



U.S. Customs and  
Border Protection



# Customs-Business Partnership Centers for Excellence & Expertise

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# Pre-CEEs

- CBP rolled out Trusted Trader programs and companies signed up to participate
- AAEI worked with CBP on “industry” Importer Self-Assessment (ISA) Program
  - Risk Control Matrix
  - Benefits List
    - Examples: Chemicals; Pharmaceuticals
    - Pros:
      - Opportunity for “best minds” thinking about common compliance risks
      - Creative thinking about benefits as compliance solutions
    - Cons:
      - Took a long time to negotiate
      - CBP could not offer benefits involving Other Government Agencies (OGAs)

# Crunching the Numbers

- Rule of thumb: top 1,000 importers comprised 70% of trade by value/volume
  - 70% of those transactions were intra-company trade
- CBP analyzed its data:
  - Most imports fell into a limited number of HTSUS chapters corresponding to 10 industry categories
  - Within the industry categories, CBP found interesting
    - Ex.: 2% of the pharma importers entered over 70% of goods by value
- CBP decided to organize the 10 industries into Centers of Excellence and Expertise
  - How to roll-out the CEES?

# Centers of Excellence and Expertise



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# Goals of Centers

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- 1) Facilitate legitimate trade through effective risk segmentation
  - Utilize account based methods to process trade
  - Expand partnerships - move more importers to trusted trader status
  - Develop and implement comprehensive strategies to manage risk
- 2) Increase industry-based knowledge within CBP
  - Advance bi-directional education to raise industry knowledge
  - Engage industry groups and key stakeholders re: trainings/seminars
- 3) Enhance enforcement and address industry risks
  - Leverage industry to identify issues of mutual interest to provide CBP with targeting, enforcement, and/or intelligence information
  - Coordinate enforcement efforts by industry to address unique risks



# What are the benefits?

| Action   | Benefits   |
|--|--|
| Eliminates unnecessary duplicative work from compliant imports | <ul style="list-style-type: none"><li>• Fewer cargo delays</li><li>• Reduced costs</li><li>• Greater predictability</li></ul>  |
| Ports of Entry focus shifts to high-risk shipments             | <ul style="list-style-type: none"><li>• More complex enforcement work</li><li>• Improved enforcement results:<ul style="list-style-type: none"><li>○ Increased import safety</li><li>○ Increased revenue protection</li><li>○ Reduced economic loss to IPR theft</li></ul></li></ul> |
| Centralized office for trade inquiries                         | <ul style="list-style-type: none"><li>• Improved relationship with CBP as small/medium-sized importers have a streamlined inquiry process for resolving concerns</li><li>• Increased uniformity and transparency for the trade</li></ul>   |
| Cross-functional expertise                                     | <ul style="list-style-type: none"><li>• Environment for in-depth learning to increase CBP expertise and therefore enforcement</li></ul>  |



# CEE Strategic Vision and End State

*Port rollout will begin Oct 1st*

The Pharmaceutical CEE will utilize a national approach by gradually absorbing specific field offices nationwide based on our assigned HTS numbers.

## Phase 1

Atlanta  
Chicago  
El Paso  
New York

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Total/Additional:  
a. 4 Field Offices  
b. 25 Import Specialists  
c. 1,493,987 lines

## Phase 2

Buffalo  
Los Angeles  
New Orleans  
Seattle

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Total/Additional:  
a. 4 Field Offices  
b. 16 Import Specialists  
c. 1,351,121 lines

## Phase 3

Laredo  
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Total/Additional:  
a. 1 Field Office  
b. 1,428,065 lines

## Phase 4

Baltimore  
Boston  
Detroit  
Houston  
Miami  
Portland  
San Diego  
San Francisco  
San Juan  
Tampa  
Tucson, etc

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Total/Additional:  
a. Add remaining Field Offices  
b. 1,234,880 lines

