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CONGRESSIONAL HEARING ON SUPPORTING GROWTH THROUGH TRADE

2013 SNAPSHOT

Since the founding of the Department of Homeland Security almost a decade ago, U.S. Customs and Border Protection (CBP) and U.S. businesses have collaborated to make international travel and trade easier, cheaper and more secure. As part of these efforts, CBP has developed a risk-based, layered strategy to streamline and speed the movement of legitimate goods through CBP’s “Trade Transformation” initiatives.

Throughout 2012, CBP has prioritized the development of these key initiatives, which create efficiencies for U.S. businesses and the government by transforming the agency’s trade facilitation and enforcement efforts. Each initiative comes into play at a strategic point along the supply chain, prioritizing each of the following goals:

- Reducing the cost of doing business for both the government and the trade community;
- Streamlining the release of cargo and the payment of duties, taxes and fees;
- Aligning security and trade targeting for cargo shipments; and
- Developing comprehensive enforcement strategies commensurate with trade violations.



Deputy Commissioner David Aguilar at the first-ever West Coast Trade Symposium, where he announced CBP’s two new Centers.

CBP’s Trade Transformation initiatives include:

- Establishing Centers of Excellence and Expertise by commodity grouping;
- Implementing Simplified Entry;
- Expanding the role of the broker;
- Leveraging Trade Intelligence;
- Strengthening Trade Partnerships; and
- Developing a “One U.S. Government at the Border” capability.



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CBP Opens Two Additional Centers of Excellence and Expertise

CBP established two additional Centers of Excellence and Expertise (Centers) at the end of FY 2012, opening the Automotive and Aerospace Center in Detroit and the Petroleum, Natural Gas and Minerals Center in Houston. The Centers will begin centralized processing for all trusted partners in their respective industries, providing uniformity for their trusted importers.

In 2012, Deputy Commissioner Aguilar visited both the Pharmaceutical Center and Electronics Center in New York and Los Angeles, respectively. CBP expects to stand up several more Centers in 2013, with the goal of covering the entire Harmonized Tariff Schedule. The Centers are staffed with numerous trade positions using account management principles that are able to efficiently facilitate trade. The Centers also serve as resources to the broader trade community and to CBP's U.S. government partners.

Center personnel answer questions, provide information and develop trade facilitation strategies to address uniformity and compliance concerns. They also serve as a single point of processing for businesses enrolled in CBP's trusted shipper programs: the Customs-Trade Partnership Against Terrorism (C-TPAT) and Importer Self-Assessment (ISA).



Deputy Commissioner David Aguilar with Pharmaceutical Center Director Leon Hayward during a tour of the Center in June of 2012.

CBP will create six new centers in 2013, bringing the total number of Centers to 10. The Centers that are to be established in FY 2013 are:

1. Agriculture & Prepared Products;
2. Apparel, Footwear & Textiles;
3. Base Metals;
4. Consumer Products & Mass Merchandising;
5. Industrial & Manufacturing Materials; and
6. Machinery.

Deputy Commissioner Aguilar's Historic WCO Remarks

In June 2012, Deputy Commissioner Aguilar introduced CBP's Trade Transformation initiatives as a basis for international standards for World Customs Organization (WCO) Economic Competitive Package, which intends to reduce trade barriers around the world, encouraging increased trade flows and stronger economic linkages between countries.

In his remarks, the Deputy Commissioner indicated that CBP's Trade Transformation initiatives, organized around concepts of co-creation with the trade community and bi-directional education, are key to reducing these trade barriers by their use of effective partnerships. Deputy Commissioner Aguilar

also indicated this process is the wave of the future for CBP, and is especially crucial in today's world of economic uncertainty. The Deputy Commissioner's remarks were well received and were delivered in the presence of Crown Prince Phillip of Belgium who attended specifically for the Economic Competitiveness agenda item.

A copy of the remarks can be found at the following link: http://www.cbp.gov/linkhandler/cgov/newsroom/speeches_statements/c1_remarks.ctt/c1_remarks.pdf.



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CBP Expands Simplified Entry Pilot into Cargo Release

CBP's Simplified Entry initiative went from working group to pilot in 2012, with several broker participants actively filing entries. CBP has ambitious plans to expand the concept into Cargo Release for CBP's Automated Commercial Environment (ACE). This represents the final link to automating the cargo release portion of the importation process in ACE.

