

# Amerikan Gümrük İdaresinin Ticaretin Kolaylaştırılması Stratejisi ve Uygulamaları

## Trade Facilitation Strategy and Implementations of US Customs and Border Protection

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### Öz

Dünyanın en büyük ekonomisi olarak ABD, küresel ticaretten en çok pay alan ikinci ülke konumundadır. Bu anlamda ABD'nin uluslararası ticarete ilişkin uygulamaları, diğer ülkeleri doğrudan etkilemektedir. Dünyanın en büyük ekonomisini yönetmek elbette buna uygun yasal düzenlemeler gerektirmektedir. Bu düzenlemelere yön veren önemli kavramlardan biri de 'Ticaretin Kolaylaştırılması'dır.

Amerikan Gümrük İdaresinin ticaretin kolaylaştırılmasına ilişkin çalışmalarının geçmişi, Dünya Ticaret Örgütü'nün (DTÖ) dahi henüz kurulmadığı 1990'lara kadar gitmektedir. Ancak 11 Eylül olayları Amerikan Gümrük İdaresinin ticaretin kolaylaştırılması kavramına bakış açısını dramatik bir şekilde değiştirmiştir. Bu konuda 11 Eylül olayları öncesi yapılan düzenlemeler daha çok gümrük işlemlerinin hızlandırılması ve elektronik ortama aktarılmasına odaklanmış iken; bu olaylar sonrası yapılan düzenlemelerin odak noktasını dış ticarete emniyet ve güvenlik tedbirleri ile ülkenin bir bütün olarak güvenliğinin sağlanması oluşturmuştur.

Bununla beraber, Amerikan Gümrük İdaresinin ticaretin kolaylaştırılmasına ilişkin ortaya koyduğu uygulama ve yöntemler bir çok ülke tarafından iyi uygulama örneği olarak takip edilmektedir. Amerikan firmalarının küresel piyasalarda rekabetçi üstünlüklerini koruyabilmeleri, ticaretin kolaylaştırılması ile güvenliğin sağlanması arasındaki mükemmel dengenin varlığına bağlıdır. Bu çalışmada Amerikan Gümrük İdaresinin ticaretin kolaylaştırılmasına ilişkin mevcut uygulamaları detaylı bir şekilde incelenmiştir

**Anahtar Kelimeler :** Ticaretin Kolaylaştırılması, Amerikan Gümrük İdaresi, Ticaretin Kolaylaştırılması Uygulamaları, Ticaretin Kolaylaştırılması Stratejisi.

**Jel Sınıflandırma Kodları :** F10, F13, F40, F52

### Abstract

The US is the largest economy with the second largest share in the global trade. In this context, the performance of the US trade operations directly affects the trade operations in the rest of the world. Managing the largest economy requires adequate legal arrangements and the "Trade Facilitation" is one of concepts that shapes those legislations.

Trade Facilitation efforts of US Customs dates back to 1990's when even the World Trade Organization (WTO) were not established yet. However, the 9/11 incidents have dramatically changed the US Customs approach towards to the concept of trade facilitation. Pre-9/11 trade facilitation legislations mainly focus on the streamlining and computerizing the customs operations whereas post-9/11 trade facilitation legislations shift the focal point to import security, trade enforcement and homeland security.

Trade facilitation implementations and applications of US Customs and Border Protection (CBP) is used as a base for best practices in many countries. The perfect combination of facilitation and enforcement is key to establish and sustain a global competitiveness for US companies. This study explicates the current trade facilitation implementations in U.S. Customs and Border Protection.

**Keywords:** Trade Facilitation, US Customs and Border Protection (CBP), Trade Facilitation Implementations, Trade Facilitation Strategy.

