United States Importer-Based Self-Certification System and ICT Requirements

Submitted by: United States
U.S. Importer-Based Self-Certification System and ICT Requirements

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U.S. Importer-Based Self-Certification System

- Importer-based Certification
- Process for Importing Goods
- Verification of Trade Preference Claims
- Record Keeping Requirements
- Importer Certification/Declaration
- Supporting Documentation
- Technological Support Requirements
Importer-Based Certification System

- Allows an importer to make a claim for trade preference based on:
  - Importer knowledge of the production process
  - Reliance on certification by the producer or exporter with knowledge of the production process
  - If the importer learns that the information on which he relied is incorrect, the importer must correct or withdraw the claim

- No additional technological requirements are required for importers who make trade preference claims
CBP verifies trade preference claims after goods are released

Verification candidates chosen based on risk management principles
- Not every trade preference claim verified

Information used to analyze and assess risk is collected and processed electronically
Verification of Trade Preference Claims

• Risk assessments include:
  – Trade Compliance Measurement program
    • Establishes baseline
    • Enables CBP to determine risk
  – Other information:
    • Allegations
    • Compliance history

• Used to select verification candidates

Automated Targeting System

• ATS is a key component in CBP’s layered enforcement strategy utilizing risk management
  – A rules-based decision support system
  – Integrates law enforcement and commercial data
  – Utilizes historical data and trend analysis
  – Incorporates CBP and other Government agency database information
  – Adapted for use in all modes: sea, land, rail, and air
  – Evaluates large data sets
More About ATS

- Identifies high risk targets
- Facilitates low risk passengers and cargo for expedited clearance or entry
- Flexible and fast system - addresses specific and generalized threats with quick results
- Supports alerts and lookouts
- 100% screening of all cargo shipment data
- ATS continually updates its assessments when new data is received.
- Functions as a research tool, enabling users to create ad hoc queries to filter data to meet specific research needs
- Can be changed rapidly to leverage new intelligence and techniques in fluid operational environments

Verification of Trade Preference Claims

• Import specialist review:
  - Records requested from importer
  - Determination made and issued in writing by import specialist

• There is also a post-release audit process
  - Same rules apply
Recordkeeping Requirements

• Importers must have information available to substantiate their trade preference claim upon request by CBP
  – Certification/Declaration
  – Supporting documentation

• U.S. free trade agreements have a 5-year recordkeeping requirement for any party that certified that the good qualifies for a preference
  – Exporter/producer must maintain records if he supplied a certification that goods qualify for the preference program

Importer Certification/Declaration

• No set format required

• Does not need to be signed and in importer’s possession at the time of the claim

• May apply to a single shipment of goods, or multiple shipments of identical goods within a specified period (up to one year in U.S. free trade agreements).
Supporting Documentation

• Supporting documentation requested by CBP depends on how a good qualifies for preference

• Some examples of documents that may be requested include:
  – Affidavits from growers (wholly obtained)
  – Bill of materials showing classification, country of origin and value of all materials
  – Invoices for the purchase of materials used to produce final good
  – Affidavits from producers of qualifying materials
  – Production records

Technological Support Requirements

• CBP utilized existing systems to implement importer self-certification

• No additional technological requirements placed on the importer

• All trade preference claims are verified and audited post-entry
  – Supporting documentation provided to CBP upon request
ICT Legal Requirements

• 1993 Customs and Modernization Act (Mod Act)
  – Legal foundation for the CBP Modernization effort; promotes the concept of “shared responsibility”
  – Outlined requirements for automation and emphasized electronic trade processing

• Trade Act of 2002
  – Requires the submission of advance electronic cargo information
  – On February 11, 2008, CBP implemented mandatory electronic truck manifest (e-Manifest) filing at remaining land border ports, marking the implementation of mandatory e-Manifest filing at all 99 U.S. land border ports of entry
  – E-manifests represent 99 percent of manifests filed

Electronic Systems

• Automated Commercial System (ACS)
  – A comprehensive system that tracks, controls, and processes commercial goods imported into the U.S.
  – ACS was built in the 1980s
  – ACS uses Electronic Data Interchange (EDI) technology to exchange data between CBP and the trade
  – The central point through which export shipment data required by multiple agencies is filed electronically by exporters to CBP
Electronic Systems

• Automated Commercial Environment (ACE)
  – ACE modernizes and enhances trade processing with features that will consolidate and automate border processing and will replace ACS
  – It provides a centralized online access point to connect CBP and the trade community
  – ACE interfaces with and consolidates information from the Automated Targeting System, Traveler Enforcement Compliance System/National Crime Information Center, Free and Secure Trade and the ACS via the ACE Secure Data Portal
  – ACE facilitates collection and distribution of standard electronic import and export data required by all Federal agencies via the International Trade Data System

Vision for ACE

• Vision
  – Single window filing: A single place for the trade community to submit data required by all Federal agencies for the clearance of cargo
  – Inter-agency data sharing: Dissemination of international trade and transportation data to all federal agencies involved in import, export, and transportation-related decision making

• Status
  – 46 participating government agencies
  – More than 500 ACE end users
Key Advantages of ICT Systems

• Allows trade participants to better manage their information
• Expedites legitimate trade by efficiently processing imports/exports and moving goods quickly across the border
• Facilitates efficient collection, processing, and analysis of commercial import and export data
• Improves communication, collaboration, and compliance efforts between CBP and the trade community

Key Advantages of ICT Systems

• Provides significant cash flow advantages by allowing the payment of duties and fees on a monthly basis
• Allows access to transactional, financial, and compliance data
• Reduces redundant and time consuming paper processes
• Provides an information-sharing platform for trade data throughout the Government via the International Trade Data System (ITDS) initiative
Key Advantages of Importer Self-Certification

• Aligns importer obligations with benefits
  – Importer receives the duty benefit and is ultimately responsible for the veracity of their free trade agreement claim
  – CBP has no authority over exporters, but can sanction importers that make false claims
  – Importers with knowledge of the production process no longer have to rely on the producer or exporter certification

Key Advantages of Importer Self-Certification

• Reduces costs
  – In line with existing importation procedures; no need to complete additional government forms
  – No delay or cost in obtaining a certificate of origin from the exporter or producer
  – Eliminates the need for traders to complete a form and keep the form as paperwork
  – Cuts down on costs of customs administration, as verification of exporters can be costly
Key Advantages of Importer Self-Certification

• Provides greater flexibility to importers and customs
  – Allows importers to claim preferential treatment based on actual knowledge of the production process, or reliance on certification by the producer or exporter
  – No need for customs to verify a certificate of origin, so goods can move quickly through the border. Verifications conducted based on risk-assessment techniques and only after goods are released
  – Provides both the importer and the exporter the flexibility to accommodate supply chains