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CBP, ICE Collaborate with Industry to Yield Record High Seizures

Customs and Border Protection Acting Commissioner Thomas S. Winkowski proposed the development of international guidelines on customs-trade partnerships within the World Customs Organization at the international organization's June 2013 meeting in Brussels, Belgium. Winkowski committed CBP to taking a prominent role in working with interested WCO members and the group's secretariat to draft viable partnership guidelines.

CBP at the June 2013 WCO Council Sessions (L-R): Brendan O'Hearn, Director of the CBP Office of International Affairs' International Organizations and Agreements Division; Thomas S. Winkowski, Acting CBP Commissioner; and Charles Stallworth, Assistant Commissioner, Office of International Affairs.

The customs-trade partnership document will offer WCO members practical methods to develop, sustain and enhance their engagement with the trade community. The document will include: 1) foundational principles; 2) actionable guidelines; 3) a section on the next generation of customs-trade partnerships; and 4) references to other tools and resources.

The concepts outlined will be accompanied by practical examples illustrated by WCO member case studies. The WCO membership will collaborate over the next year to adopt the partnership document at the June 2014 WCO council sessions.

Much work has already been done at the WCO on customs-trade partnerships, largely within the context of authorized economic operator programs. These forthcoming guidelines will address the issue of customs-trade partnerships more holistically, taking into account all facets of customs-trade engagement.

CBP also shares its lessons learned with other customs administrations through the WCO's Economic Competitiveness Package. This is a tool that encourages the use of modern customs procedures to support economic competitiveness by WCO member economies. CBP uses this package as a policy platform to encourage WCO members to adopt innovations and best practices.

The customs-trade partnership and other economic competitiveness programs exemplify the guiding principles behind CBP's Trade Transformation initiatives: consistency and harmonization, automation and efficiency, private sector collaboration and outreach, and trade enforcement.

Trade Events

U.S. Customs and Border Protection is proud to announce that the 2013 East Coast Trade Symposium is scheduled for October 24 – 25, 2013 and will be held at the Washington Hilton Hotel in Washington, DC.

For more information click **here**.

Pharmaceutical CEE Industry Meeting Charts the Future for CBP's Trade Operations

U.S. Customs and Border Protection's Pharmaceutical, Health and Chemicals Center of Excellence and Expertise (CEE) brought government and private sector partners together for an industry meeting in August. The two-day workshop, held at Pfizer's headquarters in New York City, featured a robust agenda on issues facing the pharmaceutical, health and chemical industries.

CEE Director Leon Hayward provides the keynote address to workshop participants.

Leon Hayward, the director of the Pharmaceutical, Health and Chemicals CEE, organized the discussion on CBP's continued outreach efforts. "The CEEs were designed as the centerpiece of CBP's 21st century trade modernization efforts," said Hayward, who lauded the success of the centers, which now cover all 97 chapters of the Harmonized Tariff Schedule, the primary resource used for classifying goods to determine duty rates. "The CEEs represent one of the most significant changes in how the United States processes trade since the Customs Service was established in 1789," said Hayward.

Participating importers within 10 CEE industries are processed by account, allowing CBP to quickly adapt to changes within an industry. By the end of 2013, the Pharmaceutical, Health and Chemicals CEE will account for 25 percent of all of the trade processed within these sectors. CEE staff process trade for participating importers, using their industry knowledge to resolve holds and mitigate requests for information often before the accounts know it themselves. These efforts effectively reduce costs for the trade community. As Hayward noted, "Given the lack of angry calls I've gotten lately, I think we are doing a pretty good job."

Cynthia Whittenburg, the newly appointed executive director of trade policy and programs for CBP's Office of International Trade, indicated that the CEEs will continue this good work, especially after the agency fully deploys its modernized cargo processing system, the Automated Commercial Environment (ACE). "We have a three-year finish line in view," said Whittenburg. "CBP is communicating this timeline for completing all core cargo processing in ACE. Now that we've given you our blueprint, make sure to have your software vendors hone in on what we are delivering so you don't get left behind," Whittenburg said.

Beyond their facilitative work, the CEEs have notable successes in the enforcement realm. Using a variety of targeting methods, the centers have interdicted counterfeit pharmaceuticals. For example, in 2012, CEE operations in the mail and express-courier environments yielded more than 160 seizures of more than 120,000 pills. The CEEs were instrumental in preventing these unsafe goods from entering U.S. commerce. During the workshop, leaders from the pharmaceutical, health and chemical industries spoke about disruptions to supply chains and how they've engaged CBP and partner government agencies on new products, processes and facilitation challenges. Jill Mares from CareFusion spoke about her company's proactive approach to working with government regulators.

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"We don't wait to reach out," said Mares. "Bi-directional education has been effective for reaching solutions when we experience holds or delays." Mares emphasized how industry supply chains are both scalable and flexible to adapt to changes in the trade environment, a reality that CBP's CEEs neatly complement.