**Jel Codes :** F10, F13, F40, F52

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## **1. Trade Facilitation Strategy of CBP**

CBP has a mission of protecting American people, economy and borders by enhancing Nations' safety, security, and prosperity through collaboration, innovation and integration. Strategic trade goal of CBP is to 'Enhance U.S. Economic Competitiveness by Enabling Lawful Trade and Travel'. Advancing U.S. economic competitiveness and promoting economic prosperity requires not only public-private partnerships but also international partners. Efficiently and effectively processing goods and people across borders is crucial to support the Nation's economy, promote job growth, and help the private sector remain competitive in an evolving global economy. This requires reducing barriers to the efficient flow of trade and travel, streamlining and unifying processes and procedures, and managing the volume of cargo and passengers by separating goods and travelers according to the risks they pose. CBP has three trade facilitation objectives; reducing trade cost; promoting harmonization; and expanding risk segmentation (CBP, 2015).

### **1.1. Reducing Cost of Trade**

The first trade facilitation objective of CBP is to reduce costs for the U.S. government and therefore the trade and travel communities by streamlining processes in collaboration with public and private sector partners. Eliminating barriers to the flow of lawful cargo and passengers can help create a contemporary, efficient, and cost-effective international trade and travel system. By making a common-sense approach that complements the international environment, CBP provides businesses and individuals with greater predictability and transparency to advance economic competitiveness. This needs transformative thinking in collaboration with the private sector to leverage innovative technology and processes. CBP strengthen its focus on integrating process capabilities for trade and travel across the Federal enterprise to cut back administrative burdens. In addition, leading a unified whole-of-government approach to maneuver lawful product and passengers more quickly across borders can support a dynamic and resilient economy (CBP, 2015).

### **1.2. Promoting Harmonization**

The second trade facilitation objective of CBP is to promote harmonization throughout ports of entry and other U.S. government agencies. In a fast-paced, interconnected world economy, uniform and predictable decision-making is crucial to making the business certainty necessary to support economic competitiveness. This needs that CBP harmonize processes across the ports of entry supporting a unified facilitation and enforcement posture. It additionally requires that CBP lead efforts to unify approaches across the Federal enterprise to confirm a whole-of-government approach and to guide the international development of common practices (CBP, 2015).

### **1.3. Expanding Risk Segmentation**

The third trade facilitation objective of CBP is to expand risk-segmentation through advanced technology to enable low-risk trade and travel. The majority of cross-border traffic consists of lawful and compliant trade and travel. Categorizing merchandises and travelers in consistent with the risks they create through risk segmentation allows CBP to expedite legitimate passengers and cargo. Enhancing

identification of the portion of border traffic that ought to be expedited needs an accurate risk assessment for each traveler and cargo shipment over land, water, or air that crosses the U.S. border. Information and data are central to the analysis of risk and therefore the useful assessment of actionable intelligence (CBP, 2015)

## **2. Trade Facilitation Implementations of CBP**

Trade facilitation involves tension with trade enforcement and import security because trade facilitation involves encouraging faster and more efficient trade flows, while trade enforcement and import security involve identifying and preventing illegal flows – often slower cargo flows and reduce efficiency (Library of Congress. Foreign Affairs Division, 2015). Trade facilitation implementations, in the US Customs Border Protection context can be classified into security-driven facilitations and trade-driven facilitations.

### **2.1. Security-Driven Facilitation Implementations**

Import security highlights the protection of the US homeland from the entry of weapons of mass destruction, illicit drugs and other contraband goods. Although customs agencies have always played a role in the protection of public safety, including through drug enforcement, the 9/11 terrorist attacks have caused many Americans to pay more attention to transportation and port security (Library of Congress. Foreign Affairs Division, 2013) . As a result of this emphasize CBP focuses it efforts in cargo security and traveler security.

#### **2.1.1. Cargo Security**

In FY 2017 more than 28.5 million cargo containers arrived at US ports by maritime, rail and truck (CBP, 2017). CBP develops programs through establishing partnership with the trade community to increase the security of the international trade. As part of these programs The Container Security Initiative (CSI) and the Customs-Trade Against Terrorism (C-TPAT) are the main response of CBP to the events of 9/11. Even though both programs were initially implemented as security-driven initiatives, they evolved into one of backbone components of the CBP's overall trade facilitation implementations.

