko Shaw, and Barbara Maxwell bring a wealth of knowledge to the ITDS program that will prove to be invaluable in the coming years.

The main mission of AMS is to administer programs that facilitate the efficient, fair marketing of U.S. agricultural products. AMS programs promote a strategic marketing perspective that adapts product and marketing practices and technologies to the issues of today and the challenges of tomorrow. In short, AMS helps make sure the U.S. marketing system remains world-class. As part of the Market News Department for fruits and vegetables, Barbara Maxwell (Supply Reports Section Head) is heavily involved in administering the AMS mission. The Fruit and Vegetable Market News Department of AMS collects price and shipment information on a daily basis. This vast amount of data is then

made available on the internet, at <http://marketnews.usda.gov/>, to provide all industry members, and consumers with the same information. Other programs in AMS, including meat, poultry, and dairy, also collect and disseminate market news data. As AMS is the recognized authority on this data, it is critical to publish the most accurate and up to date information to ensure that the small town farmer in Iowa has the same information as the high-tech importer in New York City. This critical data is often used to help "level the playing field" and helps farmers analyze the fruit and vegetable market, and determine the most beneficial time to put their product on the market.

As the volume of fruits and vegetables coming into this country continues to rise, the associated data that AMS collects will grow substantially. In the distant past, AMS employees traveled to the ports daily to collect all of the pertinent commodity information. Today, port data is now emailed or faxed to Market News offices across the

country. Once this data is collected, a thorough analysis is conducted to ensure the data being published is accurate. As one can imagine, this task can be quite cumbersome. The ACE data portal is already helping to ease some of that burden. With 32 ACE portal users presently, some AMS employees have instant access to information that was previously faxed or emailed. Looking to the future, AMS looks forward to further using the ACE data portal to significantly streamline and enhance its business operation in a number of ways. First, the electronic data captured in ACE will be immediately available to all departments in AMS, thus ensuring the information is communicated to the public in a more timely and efficient manner. Additionally, AMS can now be 100 percent confident that they are not overlooking or missing any relevant shipments that have come into the country. Barbara Maxwell summed it up best by saying, "ACE will provide more information; better and faster!"

AMS is getting closer to seeing the

## THE TRADE'S VIEW



### Quotes From AMS

"ACE will provide more information, better, and faster!"

"ACE will significantly streamline and enhance our business operations in a number of ways."

benefits of ACE every day. Thanks to the hard work of Bruce, Michiko, and Barbara, AMS has already completed a Concept of Operations that details their future interaction with ACE. In addition, AMS has drafted a Memorandum of Understanding with Customs and Border Protection that is currently under review. Success is within reach and the end of 2008 looks to be a very promising time for AMS.



## ITDS Chairman Reports Continued Progress to the Senate Finance Committee

## ITDS Progress Continues

On June 24, 2008, Tim Skud testified before the Senate Finance Committee on oversight of trade functions and had the opportunity to discuss the responsibilities for customs revenue functions and ITDS. The following excerpt is from the ITDS portion of his testimony and provides insight on the progress that has been made to date: *International Trade Data System (ITDS)*

“One of the most significant areas on which the Treasury Department has worked closely with Customs and Border Protection (CBP) is the International Trade Data System (ITDS). The SAFE Port Act (P.L. 109-347, October 13, 2006) formally established ITDS and gave the Secretary of the Treasury the responsibility to coordinate interagency participation in ITDS in consultation with an interagency committee consisting of the agencies participating in ITDS and the Office of Management and Budget (OMB).

The goal of ITDS is to make the Federal government’s collection of international trade data less burdensome and more efficient by integrating and fully automating the government-wide collection, use, and dissemination of international trade data. Under the ITDS concept, agencies harmonize their data requirements, eliminating redundancies and minor definitional differences. Traders submit standardized electronic import and export data one time to a single collection point, commonly called the “single-window system.” The data is then distributed to agencies depending on what information they need to perform their respective trade-related missions.

ITDS is not a separate computer system. Rather, it is a feature of the Automated Commercial Environment (ACE), the new system for processing imports and exports that is being built by CBP. ITDS is being developed and will be operated by CBP with the collaboration of 43 other government agencies.