Susie Hoeger, director of global trade compliance from Abbott Laboratories, indicated that CEE knowledge of her company's supply chain would assist with U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) security program revalidations. "Our product is extremely valuable and we, of course, have security systems to protect it—but we have to remember to outline this process for CBP," said Hoeger.

Several speakers noted that the CEEs are the nexus for engaging with the government on all questions for their imports. David Ulrich, quality assurance director of the distribution and supply chain strategic quality initiatives at AbbVie, indicated that, "We have taken the initial first steps to develop best practices for pharmaceutical imports. The CEE can advance that conversation to further CBP's informed compliance efforts."

Hayward concluded with the key themes of the productive two-day workshop. "On every topic we've discussed thus far. It is clear that the CEE represents an effective choke point in resolving the gauntlet of importing issues—from holds to engagements with partner government agencies," said Hayward, "In closing, I want to affirm today that the CEEs represent the future for how CBP is processing trade—we *are* the informed compliance for the 21st century. It is only by co-creating best practices with industry that we will grow as regulators and facilitators."

Executive Director Cynthia Whittenburg provides an update of the Automated Commercial Environment (ACE)

CBP and USDA Modernize Sugar Quota

With new trade agreements, a country may be eligible for different quotas using the same Harmonized Tariff Schedule number. A CBP review of the Automated Broker Interface (ABI) transmission of sugar certificates and certificates of quota eligibility revealed that many certificates were being applied incorrectly. The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) 2014 certificates for sugar quota will clarify the appropriate classification and program for that certificate as showed in the example below.

The World Trade Organization (WTO) sugar quotas are for fiscal year periods **(F);** Free Trade Agreements (FTA) and Trade Promotion Agreements (TPA) are for calendar year periods **(C)**.

The certificate numbering system:

- First digit - "C" for Calendar year (Trade agreement -requires a 9822 Harmonized Tariff Schedule (HTS) number and sugar HTS) or "F" for Fiscal year (WTO)
- Second digit - Last number of year
- Third digit - "W" for WTO, "T" for TPA, "F" for FTA
- Fourth and fifth digits - ISO country code (for example "CO" for Colombia)
- Sixth digit - Type of sugar **or** certificate ("C, G, S, or R" FAS internal code)
- Seventh to ninth digits - Serial number beginning with 101

CBP Advances Pre-Inspection, Beyond The Border Initiatives with Canada

Since President Barack Obama and Canadian Prime Minister, Stephen Harper announced the Beyond the Border Action Plan in 2011, CBP has taken the lead in developing the plan's trade facilitation and early threat -detection priorities. CBP and Canadian counterpart agencies have crafted advance security initiatives to screen and inspect thousands of shipments prior to arrival at the border, thereby reducing duplicative cargo security processes.

While addressing the U.S.-Canada Border Conference in Detroit on Sept. 13, CBP Acting Commissioner Thomas S. Winkowski highlighted a marine-to-rail integrated security pilot program that has been particularly well-received by industry in Prince Rupert, British Columbia. The pilot has already prescreened more than 15,000 containers since its launch in November 2012. Marine-to-truck pilot programs are now underway in Montreal, Quebec, and Newark, N.J.
The acting commissioner also noted the June 2013 launch of a Cargo Pre-Inspection Pilot in Blaine, Wash. In less than three months of operation the pilot has processed more than 3,100 trucks. Phase Two of the pilot will be conducted in Fort Erie, Ontario.

With $1.6 billion in trade crossing the U.S.-Canada border each day, every efficiency that can be gained in the trade facilitation process means economic growth for both nations. Expanding successful advance cargo security initiatives will enhance U.S. international trade development into the 21st century.

Ambassador Bridge—Detroit Port of Entry

Mutual Recognition Arrangement Benefits Importers Who also Export

A mutual recognition arrangement between U.S. Customs and Border Protection and a foreign customs administration signifies the partnership has established security requirements the same or similar to that of the Customs-Trade Partnership Against Terrorism (C-TPAT) program.
Mutual recognition agreements permit one industry partnership program to recognize the validation findings of another. Mutual recognition links various international industry partnership programs to create a unified security structure that facilitates trade and promotes supply chain security.

In July 2012, C-TPAT established an export security verification webpage, "Agreement for Current and Future Export Operations." C-TPAT and the Advisory Committee on Commercial Operations of Customs and Border Protection collaborated to create the agreement. The verification page allows C-TPAT importers that also export to self-identify.
C-TPAT has worked with the European Union and Japan's authorized economic operator program to facilitate the granting of benefits to eligible C-TPAT importers. To be eligible, an importer must be based in the U.S., be certified as a Tier II or Tier III importer, allow CBP to share information with the foreign industry partnership program, and certify that their exports meet all applicable requirements.

Once these eligibility requirements are met, C-TPAT importers who also export will receive benefits when exporting to the EU and Japan. C-TPAT anticipates expanding these benefits to the remaining five foreign industry partnership programs with which they have a mutual recognition agreement: New Zealand, Canada, Jordan, Korea and Taiwan.