##### **2.1.1.1. Container Security Initiative**

Containers can pose numerous threats, and U.S. ports would be vulnerable to terrorist attacks without ensuring the security of containers and their contents considering the number of containers arrive at ports. Among others the worst scenario would be that one of containers that shipped to the US ports and moved to a major city might contain a nuclear bomb (Haveman, Jennings, Shatz, & Wright, 2007). In a recent estimate, a 10 to 20 kiloton nuclear weapon detonated in a major seaport would kill between 50,000 to one million people and result in direct property damage of \$50 to \$500 billion, losses due to trade disruption of \$100 billion to \$200 billion, and indirect costs of \$300 billion to \$1.2 trillion (United States. Congress. Senate. Committee on Homeland Security Governmental Affairs. Permanent Subcommittee on Investigations, 2005).

Therefore, it is very important to scan the marine cargo to detect the threat before cargo is loaded

on ships for the United States. The Container Security Initiative (CSI), which aims to inspect containers in foreign ports, was set up as part of the U.S. Customs and Border Protection (CBP) layered cargo security strategy in response to terrorist attacks on September 11, 2001 .

Title II, Section 205 of Security and Accountability for Every (SAFE) Port Act Of 2006 establishes the CSI to identify and examine or search maritime containers that pose a security risk before loading such containers in a foreign port for shipment to the United States, either directly or through a foreign port. According to the SAFE Port Act of 2006, CBP may treat cargo loaded in a foreign seaport designated under the Container Security Initiative as presenting a lesser risk than similar cargo loaded in a foreign seaport that is not designated under the Container Security Initiative, for the purpose of clearing such cargo into the United State (CBP, 2006). Being treated as a cargo that present less risk under CSI is what makes the initiative a part of the trade facilitation implementations of CBP.

In an attempt to strengthen national security, the United States has been pushing out its borders through CSI that is designed to prevent containerized shipping-the primary means of transporting goods in global trade-from being exploited by terrorists (Romero, 2003). CSI is based on the premise that the security of the world's maritime trading system needs to be enhanced and that it will be more secure if high-risk cargo containers are targeted and screened before they are loaded (UNCTAD, 2004).

The initiative operates in 60 foreign ports in 35 countries - covering about 80 percent of shipping containers to the United States, it addresses the threat to border security and global trade from maritime containers. CBP officers in foreign ports work with their host government counterparts to target and examine high-risk cargo before they are placed aboard ships bound to the United States. In FY 2016, CBP officers at CSI ports reviewed 11.9 million bill of lading and conducted more than 101,800 exams with their host country counterparts (CBP, 2017).

The CSI program has four core elements (UNCTAD, 2004);

- Establishing security criteria to identify high-risk containers based on advance information;
- Pre-screening those containers identified as high-risk before they arrive at U.S. ports;
- Using technology to quickly pre-screen high-risk containers, including radiation detectors and large-scale x-ray and gamma ray machines;
- Developing secure and "smart" containers.

CSI provides benefit to international government and trade community. Among others some main substantial benefits of CSI are as follows (CBP, 2006a);

- CSI offers added protection, on a day-to-day basis, for the primary system of international trade – a system on which all national economies of the world depend.
- The collaboration between Customs administrations improves their capabilities and increases the overall effectiveness of the targeting process.
- By engaging international organizations, hosting global conferences and interfacing with foreign countries to address significant threats of terrorism, CSI is participating in developing a world standard.

- While providing security for the maritime cargo transportation system, CSI ensures that security mechanisms do not impede the flow of legitimate trade.
- Adoption of a standardized, harmonized security approach ensures that companies can compete and allows nations to have confidence in the security of goods flowing through their ports.
- With the effective supply chain security provided by CSI ports, resumption of trade in the event of a terrorist attack can be achieved rapidly.

