United States Importer-Based Self-Certification System

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

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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
## Verification of 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

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
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

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