

U.S. CUSTOMS AND BORDER PROTECTION

Trade Facilitation Overview

September 12, 2018

CBP Mission

To safeguard America's borders thereby protecting the public from dangerous people and materials **while** enhancing the Nation's global economic competitiveness by enabling legitimate trade and travel.



Overview of Trade Operations

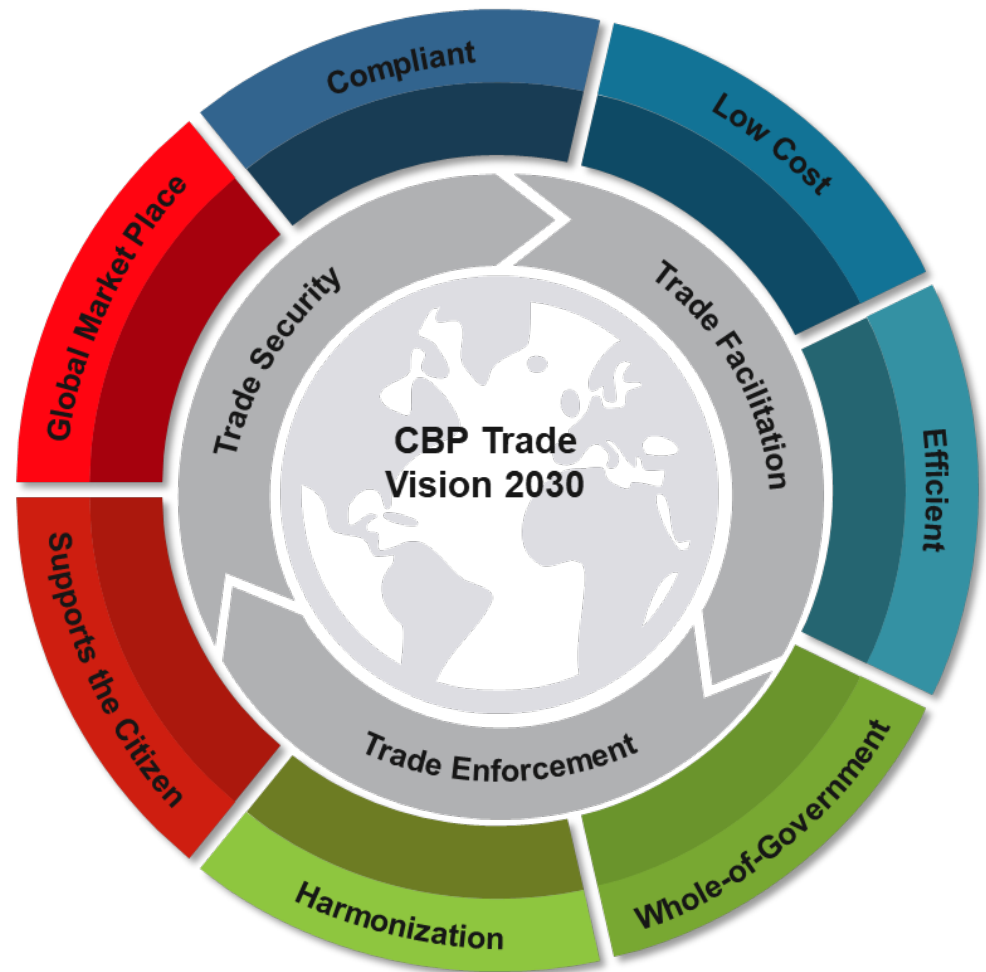
On a Typical Day in Fiscal Year 2017:

- CBP processed at 328 air, land and sea Ports of Entry:
 - \$6.3 billion in trade
 - 806,254 consignees
 - 89,315 entries of merchandise released
 - \$122.7 million collected in fees, duties, and taxes
- CBP carried out the following Enforcement Actions:
 - 135 seizures of illegal commercial shipments
 - 14 binding rulings on application of customs laws are issued
 - 1 audit completed

CBP Trade Strategy 2020

- Stakeholder Engagement
- Next-Generation Facilitation
- Resource Optimization

- Driving towards: Trade Vision 2030



Stakeholder Engagement

Border Interagency Executive Council (BIEC)

Objective: Create 1 U.S. Government at the Border (1USG) by streamlining data collection processes to lower the cost of importing and exporting to & from the U.S