### 2.1.1.2. Customs-Trade Partnership Against Terrorism (C-TPAT)

Custom-Trade Partnership Against Terrorism (C-TPAT) is, beyond question, the largest and most successful government-private sector partnership to emerge from the ashes of 9/11 (CBP, 2004). C-TPAT was launched in November 2001 with just seven big importers; at the end of FY 2016, C-TPAT had 12,083 program participants and 11,506 certified partners (CBP, 2016). C-TPAT is but one layer in U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy. Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security. Under a standard like C-TPAT, global supply chains are expected to be fully vetted for security, personnel, and process control (Kleindorfer & Saad, 2005). Even though Bagchi and Paul (2017) indicates that an important proportion of cost of security is shifted to private companies in exchange for faster movement of goods at borders, further research by Voss, & Williams (2013) demonstrates that C-TPAT-certified firms outperform their noncertified counterparts in several important areas.

C-TPAT is a voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the main stakeholders of the international supply chain. The Security and Accountability for Every Port Act of 2006 provided a statutory framework for the CTPAT program and imposed strict program oversight requirements 2.

The purposes of the C-TPAT program are to;

- 1) Strengthen and improve the overall security of the international supply chain and United States border security,
- 2) Facilitate the movement of secure cargo through the international supply chain,
- 3) Ensure compliance with applicable law, and
- 4) Serve as the Authorized Economic Operator (AEO) program for the United States.

C-TPAT provides benefits to participants meeting or exceeding the program requirements. Participants in C-TPAT include Tier 1 participants, Tier 2 participants, and Tier 3 participants. Importers, customs brokers, forwarders, air, sea, land carriers, contract logistics providers, and other entities in the international supply chain and intermodal transportation system are eligible to apply to voluntarily enter into partnerships with the Department under C-TPAT (CBP, 2006).

Currently program partners include U.S. importers/exporters, U.S./Canada highway carriers; U.S./Mexico highway carriers; rail and sea carriers; licensed U.S. Customs brokers; U.S. marine port authority/terminal operators; U.S. freight consolidators; ocean transportation intermediaries and non-operating common carriers; Mexican and Canadian manufacturers; and Mexican long-haul carriers,

all of whom account for over 52 percent (by value) of cargo imported into the U.S. 2

An applicant seeking to participate in C-TPAT will have to;

- 1) Demonstrate a history of moving cargo in the international supply chain
- 2) Conduct an assessment of its supply chain based upon security criteria established by the CBP

including;

- a) Business partner requirements
- b) Container security
- c) Physical security and access controls,
- d) Personnel security
- e) Procedural security
- f) Security training and threat awareness
- g) Information technology security

3) Implement and maintain security measures and supply chain security practices meeting security criteria established CBP

- 4) Meet all other requirements established by CBP.

Companies should apply to participate in C-TPAT. Participants submit an online electronic application that includes the submission of corporate information on the CBP's web page, the supply chain security profile, and the acceptance of an agreement for voluntary participation. In completing the supply chain security profile, companies must perform a thorough self-assessment of supply chain security procedures using C-TPAT safety criteria or guidelines developed jointly for their specific enrollment category by the CBP and the trade community.

Companies that successfully meet the minimum security criteria of CBP are certified as Tier 1 partners and have limited benefits within the scope of the C-TPAT program. As part of Tier 1 certified business partners, the risk score is reduced by up to 20 percent of the high-risk threshold created within the CBP. Such a reduction would result in less cargo inspection for security concerns, and a lower level of random Compliance Measurement examinations compared to non-C-TPAT importers. Tier 1 importers are also eligible for accelerated cargo handling (FAST lanes) at land borders, having 'front of lines' privileges at the entry ports required for entrance examinations, and having some penalty reductions in the Trade Act of 2002 and become eligible for Importer Self-Assessment Program and participate in C-TPAT training seminars (CBP, 2006b).

