

Trade Transformation

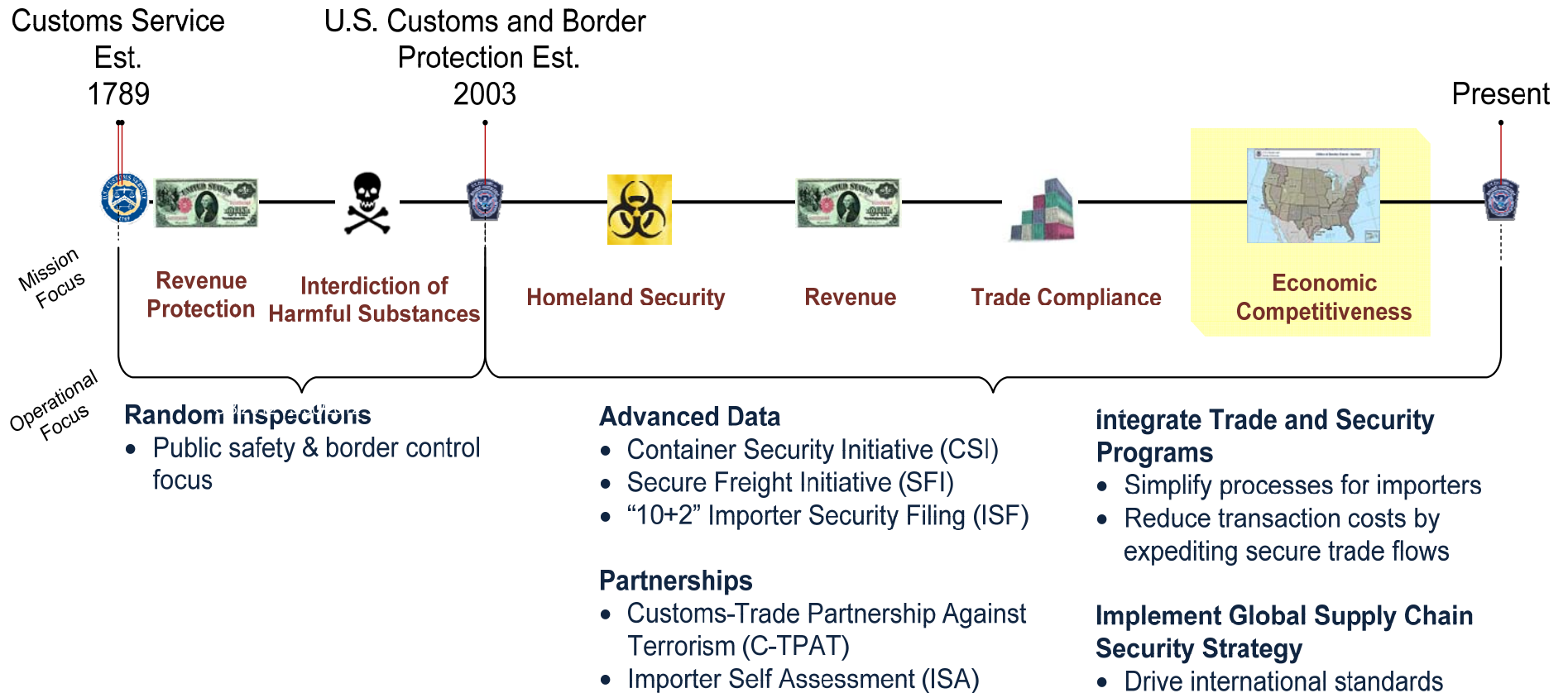
CBP Initiatives for 21st Century Trade

January 2013



U.S. Customs and
Border Protection

Evolving Our Mission

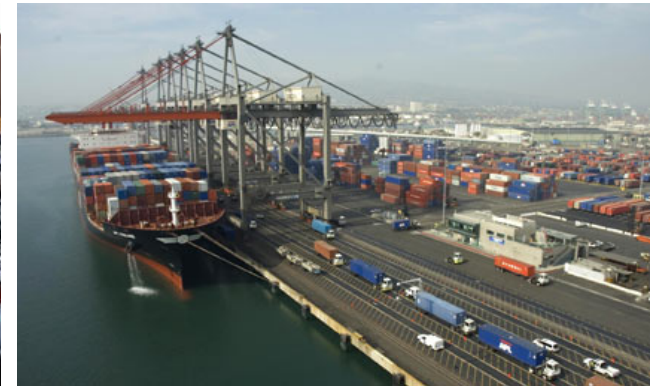


U.S. Customs and Border Protection

A Day at the U.S. Border

CBP protects more than:

5,000 miles of border with Canada
1,900 miles of border with Mexico
95,000 miles of shoreline



329 Ports of Entry
139 Border Patrol Stations
37 Permanent Checkpoints

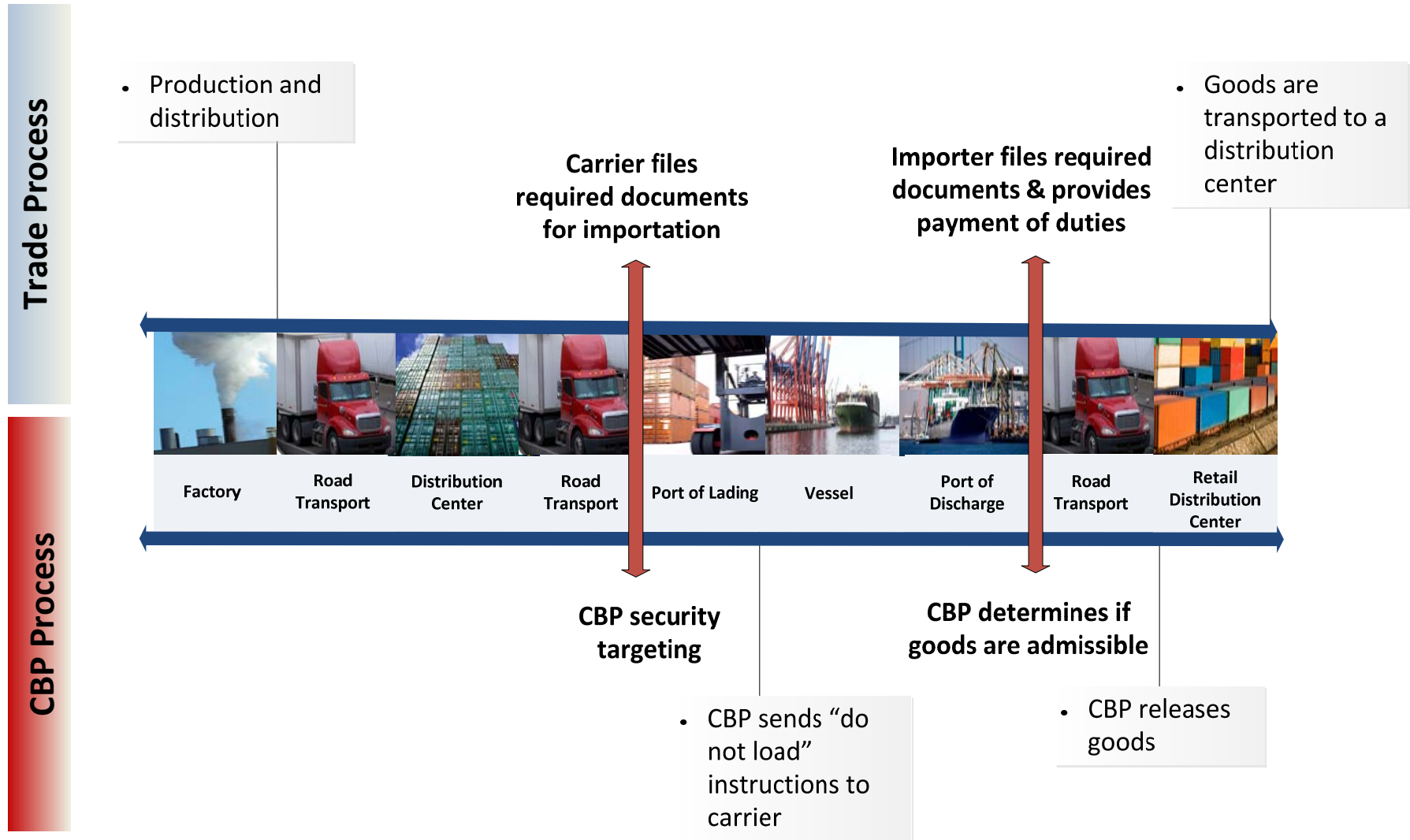
Processes

1 Million Passengers Daily
250 Thousand Vehicles Daily
64 Thousand Truck, Rail and
Sea Containers Daily