- President Obama's Executive Order "Streamlining the Export/Import Process for America's Businesses" (February 2014)
 - Implement Single Window System (ACE) by December 31, 2016
- Provides strategic leadership and policy guidance to improve coordination among 47 Partner Government Agencies (PGA) with border responsibilities
- Comprised of Principal representatives from PGAs
- Risk Management and Process Coordination Committee – Working-level group of senior agency representatives meet weekly to explore solutions and make recommendations to the Principals
- External Engagement Committee - Trade/private industry provides advisory input on operational and technical issues

BIEC Partner Government Agencies Membership

- **Executive Office Agencies**
 - National Economic Counsel (NEC)
 - National Security Counsel (NSC)
 - Office of the U.S. Trade Representative (USTR)
 - Office of Management and Budget (OMB)
- **Independent Agencies**
 - Consumer Product Safety Commission (CPSC)
 - Environmental Protection Agency (EPA)
 - Federal Maritime Commission (FMC)
 - International Trade Commission (ITC)
 - Nuclear Regulatory Commission (NRC)
 - U.S. Agency for International Development (USAID)
- **Department of Agriculture (USDA)**
 - Agricultural Marketing Service
 - Animal and Plant Health Inspection Service
 - Foreign Agricultural Service
 - Food Safety and Inspection Division
 - Grain Inspection, Packers, & Stockyards Administration
- **Department of Commerce (DOC)**
 - Bureau of Industry and Security
 - Census
- Import Administration
- Foreign Trade Zone Board
- National Marine Fisheries Service
- National Oceanic and Atmospheric Administration
- Office of Textiles and Apparel
- **Department of Defense (DOD)**
 - Army Corps of Engineers
 - Defense Contracts Management Agency
- **Department of Energy (DOE)**
 - Office of Fossil Energy
 - Energy Information Administration
 - Office of General Counsel
- **Department of Interior (DOI)**
 - Fish and Wildlife Service
 - Office of the Solicitor
- **Department of Health and Human Services (HHS)**
 - Centers for Disease Control and Pests
 - Food and Drug Administration
- **Department of Homeland Security (DHS)**
 - U.S. Coast Guard
 - U.S. Customs and Border Protection
 - Transportation Security Administration
- **Department of Justice (DOJ)**
 - Bureau of Alcohol, Tobacco, Firearms and Explosives
- Drug Enforcement Administration
- **Department of Labor (DOL)**
 - Bureau of Labor Statistics
- **Department of State (State)**
 - Bureau of Administration
 - Office of Logistics Management
 - Directorate of Defense Trade Controls
 - Bureau of Ocean and International Scientific Affairs
 - Office of Foreign Missions
- **Department of Transportation (DOT)**
 - Bureau of Transportation Statistics
 - Federal Aviation Administration
 - Federal Highway Administration
 - Federal Motor Carrier Safety Administration
 - Maritime Administration
 - National Highway Traffic Safety Administration
 - Pipeline Hazardous Materials Safety Administration
- **Department of Treasury (Treasury)**
 - Internal Revenue Service
 - Office of Foreign Assets Control
 - Alcohol and Tobacco Tax and Trade Bureau
 - Financial Crimes Enforcement Network

BIEC Priority: Single Window Sustainment Initiative

Objective: Interagency collaboration to continue the development and sustainment the Single Window System (ACE)

- Funding for continued ACE development ended in Fiscal Year 2017 for CBP
- PGA financial support is required to sustain ACE
- This Initiative requires all PGAs work together to ensure the ACE continues to evolve and meet the changing demands from the trade industry
- New enhancements to ACE are required to accommodate changes to CBP & PGAs' statutes, regulations, policies, and business processes
- BIEC has developed, implemented, and uses a new cost-sharing framework that allows the agencies to collaboratively maintain the system by paying for new enhancements through *shared costs* across PGAs
- BIEC created a prioritization model through which the Council can assess and objectively prioritize ACE requirements

BIEC Priority: Global Business Identifier (GBI) Initiative

Objective: Develop a systematic, accurate and efficient method to identify & record foreign business entities and their supply chain roles, locations, functions, etc., enabling CBP and PGAs to focus on high-risk shipments