Participants that are certified as Tier 1 are subject to the on-site assessment for validation of the security measures and their supply chain security practices within 1 year of their certification as Tier 1 participant. With additional commitment demonstrated as a result of successful validation, the importer then becomes eligible for Tier 2 status whom benefits includes all the same benefits associated with Tier 1 with addition of twice the level of risk score reductions received by Tier 1 importers through CBP's Automated Targeting System as well as priority searches and fewer examinations of cargo for security reasons compare to Tier 1.

Finally, participants who demonstrate a sustained commitment to maintaining security measures and supply chain security practices that exceed the security criteria of Tier 2 status are classified as Tier 3 participants. Adaption of Security Best Practices that have overlapping and interlocking layers of defense, submission of additional information regarding cargo prior to loading, utilization of container security devices, and compliance with any other cargo requirements established by CBP are also required for Tier 3 participants. Under Tier 3 status benefits include all benefits associated with Tier 1 and Tier 2 statuses. The extended benefits for Tier 3 status include the expedited release of cargo in destination ports within the United States during all risk levels designated by CBP, further reduction in examinations of cargo, priority for examinations of cargo, further reduction in the risk score assigned pursuant to the Automated Targeting System, and inclusion in joint incident management exercises. Tier 3 status is also precursor for CBP's 'Green Lane' which will afford members with zero inspection upon arrival except for occasional random examination (CBP, 2006b). For instance, an analyze by CBP indicates that entries from non-C-TPAT members are 3.5 times more likely to undergo a security- based exam than those from C-TPAT Tier II Partners; and nine times more likely than those entries filed by C-TPAT Tier III companies.

There are three steps to become a C-TPAT participant. The first step is for company to review the C-TPAT minimum security criteria to determine the company's compliance with the program. The second step is that the company makes a basic application with the C-TPAT portal system and accepts voluntary participation. The third step is to complete the company's supply chain security profile. The Security Profile describes how the company meets the minimum security criteria of C-TPAT2.

Upon the satisfactory completion of the application and supply chain security profile, a C-TPAT Supply Chain Security Specialist is assigned to review the materials submitted by the applicant and provide guidance to the ongoing program. The C-TPAT program will have up to 90 days to approve or reject the application. If certified, the company will be validated within a year of certification as Tier 1 status. In addition, Level 2 and Level 3 participants are subject to the revalidation process, not less than once each 4-year period following the initial validation2.

C-TPAT also serves as the Authorized Economic Operator (AEO) program for the United States. One of the main benefits of the AEO is that it will be mutually recognized by the customs authorities of other countries. Mutual recognition refers to activities related to the signing of an arrangement document between the CBP and a foreign customs administration that provides a platform for exchanging membership information and recognize the compatibility of the relevant supply chain security program. The document, referred to as "arrangement", indicates that the security requirements or standards of the foreign industry partnership program and also the verification procedures are the same or similar as the C-TPAT program. Mutual Recognition Arrangements (MRA), therefore, are bilateral understandings between the two customs administrations. As of July 2016, CBP has signed eleven MRA2.

Participants of C-TPAT may gain more facilitation from CBP by taking a part at The Importer Self-Assessment (ISA) program which is a joint government-business initiative designed to build cooperative relationships that strengthen trade compliance. It is based on the premise that importers with strong internal controls achieve the highest level of compliance with Customs laws and regulations.

The ISA program provides a means to recognize and support importers that have implemented such systems.

The ISA program is a voluntary approach to trade compliance built on the knowledge, trust, and willingness to maintain an ongoing CBP/importer relationship that is mutually beneficial to both parties. The CBP aims to partner with importers who can demonstrate that they are ready to assume responsibility for managing and monitoring their compliance through self-assessment. Importers who are accepted to the ISA program receive tangible benefits while allowing the CBP to redirect valuable resources to focus on high-risk and unknown importers. The ISA benefits include; exemption from the Regulatory Audit's audit pool, expedited cargo release, designated National Account Manager, expanded benefits for Prior Disclosure, mitigated Penalties and Liquidated Damages, priority consideration for ISA members to participate in the Centers of Excellence and Expertise, expedited internal advice or consultation with Regulations & Rulings, Importer Trade Activity Data received free of charge, opportunity to apply for coverage of multiple business units (CBP, 2011).