Realizing the Single Window: ACE Expansion in Fiscal Year 2013

The Automated Commercial Environment (ACE) is fast becoming the primary system through which the international trade community will report imports and exports and the government will assess their safety and compliance. ACE is the foundation for this single-window information exchange and the key to many of CBP's trade transformation initiatives. In fiscal year 2013, CBP expanded critical features of ACE and laid the groundwork for transition to full core trade processing capabilities by 2016.

In fiscal year 2013, CBP continued to expand existing ACE features:

- Following the successful transition of rail and sea manifests to ACE in September 2012, CBP decommissioned the legacy Automated Manifest System on Dec. 5, 2012. The decommissioning enabled CBP to remove approximately 19 percent of the agency's original cargo processing system, the Automated Commercial System, from the mainframe.
- CBP expanded the ACE Cargo Release pilot (also known as Simplified Entry), which simplifies the entry process to 20 pilot filers. As of Aug. 27, 2013, more than 156,000 ACE Cargo Release entries had been filed for 1,184 importers of record.
- CBP expanded document image capabilities, which allow trade members to electronically supply documentation to CBP and other federal agencies.
- The number of entry summaries filed in ACE continued to grow in 2013, from 18 percent at the beginning of the fiscal year to a record 25 percent of all eligible entry summaries.
- ACE hit an all-time high in revenue collection. During August 2013, more than $2.1 billion was collected. This represents 76 percent of the duties and fees paid using the ACE system.

During fiscal year 2013, CBP worked diligently to create the remaining core ACE features and plan for the decommissioning of the Automated Commercial System by the end of 2016. The plan was developed in close consultation with CBP's partner government agencies, internal CBP stakeholders, the trade community and the Department of Homeland Security. This plan includes the following dates for the mandatory transition to ACE:

- May 1, 2015: Mandated use of ACE for manifests – All electronic export and import manifest data must be transmitted via ACE.
- November 1, 2015: Mandated use of ACE for cargo release – All data associated with the release of cargo, including partner government agency interactions, must be transmitted via ACE.
- October 1, 2016: Mandated use of ACE for all export and import transactions.

To accomplish this goal , CBP is using an Agile software development methodology that develops and delivers features more rapidly in smaller increments. The method's greater flexibility can accommodate changing requirements and shifting priorities. During fiscal year 2013, CBP used the Agile methodology to develop the following new ACE features, which are planned for deployment in October 2013:

- Further expansion of the ACE Cargo Release pilot (also known as Simplified Entry): This expansion will include automated entry corrections and cancellations, which will allow trade community participants to electronically request changes to submitted documentation and to process split, partial and in-bond shipments in ACE. ACE Cargo Release will soon allow all airports and air filers to participate in the pilot.

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- Partner Government Agency Message Set Integration: This feature automates communication between CBP and partner government agencies. It also sets the foundation for the single window application. An initial pilot to test this feature will be launched in early 2014 with the Environmental Protection Agency and Food Safety and Inspection Service.

- Entry Summary Validations: Automated data checks will be implemented to increase the accuracy of data submitted to CBP on ACE entry summaries. The initial entry summary edits will validate harbor maintenance fees and classification.

Streamline input from CBP agriculture specialists: The reduced data input into CBP and Animal and Plant Health Inspection Service systems will result in a nearly 33 percent reduction in workload for the CBP agriculture specialists.

Development efforts over the past fiscal year have laid the groundwork for future ACE capabilities. During fiscal year 2014, the program expects to deploy initial Automated Export System features for companies to transmit commodity data. The program will also expand the use of ACE Cargo Release entries into truck, ocean and rail manifest systems. Additionally, the program will develop further entry summary validations and continue to include more partner government agencies in ACE.

CBP, ICE Collaborate with Industry to Yield Record High IPR Seizures

Attributing the success in significant part to expanded 2013 coordination with U.S. interagency, foreign government, and industry partners, CBP and U.S. Immigration Customs and Enforcement (ICE) authorities at the National Intellectual Property Rights Coordination Center (IPR Center) in Arlington, Va., are projecting a record $1.8 billion in manufacturers' suggested retail price in IPR seizures for the fiscal year ending September 30.

The 21 U.S. government and international partner agencies currently at the IPR Center regularly engage industry to share critical trade intelligence, identify fraudulent goods and smuggling schemes, and educate consumers on the harms of IPR violations. One specific initiative focusing on vehicle equipment safety capitalizes on the knowledge within CBP's Centers for Excellence and Expertise, ICE Homeland Security Investigations, and a number of transportation industry representatives to protect the public from unsafe vehicle parts. In 2013 alone, thousands of unregulated airbags have been seized through the initiative.

IPR enforcement extends beyond consumer goods. In response to growing threats, government and private sector IPR Center partners have ramped up information-sharing efforts to prevent the smuggling of military intelligence, semiconductors and industrial machinery. Whether in the interest of consumer safety, national security, preventing forced labor abroad, safeguarding the environment or protecting the U.S. economy, disrupting and deterring IPR violations requires a coordinated effort between government, industry, and consumers. Leveraging stakeholders' expertise at the IPR Center will continue to be a critical element in serving these various interests.