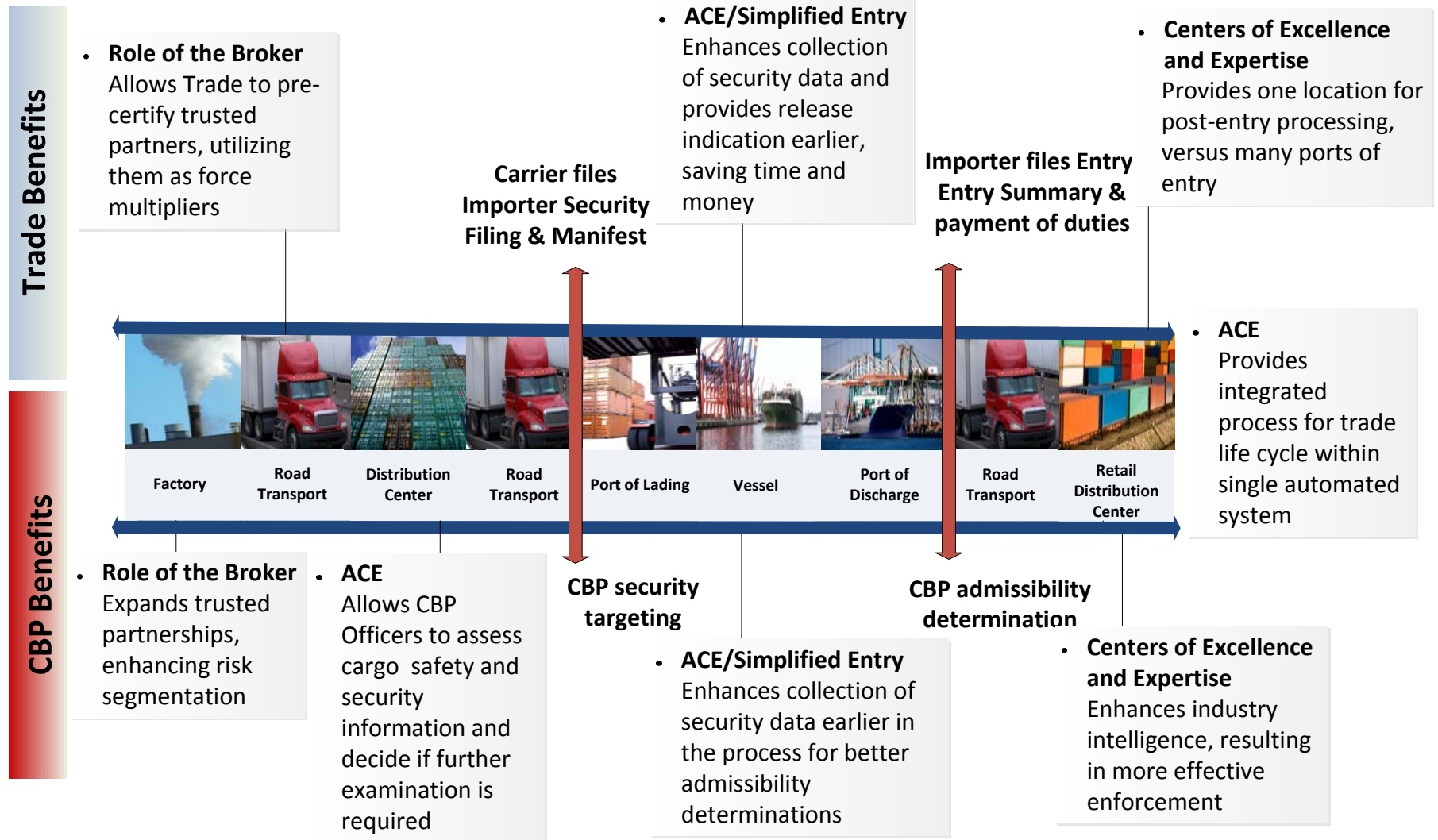
U.S. Customs and
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CBP Trade Operations



U.S. Customs and Border Protection

Transforming the Cargo Clearance Process



Trade Transformation in Action



Previously

- ACME Electronics was importing into 60 Ports of Entry (POE), with 60 ports conducting reviews.