### **2.1.2. Traveler Security**

CBP officers processed more than 397.2 million travelers at air, land, and sea ports of entry in 2017, including more than 124.2 million travelers at air ports of entry. Over the last five years, international travel has grown approximately 9.7 percent overall and 21.6 percent at airports (CBP, 2017). CBP ensures the security of travelers mainly by preclearance program and Trusted Traveler Programs (Global Entry, FAST, NEXUS and SENTRI) These programs speed the processing of pre-approved, low-risk travelers, allowing CBP to focus on higher-risk travelers. Applicants of Trusted Traveler Programs (TTP) apply online through CBP's Global Online Enrollment System and undergo a background check, biometrics collection, and an interview with a CBP officer. Participation in these fee-based programs is voluntary, and membership is good for five years. Once an applicant is enrolled in a program, CBP runs law enforcement checks every 24 hours to ensure the members maintain a low-risk status. In FY 2016, CBP produced more than 1.5 million TTP cards (CBP, 2016).

#### **2.1.2.1. Preclearance**

Before granting entry to the United States, the immigration, customs and agricultural inspection of each passenger and baggage must be carried out by CBP officers and agricultural experts. Preclearance allows these inspection operations to occur in foreign soil before flying directly to the United States without further CBP processing or security screening on arrival .

CBP has more than 600 law enforcement officers and agriculture specialists stationed at 15 air Preclearance locations in 6 countries; Canada, Bahamas, Bermuda, Aruba, Ireland, and United Arab Emirates. In Fiscal Year 2017, CBP personnel stationed abroad precleared 19 million travelers, representing over 15 percent of all commercial air travelers to the United States. Some benefits of precleared passengers include; more direct-flight to domestic destinations, shorter wait times for inspection process at the airports, seamless baggage transfer, streamlined security screening, efficient pre-boarding experience (CBP, 2016a).



### 2.1.2.2. Global Entry

Global Entry is a CBP program that allows accelerated clarity for low-risk travelers on arrival in the United States. Members enter the United States with automatic kiosks at certain airports. At airports, program members pass through global entry kiosks, present their machine-readable passport or US permanent cards, place fingerprints on the scanner for fingerprint verification, and complete a customs declaration. Kiosk gives a receipt to the traveler and directs the passenger to the baggage claim and the exit.

Travelers must be pre-approved for the Global Entry program. All candidates undergo a strict background check before enrolment and an interview in person. Although Global Entry's goal is to speed up passengers throughout the process, members can be selected for further review as they enter the United States. Any violation of the program's terms and conditions will result in proper enforcement action and termination of the visitor's membership privileges. U.S. citizens, U.S. nationals and U.S. Lawful Permanent Residents may apply for Global Entry as well as citizens of certain countries with which CBP has trusted traveler arrangements, including Argentina, Colombia, Germany, Mexico, the Netherlands, Panama, the Republic of Korea, Singapore, Switzerland, the United Kingdom and now India. As of July, 2007 available at 53 U.S. airports and 15 Preclearance locations, Global Entry streamlines the international arrivals process at airports for trusted travelers. The more than 4 million Global Entry members bypass traditional CBP inspection lines and use an automated kiosk to complete their admission to the United States without facing paperwork. Members have also access to expedited entry benefits in other countries as well as eligibility for TSA Pre ( a program expedites traveler screening through Transportation Security Administration (TSA) security checkpoints)7.

### 2.1.2.3. Free and Secure Trade Program (FAST)

The Free and Secure Trade (FAST) program is a commercial clearing program for low-risk shipments from Canada and Mexico to the United States. Launched after 9/11, this innovative trusted traveler/trusted shipper program provides an accelerated process for commercial carriers who have completed background checks and meet certain eligibility requirements7.