**TOTAL: Final staff will consists of 105 personnel including 72 Import Specialists**



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# End Status

Estimated Importers of Record by Center once fully implemented

| Center                                 | IORs   |
|--|--------|
| Consumer Products & Mass Merchandising | 79,500 |
| Machinery                              | 53,500 |
| Apparel, Footwear & Textiles           | 34,400 |
| Industrial & Manufacturing Materials   | 32,300 |
| Agriculture & Prepared Products        | 29,000 |
| Electronics                            | 25,700 |
| Automotive & Aerospace                 | 18,800 |
| Pharmaceuticals, Health & Chemicals    | 15,800 |
| Base Metals                            | 15,200 |
| Petroleum, Natural Gas, & Minerals     | 2,000  |



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# Center Enforcement Efforts

## FY14

- 645 seizures
  - 58% increase over FY13
- 407,000 units of illegal pharmaceuticals including,
  - 187,572 pills of counterfeit pharmaceuticals (apprx. \$3.75 million in MSRP)
  - 213,795 pills of controlled substances

## Goals for FY15

- Maintain volume of pharmaceutical seizures
- Focus on primary points of entry
  - Target areas of risk
- Increase collaboration with International law enforcement
  - Pangea, APEC
  - German/French Customs
- Partnership with the trade
  - Intelligence and training



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# Petroleum CEE

## Before the CEE was implemented

- Variances in import operational practices between U.S. ports of entry
- Less certainty in cross border activities, as CBP personnel without understanding of petroleum commodities were at times trying to bring enforcement actions
- No forum for bi-directional training between CBP and the trade
- No or limited scheduled contact between CBP and petroleum trade members

## Benefits

- Fewer cargo delays
- Reduced costs
- Greater predictability
- More complex enforcement work
- Improved enforcement results:
  - Increased import safety
  - Increased revenue protection
  - Reduced economic loss to IPR theft
- Improved relationship with CBP as small/medium-sized importers have a streamlined inquiry process for resolving concerns
- Increased uniformity and transparency for the trade
- Environment for in-depth learning to increase CBP expertise and therefore enforcement

## After the CEE was implemented

- More **uniformity** in treatment of day-to-day import operational activities across ports
- More **certainty** – as CEE members can contact the CBP Petroleum CEE team who have years of experience in petroleum commodities
- Periodic **bi-directional training sessions** where CBP Petroleum CEE staff and members of the trade meet, present and discuss technical aspects of the petroleum industry
- Periodic conference calls to touch base and discuss issues in a proactive way

# The Impact of CEEs



If your company is participating in the CEE for Pharmaceuticals or Information and Consumer Electronics, has the CEE reduced:

|                                  |     |
|----------------------------------|-----|
| Request for Information (CF-28s) | 67% |
| Notices of Action (CF-29s)       | 67% |
| Post-Entry Amendments (PEAs)     | 0%  |
| Protests                         | 0%  |
| Ruling requests                  | 0%  |
| Port uniformity issues           | 67% |
| Detained merchandise             | 33% |
| Liquidated damages for marking   | 0%  |
| Seizures                         | 0%  |

If your company is participating in the CEE for Pharmaceuticals or Information and Consumer Electronics, has your company's compliance rate:

|                       |     |
|-----------------------|-----|
| Increased             | 12% |
| Decreased             | 0%  |
| Stayed about the same | 88% |

If your company is participating in the CEE for Pharmaceuticals or Information and Consumer Electronics, has the CEE reduced the time you spend on individual entries:

|            |     |
|------------|-----|
| Yes        | 23% |
| No         | 46% |
| Don't know | 31% |

# The Impact of CEEs

**Of the shipments that are held by CBP, what percentage is held due to compliance concerns?**

|                              |       |
|------------------------------|-------|
| 0%                           | 33.0% |
| 1% to 25%                    | 37.3% |
| 26 to 50%                    | 1.2%  |
| 51 to 75%                    | 3.6%  |
| 76 to 100%                   | 7.2%  |
| I don't know/we are not told | 16.9% |

**Of all your shipments which are held by CBP, on average how much time is required of your staff to address and resolve held shipments?**

|                                  |       |
|----------------------------------|-------|
| No time is required by our staff | 19.8% |
| 5 to 15 minutes                  | 14.8% |
| 15 minutes to an hour            | 34.6% |
| Over an hour                     | 21.0% |
| One work day                     | 6.2%  |
| Multiple work days               | 3.7%  |



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Questions?