Earlier filing of the import data via Simplified Entry allows CBP to tell the trade community sooner that their products will be admissible or that additional information is required.

The result is greater predictability and transparency for the trade community, providing for efficiency gains and allowing business decisions to be made earlier in the supply chain process.

CBP's Simplified Entry pilot is testing in the air mode of transportation at select pilot ports. The pilot has gone so well, CBP recently expanded to a total of 20 filers. CBP also expanded to additional ports in November 2012, including: Anchorage, Alaska; Memphis, Tennessee; and Detroit, Michigan.



Michael Cooney, Client Representative for Seattle, processes Simplified Entries during the day of testing in Seattle, Washington.

To date, over 29,000 Simplified Entries have been filed for over 600 different importers. With thousands of Simplified Entries being filed, CBP expects to continually expand the initiative to include further entry complexities, and partner government agency requirements.

“Role of the Broker” Looks to Modernize the Broker’s Vital Role



Assistant Commissioner Allen Gina at the annual National Customs Brokers & Forwarders Association of America (NCBFAA) Conference.

In summer 2012, CBP conducted 30 roundtables with local broker groups and hosted 6 webinars to garner feedback on the regulatory overhaul of 19 CFR Part 111 (Customs Brokers). Nearly 1,100 in-

dividuals attended the roundtables, and the webinars averaged 350 participants. CBP received critical feedback on three primary issues: broker permitting, continuing education, and establishing bona fides.

This regulatory overhaul is part of the Role of the Broker initiative, which develops solutions to meet the challenges of 21st Century commerce as it relates to the broker's vital role.

This will expand the role of the broker, allowing more small- and medium-sized enterprises to be recognized as trusted partners. It will also increase the value of a customs broker license and result in efficiencies for both the trade community and CBP.



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CBP's Trade Intelligence Stamps Out Trade Fraud

CBP held public forums in Miami, New York City and Long Beach throughout the summer of 2012, to offer awareness to the trade community about CBP's Trade Intelligence initiative and gather insight as to how CBP can evolve the concept in the future.

The presentations offered a comprehensive picture of how CBP and its partner agencies take in and analyze trade intelligence, and how they use it to implement better enforcement actions.

Trade Intelligence places individuals from the private sector, representing specific industries, to work with CBP staff to identify issues of mutual interest and to provide CBP with targeting, enforcement, and intelligence information.

To date, Trade Intelligence has been successfully implemented at both the Pharmaceutical and Electronics Centers of Excellence and Expertise. At the Pharmaceutical Center, industry cooperation has led to the industry-sponsored creation and dissemination of pocket-sized counterfeit detection guides, assisting CBP officers in the field. These guides are a useful tool in the detection and enforcement of counterfeit pharmaceuticals.



Trade Intelligence Forum. Robin Rangel, Office of International Trade (OT); Mike Walsh, OT, John Leonard, OT, Sarah Baerwald, Immigration and Customs Enforcement–Homeland Security Investigations (ICE/HSI), Peter Green, Office of Field Operations.

At the Electronics Center, Trade Intelligence has led to large-scale seizures, revenue recoveries, and criminal prosecution.

CBP will continue its progress expanding Trade Intelligence at future Centers, including the new Automotive and Aerospace Center and the Petroleum Center.

CBP Explores Creating a Holistic Trusted Trader Program

In the spring of 2012, CBP, along with members of the trade community and other government agencies, began collaborating on designing a holistic, integrated trusted trader program that seeks to address physical supply chain security, trade compliance, trade enforcement, import safety and financial compliance. The trade community participants were selected strategically to ensure a broad representation of security, trade compliance, import safety, and related issues.

Their work is dedicated to the notion that a company is not a trusted partner unless it implements robust, sound measures to ensure that its supply chain is physically secure, maintains business practices that ensure compliance with U.S. trade laws, and takes the appropriate steps to guard against specific vulnerabilities that it faces (i.e. Intellectual Property Rights violations, contaminated food products, etc.).

Establishing a trusted trader partnership program will enable CBP to more effectively evaluate whether a company can in fact be trusted, which will in turn allow it to more confidently provide tangible incentives to those companies it deems low-risk. It also serves as a step forward in integrating enhanced efficiencies, a reduction in government-wide resource expenditures, and enhanced information sharing mechanisms.