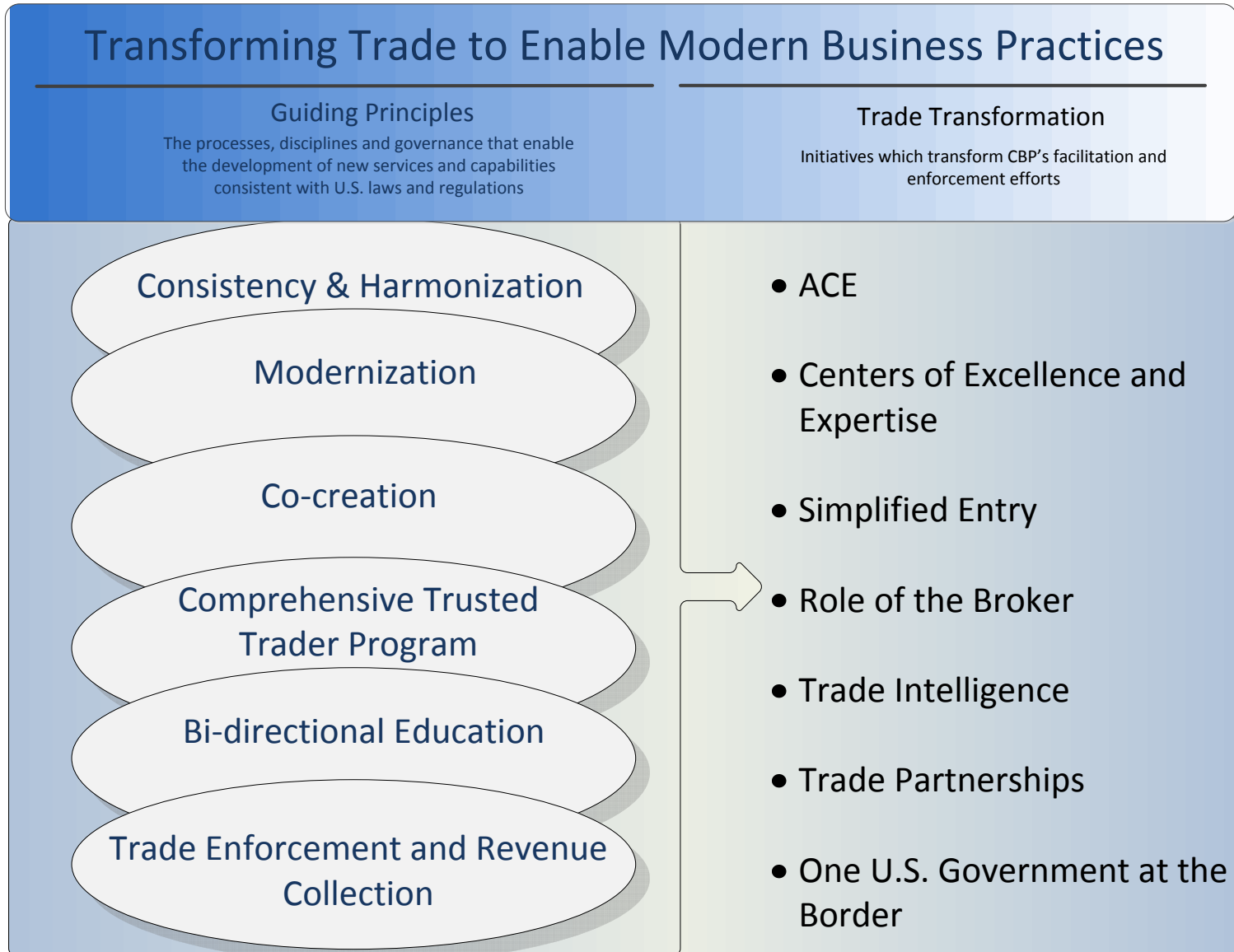
Center Operations

- Instead of 60 ports making decisions on ACME Electronics entries, they are all reviewed by the Electronics Center of Excellence in coordinated from Long Beach, CA.