- CBP’s current manufacturer/shipper identifier (MID) does not sufficiently provide an unique identification of foreign entities
- MID is insufficient for PGAs concerned with identifying “origin-conferring” entities (manufacturers, assemblers, growers, harvesters, etc.)
- Combine Legal Entity Identifier (LEI) with Global Location Number (GLN) and launch an Evaluative Proof of Concept

	Globally Unique	Separate Legal Entities	Location & Function Specific	Tracks Supply Chain Roles	Managed for Accuracy	Oversight & Governance
MID	(N)	(N)	(N)	(N)	(N)	(N)
LEI	✓	✓	(N)	(N)	✓	✓
GLN	✓	(N)	✓	✓	✓	✓
LEI + GLN = GBI	✓	✓	✓	✓	✓	✓

Commercial Customs Operations Advisory Committee (COAC)

Objective: Advise the Secretary of the Treasury and the Secretary of Homeland Security on the regulations, policies, or practices of CBP and its impact on the Trade community

- Main forum for private sector participation
- Established by Congress (Omnibus Budget Reconciliation Act of 1987)
 - COAC Annual Report due to Congress by December 31st
- Consist of 20 members from the trade and private sector
 - Walmart, Fiat Chrysler, Microsoft, etc.
- Subcommittees
 - One U.S. Government at the Border; Trade Modernization; Global Supply Chain Security; Trade Enforcement & Revenue Collection; Trusted Trader; and Exports
- Example of Recommendation
 - Use of Blockchain
 - Centers of Excellence and Expertise

International Engagement

- Promulgating International Standards
 - World Customs Organization's subcommittee
 - ✓ Cross Border e-Commerce Framework of Standards
- Supporting International Organizations
 - World Trade Organization's Trade Facilitation Agreement
 - ✓ Provide capacity building, training, and sharing of best practices
- Facilitating North American Trade Flows
 - North American Single Window
 - ✓ Data Element Alignment

Next-Generation Facilitation

Importation Process

1. Manufacturer/shipper makes and delivers goods to carrier

Contract 	Purchase Order 	Manufacture 	Transportation
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2. Carrier files Manifest and delivers goods

Manifest CBPFs: 1302 7508 7533 	Importation 	Arrival
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3. Importer files

Entry CBPF: 3461 	Immediate Delivery
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4. CBP examines and *may* release goods

Cargo Selectivity 	Examination 	Detention 	Seizure or Release
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5. Entry Summary

Entry Summary Filing 	Revenue Collection
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6. CBP reviews/accepts documents and duty at Liquidation

Selectivity Results 	Import Specialist Team Review 	Liquidation 	Notice of Delivery
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7. Final Cargo Dispositions

Export 	Warehouse 	Destroy
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Simplified Processes Initiative

Objective: Develop a streamlined, account-level importation process and implement the necessary policies, regulations, and technologies

- Phase I Summary and Review (2014): Examined the import summary and revenue collections processes and identified opportunities for improvements
- Phase II Create Recommendations (2015): Defined recommendations for the desired future-state of post-release processes
- Phase III Stakeholder Engagement (2016-2017): Socialized and prioritized recommendations and develop a multi-year Simplified Processes Roadmap
- Phase IV Interim Updates & Development (2017- ongoing): Developing additional enhancements to ACE to meet CBP, PGA, & Trade community needs

Rule of Origin (ROO) Certifications via Blockchain

Objective: Determine the feasibility of using Blockchain technology for ROO Certification

- Conduct Proof of Concept (PoC)
 - Testing the digitization of the process of accepting a Free Trade Agreement claim, including supplemental follow-up activities
 - ✓ Requesting and providing additional information
 - NAFTA/CAFTA Certification Process
 - ✓ Example of a currently manual, paper- and time-intensive process
- Defining Success
 - At least one participant transmitting ROO information via the blockchain
 - Gaps being identified
 - Potential alternative solutions proposed
- Next Steps
 - Provide complete assessment
 - ✓ Legal, Policy, Technical
 - Lessons learned for next PoC
 - ✓ Intellectual Property Rights