Today, international traders are confronted with duplicative and non-uniform reporting requirements, both paper and electronic. A number of Federal agencies maintain separate international trade reporting systems. Other agency processes are not automated at all, requiring traders to present CBP officials with paper documentation before their goods are allowed to enter or depart the United States.

The cost of redundant reporting requirements burdens not only importers and exporters, but also the government and the performance of the economy as a whole. These requirements protect consumers, the environment, health and safety; provide information for accurate taxation and for trade statistics; and accomplish numerous other worthwhile goals. Nevertheless, the multiple reporting schemes, superimposed one on top of another, result in a significant cumulative burden.

The very separateness of these collection systems also limits their effectiveness. Agencies do not necessarily have access to information that other agencies collect or know what actions other agencies have taken in response to that in-

formation. They act in isolation rather than together.

### Benefits of ITDS

Once fully implemented, ITDS will have a number of significant benefits to the private sector and the government, including:

- Reducing the burden on business and increasing the efficiency of the government’s collection of international trade transaction data by substituting standard electronic messages for the redundant reporting – often on paper forms – that occurs today.
- Enhancing the ability of CBP and other agencies to target risky cargo, persons, and conveyances.
- Extending the capabilities of ACE by bringing together critical security, public health, public safety, and environmental protection agencies through a common platform.
- Reducing the technical barriers to authorized sharing of data with other governments by accepting electronic filings reported using international standards for trade reporting (World Customs Organization standards).
- Improving compliance with laws and regulations that apply to:
  - Carriers – for example, highway safety and vessel clearance requirements,
  - People – for example, immigration require-



### Benefits of ITDS:

“Once fully implemented, ITDS will have a number of significant benefits to the private sector and the government, including:”

- Goods – which consist of several hundred laws including those addressing public health and safety, animal and plant health, consumer protection, and enforcement of trade agreements.
- Providing convenient access to data on international trade that are more accurate, complete, and timely for Federal agencies with a statistical mission.



## ITDS Chairman Reports Continued Progress to the Senate Finance Committee

- Serving as a custodian of records on international trade transactions, providing Federal agencies with a convenient, single point of access to data on trade transactions, with each agency having its own, and appropriate, level of access.

Another important feature of ITDS is that its data requirements are being designed to be consistent with the World Customs Organization (WCO) Data Model, an international standard for reporting customs data. International trade transactions are reported not only to U.S. authorities, but also to other nations with their own electronic reporting formats. Currently, firms operating in multiple countries must report to each country in the unique format each requires. The failure to adopt internationally standardized data requirements not only creates costs for traders, but also hinders collaboration among governments to identify, track, and apprehend dangerous shipments, a matter of great importance today.

### Status of the ITDS Program

When I testified before this Committee two years ago, I reported that many agencies with a border role were not participating in ITDS, and that even for the participating agencies commitment had been uneven.

This year, however, I am able to report a significant improvement in agency participation due to a number of factors. First is the Congressional mandate in the SAFE Port Act that all “agencies that require documentation for clearing or licensing the importation and exportation of cargo shall participate in ITDS.”

Secondly, agency participation was spurred by the cabinet-level Import Safety Working Group, (created on July 18, 2007, by Presidential Executive Order 13439), which recognized the value of ITDS for ensuring import safety. The Working Group report, delivered to the President on September 10, 2007, recognized ITDS as a “key component to improve systems interoperability” in the effort to improve import safety. In addition, the Working Group recommended that OMB direct CBP to accelerate implementation of ITDS and, in particular, to:

- Include information currently reported by importers and carriers to CBP in the ACE Data Warehouse, where it can be accessed by other agencies; and,
- Implement the World Customs Organization Data Model messages, which could provide a platform for electronic reporting of health and safety information in advance of the current ITDS production schedule.

Moreover, following up on the SAFE Port Act and the recommendations of the Import Safety Working Group, OMB issued a policy memorandum (M-07-23) requiring each agency involved in clearing and licensing cargo to designate a senior executive to participate in the ITDS interagency team and to prepare a plan, to be completed by November 12, 2007, outlining the agency’s plan for utilizing ITDS, including any necessary rule-making or acquisitions. A

subsequent OMB memorandum, issued on September 28, 2007, incorporated the Working Group recommendations with regard to ITDS. OMB is tracking each agency’s participation in ITDS by establishing milestones and monitoring progress toward those milestones.