U.S. Customs and
Border Protection

Trade Transformation Initiatives



U.S. Customs and Border Protection

ACE

- **Overview**
 - CBP's commercial trade processing system and the backbone for speeding the flow of legitimate shipments.
 - Forms the “single window” through which the international trade community will electronically provide all information needed by federal agencies for the import and export of cargo.

- **Future Plans**
 - In the pre-arrival environment: Air Manifest & Export Manifest.
 - In the arrival environment: Full Cargo Release, including all Modes of Transportation, merchandise holds, Foreign Trade Zones, bonds.
 - In the post-release environment: Remaining entry types and full financial capabilities.



ACE Capabilities

	Pre-Arrival	Arrival	Post Release	Export	Finance
Description of Modernized End State	<p>Modernizes "pipeline" to deliver data</p> <p>ACE funding for Automated Targeting System (ATS) since 2001</p> <p>ACE data feeds ATS</p> <p>More info available; less inspection required</p>	<p>Enhances data available for CBP & PGA to assess safety, security, compliance</p> <p>Enables speedier release of legitimate imported cargo into the U.S. commerce</p> <p>"Single window" for trade and government agencies involved in importing / exporting</p>	<p>Modernizes data requirements to validate compliance with U.S. trade laws</p> <p>Brings the full international trade business process into a single system</p>	<p>Supports President's National Export Initiative (NEI) with single exports processing platform</p> <p>Enhances targeting capability for exports</p> <p>Single system for imports and exports</p>	<p>Modernizes financial processes for CBP which are nearly 30 years old</p> <p>Streamlines payment mechanisms</p>
Delivered Capabilities	<p>Screening capabilities</p> <p>Truck Manifest</p> <p>Rail and Sea Manifest</p>	<p>Cargo Release/Simplified Entry</p> <p>PGA Interoperability</p>	<p>ACE Accounts & Reports</p> <p>Entry Summary Filing</p> <p>AD/CVD</p> <p>Courtesy Notice Report</p> <p>Entry Summary Corrections</p> <p>Document Image System</p> <p>Responses to CBP Forms</p>	<p>Export Manifest via Document Image System</p>	<p>Monthly Statement Payment</p>
Impact of Delivered Capabilities	<p>Better ID of high risk shipments enabling government to focus resources</p> <p>33% faster processing with ACE electronic manifest</p> <p>Automation of paper process</p> <p>100% of rail and sea manifests in ACE</p> <p>100% of in-bond data for rail, ocean and truck shipments in ACE</p> <p>Savings of \$39.5M/year for CBP processing (2011 independent study)</p>	<p>Data provided earlier in transportation chain</p> <p>Risks pinpointed with increasing efficiencies</p> <p>Previously unavailable data now provided from ACE to govt partners</p> <p>Automation of paper processes</p>	<p>>60,000 ACE reports run per month by CBP, govt partner and trade community users</p> <p>Automated Census overrides and warnings</p> <p>Courier cost reductions by trade community as high as 43% reported from paperless filings in ACE</p> <p>Automation of report CBP was required to print and post with estimated savings to CBP of \$3.4M/year</p> <p>Automation of paper processes</p>	<p>Electronic submission of ocean carrier export manifests</p> <p>Link to targeting for enhanced screening of export cargo</p> <p>Estimate from one carrier of \$20K savings per month in printing and courier costs</p>	<p>Monthly, interest-free payments for trade community</p> <p>68% of duties and fees paid via ACE</p> <p>Improvement in collections, accounts receivable and financial reporting</p>



Centers of Excellence and Expertise

- **Overview**
 - Aligns CBP trade processing along industry sectors.
 - Four Centers established in FY 2012.
 - *Electronics Center (Long Beach, CA).*
 - *Pharmaceutical Center (New York, NY).*
 - *Automotive & Aerospace (Detroit, MI).*
 - *Petroleum, Natural Gas & Minerals (Houston, TX).*
- **Federal Register Notice Published on August 29th**
- Broker Working Group established, comprised of representatives from the brokerage community and CBP personnel. The working group will collaboratively cultivate the roles and responsibilities of the broker as it relates processing trade in a virtual and national environment.
- **Future Plans**
 - Additional Centers to be established in FY 2013: Agriculture & Prepared Products in Miami; Base Metals in Chicago; Machinery in Laredo; Consumer Products & Mass Merchandising in Atlanta; Industrial & Manufacturing Materials in Buffalo; and Textiles, Wearing Apparel & Footwear in San Francisco.