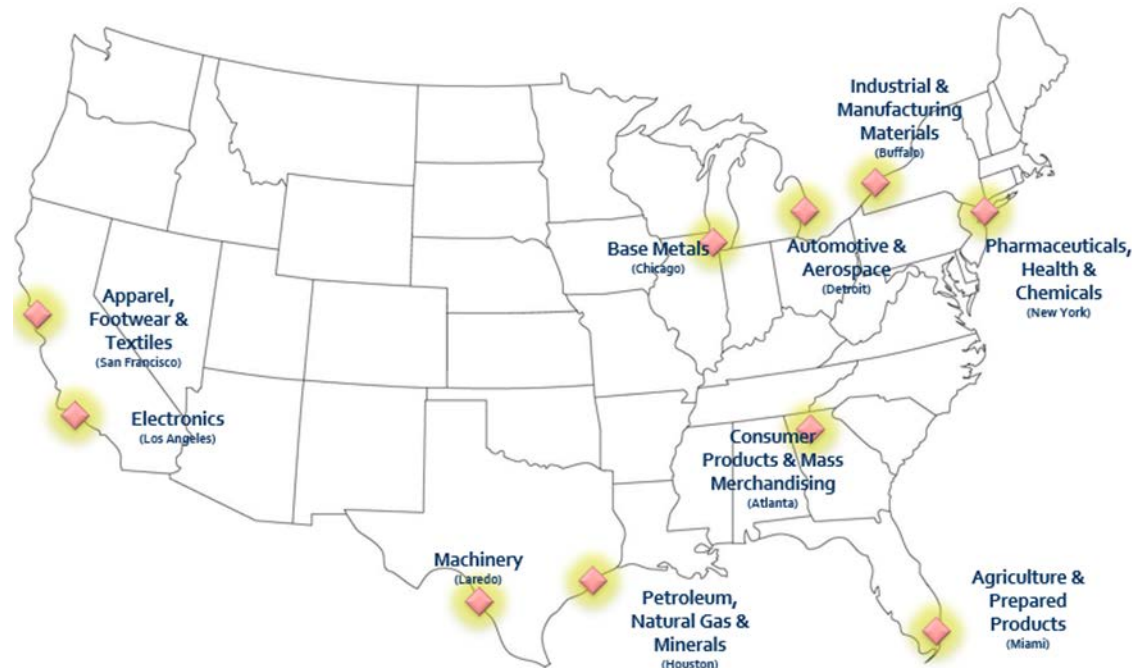


Resource Optimization

Centers of Excellence and Expertise

Objective: Organize Import Specialists into 10 Centers, focusing on specific industries and commodities for post-release customs processing

- Benefits of the Centers
 - Increase uniformity of practices across Ports of Entry
 - Further CBP's knowledge on key industry practices
 - Work with importers and filers on compliance, detecting anomalies, and other enforcement matters
- Impact of the Centers on Trade
 - Increase consistency
 - Reduce transactional costs
 - Timely resolution of trade compliance issues
 - Improve partnerships with the trade community



Center	Email Address
Agriculture & Prepared Products	CEE-Agriculture@cbp.dhs.gov
Apparel, Footwear & Textiles	CEE-Apparel@cbp.dhs.gov
Automotive & Aerospace	CEE-Automotive@cbp.dhs.gov
Base Metals	CEE-Basemetals@cbp.dhs.gov
Consumer Products & Mass Merchandising	CEE-Consumer@cbp.dhs.gov
Electronics	CEE-Electronics@cbp.dhs.gov
Industrial & Manufacturing Materials	CEE-Industrialmaterials@cbp.dhs.gov
Machinery	CEE-Machinery@cbp.dhs.gov
Petroleum, Natural Gas & Minerals	CEE-Petroleum@cbp.dhs.gov
Pharmaceuticals, Health & Chemicals	CEE-Pharmaceuticals@cbp.dhs.gov

Resources

- Questions regarding any U.S. Free Trade Agreement
 - FTA@cbp.dhs.gov
- CBP's Panama Trade Promotion Agreement Webpage
 - <https://www.cbp.gov/trade/free-trade-agreements/panama>
 - Legal Resources (Regulations, Presidential Proclamation, Implementation Act, etc.)
 - Certificate of Origin Template and Data Elements
 - Notification of Incorrect Certification of Origin
 - Tariff Tool
 - Quotas
 - Frequently Asked Questions (FAQs) - future update



U.S. Customs and Border Protection