At the passage of the SAFE Port Act there were 31 agencies participating in ITDS. At that time, Treasury identified ten additional agencies required by the SAFE Port Act to participate in ITDS. All of those agencies have since joined ITDS, and OMB has also joined the ITDS Board of Directors. Currently, 43 agencies participate in the ITDS program.

Some ITDS functions are already operational. ITDS agencies are able to obtain, in near real time, detailed information about any importation reported through an electronic filing. Most information currently required by CBP from importers (entry summary data) is transferred daily from CBP’s current processing system to the ACE “Data Warehouse,” which ITDS agencies can access through the ACE Portal, a secure web-based interface. For example, an agency analyst using the ACE portal at his or her desk could identify all imports (which were reported electronically) for any given month, day, port, or importer over the past 3 years. Twenty-five of the agencies participating in ITDS already have access to data on import transactions through the ACE portal.

Several agencies

ACE IS  
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### Benefits of ITDS:

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have also been able to put this information-processing power to work. For example, as a result of information obtained through ACE/ITDS, the Food Safety Inspection Service increased the amount of ineligible product it removed from commerce 44-fold in 1 year (36,000 to 1.6 million pounds between FY 2005 and FY 2006). Access to the ACE Portal has also allowed agencies to eliminate redundant paperwork requirements. Before obtaining access to the ACE Portal, Treasury’s Alcohol and Tobacco Tax and Trade Bureau required importers of industrial alcohol to file a paper certification that the product was to be used for non-beverage purposes. The import



## ITDS Chairman Reports Continued Progress to the Senate Finance Committee

ITDS LOOKS TO CONTINUE SUCCESS



information available through the ACE Portal now allows the agency to eliminate that requirement.

### Challenges Remain for ITDS

ITDS still faces a number of challenges, chiefly resource and priority issues associated with any large IT project or multi-agency project. The November 2007 Report to Congress on ITDS made 11 recommendations. While progress has been made on many of the recommendations, several challenges remain. While we will provide a complete status report by the end of 2008, as required by the SAFE Port Act, some key areas of progress are as follows:

- To some extent, ITDS has become a victim of its recent success. Increased agency participation means that fixed ITDS program resources must be spread among more agencies. Another potential issue emphasized by the growth in ITDS participation is the competition between the resources spent on “establishing a data interchange system” and those devoted to related policy and operational matters. With a finite funding stream for ITDS, delays to the completion of the “data interchange system” can put the ultimate success of the program at risk. In part, the energy of the very capable ITDS program team has mitigated this risk. (Recommendation 10)
- CBP has focused its efforts on integrating import safety agencies into ITDS and has been particularly successful in this effort. (Recommendation 1)
- Work on harmonizing data among agencies, which is critical for eliminating redundant data demands and is the basis for the entire ITDS concept, has accelerated but is not complete, in part because the talented data team has earned additional responsibilities. Ways to refocus resources in this area are under discussion. (Recommendation 2)
- ITDS agencies are already able to obtain much detailed import information through the ACE Portal, but are unable to access other data already collected electronically either (1) because the data has not yet been added to the ACE Data Warehouse, or (2) because software for retrieving that data is not fully operational. Making this data available could have immediate benefits (particularly with regard to import safety) and would also accelerate agency plans to fully utilize ITDS. These goals are being addressed but at this point, this additional data has not been made available to ITDS agencies. It may not be possible to do so without a significant impact on the current program schedule. (Recommendation 5)
- The ITDS team is aligning agency data requirements with the World Customs Organization standards for transmitting data from traders to governments, but there are not yet firm plans in

place for implementing WCO consistent messaging capability in ACE.

(Recommendation 7)

### Conclusion

We are very pleased with the progress that has been made to date on ITDS, and we look forward to working with the participating agencies to ensure that each of the recommendations in the November 2007 report are addressed and that ITDS achieves its overall intended purpose. Once fully implemented, ITDS will provide a critical “single-window” for electronic filing by private-sector market participants and subsequent distribution of the relevant information to the appropriate Federal agencies, thereby eliminating redundant reporting and systems, while providing agencies with access to information and processing capability that they do not now have.

### Benefits of ITDS:

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