Role of the Broker

- **Overview**

- The purpose of the Role of the Broker initiative is to meaningfully transform the relationship between the customs broker and CBP. This initiative recognizes broker's role as a communicator and force multiplier to increase compliance, especially for small- and medium-sized importers.
- In summer 2012, CBP conducted 30 roundtables with local broker groups and hosted 6 webinars to garner feedback on the Part 111 overhaul. Nearly 1,100 individuals attended the roundtables nationwide, and webinars averaged 350 participants.
- CBP received critical feedback on three primary issues: broker permitting, continuing education, and establishing *bona fides*.

- **Future Plans**

- Formulate policy decisions and potential regulatory alternatives based on the feedback from the roundtables and webinars. CBP will be working both internally and externally to answer: Does CBP need to seek statutory changes? What should be regulatory? What should be in guidance? How do we acknowledge and reward the best practices of our highly compliant licensed customs brokers?
- CBP will then begin drafting a Notice of Proposed Rulemaking and economic analysis; review existing policies to determine what the agency can do without regulatory amendments.



Simplified Entry

- **Overview**

- Simplified Entry offers a new approach to the entry process which provides for earlier entry filing with fewer required data elements. This initiative reduces transaction costs, enhances cargo security, and streamlines the release of goods.
- Simplified Entry is operational at 16 ports with 20 trade participants. To date over 48,500 Simplified Entries have been filed for over 680 importers.

- **Future Plans**

- CBP is now working on two new development efforts that will expand Cargo Release/Simplified Entry: 1) the Participating Government Agency (PGA) Message Set, which will enhance automated data sharing between CBP and the PGAs and 2) Automated Corrections and Deletions for Simplified Entries, which will provide a mechanism for CBP to accept (or deny) corrections and/or deletions transmitted by the trade community.



Trade Partnerships

- **Overview**

- Developed project scope and guidelines to investigate the feasibility of incorporating the Importer Self Assessment (ISA) and the Customs-Trade Partnership Against Terrorism (C-TPAT) into a trusted trader program.
- Throughout FY 2012, began facilitating sessions with stakeholders on how to drive up participation in ISA partnership program.

- **Future Plans**

- To set the stage for a Trusted Trader partnership program which merges the key benefits of current programs, along with new ones, for a robust program for the Trade.



One U.S. Government at the Border

■ Overview

- The One U.S. Government at the Border initiative furthers CBP's efforts to coordinate with federal agencies, the trade community, and foreign governments to better define risks through increased automation and information sharing, and interagency partnership programs. Includes the Beyond the Border Initiative.
- On September 21, 2012, the Border Interagency Executive Council (BIEC) held an Import Safety Roundtable to highlight significant achievements in interagency collaboration since the 2010 Import Safety Conference.

■ Future Plans

- Deploy the PGA Message Set which enables the trade to have a 'single automated window' for data submission required by all federal agencies during the cargo importation and review process.
- Expand system to system data exchanges to additional PGAs allowing for sharing of information in an automated manner for the release of imported goods, targeting and risk analysis.



Trade Intelligence

- **Overview**

- Virtually places individuals representing the industry sector assigned to work with Center of Excellence and Expertise (CEE) staff to provide CBP with targeting, enforcement, and/or intelligence information.
- Initiative also incorporates collaborative trade enforcement teams from CBP and Immigration and Customs Enforcement (ICE) to develop new enforcement protocols to address trade violations.
- Deployed three (3) Private Sector Intelligence Liaison Officers (PSILO) for the following trade industries: Semiconductor Industry (Under the Electronics Center); Pharmaceuticals (Under the Pharmaceutical Center); Steel (Under HQ staff).

- **Future Plans**

- Deploy PSILO in Auto and Petroleum CEEs and Implement CBP/ICE Commercial Fraud Working Group recommendations to enhance joint enforcement of trade violations.

