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United States Importer-Based Self-Certification System

Submitted by: United States



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U.S. Importer-Based Self-Certification System

APEC Workshop on Self-Certification 28 – 29 July, 2011 Ha Noi, Viet Nam

Eric Holloway Office of the U.S. Trade Representative

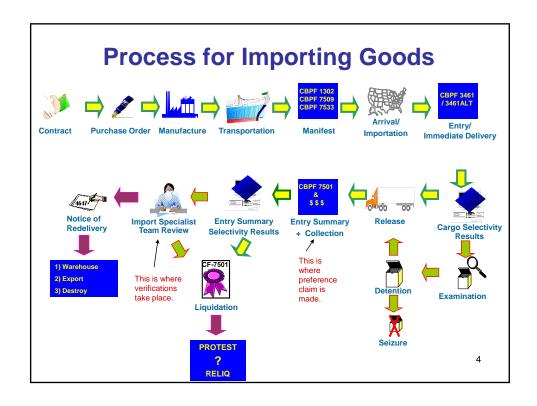
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U.S. Importer-Based Self-Certification System

- 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



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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

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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 <u>upon request</u> 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

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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

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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

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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

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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