For the trade community, this new framework is meant to reduce the up-front costs of the application, vetting, and validation processes to become a trusted trader. It is also meant to diminish the costs of complying with necessary regulations through the application of enhanced program incentives.



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CBP Charts a Path for One U.S. Government at the Border



Deputy Commissioner David Aguilar and Senator Benjamin Cardin (D-MD).

On September 21, 2012, executives from 10 agencies on the Border Interagency Executive Council (BIEC) met to discuss key interagency collaboration issues.

Key topics included: efforts to transform the trade process, ongoing efforts across federal agencies to partner with the trade community, and the use of automation to streamline the international trade clearance process.

During the event, agency heads worked to develop a “One U.S. Government” approach to partnerships with the trade community. Trusted trader programs provide incentives to importers who have the internal controls necessary to ensure a high level of compliance with trade laws.

By working cooperatively with its federal partners to jointly implement and monitor these programs, CBP expects to reduce the universe of shipments that require inspection or review at the border.

Early electronic filings by the trade community can significantly shorten agency review time. These electronic filings are the key to better facilitating movement of legitimate goods, and minimizing reporting burdens for the trade community.

This event was the highlight of a banner year in moving towards a “One U.S. Government” approach to trade processing. CBP has championed efforts by expanding information sharing, partnerships, and enhancing automation to move from paper to electronic filings required for commodities regulated by each agency in a central location.

CBP Holds First-Ever West Coast Trade Symposium

In May 2012, Deputy Commissioner Aguilar opened the first-ever West Coast Trade Symposium in Long Beach, California. The theme of this conference was clear: CBP is transforming its approach to trade. During his opening remarks to an audience of more than 500 symposium participants at the Long Beach Convention Center, Aguilar spoke about the innovative changes taking place in CBP and among its trading partners to lead to a, “faster, safer, more compliant, more predictable global supply chain – and a stronger economy.”

This transformation will move CBP toward being a more supportive partner to the trade community, and will emphasize CBP’s trade partners as “co-creators” of the new programs and policies. The Deputy Commissioner also announced additional Centers of Excellence and Expertise: the Automotive and Aerospace Center in Detroit and the Petro-



More than 500 participants attend CBP’s 2012 West Coast Trade Symposium.

leum, Natural Gas and Minerals in Houston. The Centers “transform trade by aligning customs procedures with modern business practices,” said Deputy Commissioner Aguilar.



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Congressional Hearing on Supporting Growth Through Trade



U.S. Customs and Border Protection Deputy Commissioner David Aguilar sits on the panel during the House Ways and Means Subcommittee hearing.

In May 2012, Deputy Commissioner Aguilar testified before the House Committee on Ways and Means, Subcommittee on Trade hearing titled, “Supporting Economic Growth and Job Creation

through Customs Trade Modernization, Facilitation, and Enforcement.” His testimony highlighted CBP’s Trade Transformation initiatives, stating, “We are striving to create trade processes that are consistent and harmonized across operations at all ports of entry so that U.S. importers and exporters can operate in an environment defined by predictability and uniformity.”

He also discussed utilizing the trade community to increase the knowledge and skills of CBP’s workforce, and collaborating with the trade to create trade initiatives that are relevant and responsive to ever-changing business practices.

A copy of the testimony can be found at the following link: <http://www.dhs.gov/news/2012/05/17/written-testimony-us-customs-and-border-protection-house-ways-and-means-subcommittee>.

2013 Snapshot

CBP will continue prioritizing the various Trade Transformation initiatives in 2013, with a focus on the following milestones:

- Engage the CBP Attachés and representatives in promoting and implementing CBP’s trade initiative principles and other CBP programs in cooperation with our foreign counterparts.
- Establish six additional Centers of Excellence and Expertise, covering the full range of commodities.
- Launch a pilot test of the Importer Self-Assessment Pre-Certification (ISAPC) Program, which will allow participating licensed customs brokers to screen and vet applicants to CBP’s ISA program.
- Expand Cargo Release/Simplified Entry in additional entry types and requirements, and expand the pilot to the ocean mode of transportation.
- Finalize work on the Role of the Broker regulatory revision project, developed to modify existing regulations to reflect current business practices.



John Leonard, Office of International Trade (OT) and Maria Luisa O’Connell, Office of Trade Relations (OTR) at a Trade outreach event.

Status updates on these initiatives and more can be found on CBP’s website: http://www.cbp.gov/xp/cgov/trade/trade_transformation/.



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