More than 78,000 commercial drivers are enrolled in the FAST program nationwide. FAST enrollment is open to truck drivers from the U.S., Canada, and Mexico. FAST vehicle lanes process cargo at land border ports of entry that serve commercial cargo: 17 ports on the northern border and 17 on the southern border. The majority of dedicated FAST lanes are located in northern border ports in Michigan, New York and Washington and at southern border ports from California to Texas. Participation in FAST requires that every link in the supply chain, from manufacturer to carrier to driver to importer, is certified under the Customs-Trade Partnership Against Terrorism (C-TPAT) program7.

Among the key benefits of FAST enrollment are:

- Access to dedicated lanes for greater speed and efficiency in processing trans-border shipments; Reduced number of inspections resulting in reduced delays at the border;
- Priority, front-of-the-line processing for CBP inspections; and,

- Enhanced supply chain security while promoting the economic prosperity of the U.S., Canada and Mexico.

#### **2.1.2.4. Northern Border Crossing System (NEXUS)**

NEXUS is a cooperative effort between CBP and Canada Border Services Agency . The NEXUS program allows for accelerated operations of pre-screened passengers when entering the United States and Canada. Members of the program use special transaction lanes at the designated North border ports of entry, NEXUS kiosks when entering Canada by air and Global Entry kiosks when entering the United States via Canadian Preclearance airports. NEXUS members also receive accelerated transactions at sea marine sites. Among the benefits of NEXUS; using dedicated processing lanes at land border crossings, using NEXUS kiosks when entering Canada, using Global Entry kiosk when entering the United States, and calling a marine telephone reporting center to report arrival into the United States and Canada<sup>7</sup>.

#### **2.1.2.5. Secure Electronic Network for Travelers Rapid Inspection (SENTRI)**

The Secure Electronic Network for Travelers Rapid Inspection (SENTRI) provides expedited CBP processing from Mexico through dedicated commuter lanes for vehicles and pedestrians. SENTRI is a U.S. Customs and Border Protection (CBP) program that allows expedited clearance for pre-approved, low-risk travelers upon arrival in the United States. Participants may enter the United States by using dedicated primary lanes into the United States at Southern land border ports. Travelers must be pre-approved for the SENTRI program. All applicants undergo a rigorous background check and in-person interview before enrollment. Benefits of program include; using dedicated processing lanes at southern land border crossings, using NEXUS land when entering the United States from Canada by land, and using Global Entry kiosk when entering the United States<sup>7</sup>.

### **2.2. Trade-Driven Facilitation Implementations**

Along with the complexity of customs procedures, international trade requires submission of large amount of information by trade community to the customs administration. This information is used by many other government agencies in terms of ensuring the import security as well as deciding admissibility of merchandise. Enabling trade community for electronic submission, converting manual procedures into electronic ones, interchanging of data among government agencies, and developing industry sector-tailored solutions for traders are at the core of trade-driven facilitations.

#### **2.2.1. Automated Commercial Environment, International Trade Data System and Single Window**

The Automated Commercial Environment (ACE) is the primary system through which the trade community reports imports and exports and the government determines admissibility. Through ACE as the Single Window, manual processes are streamlined and automated, paper is being eliminated, and the trade community is able to more easily and efficiently comply with U.S. laws and regulations. ACE has modernized and streamlined trade processing across all business capabilities, including Manifest, Cargo

Release, Post Release, Export and Partner Government Agencies (PGAs). The ACE is the system through which the United States government has implemented the "single window," the primary system for processing trade-related import and export data required by government agencies. This transition away from paper-based procedures results in faster, more streamlined processes for both government and industry.

The concept of 'Single Window' is defined at WTO's Trade Facilitation Agreement as an automated platform that enables traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. In CBP's context single window platform is formed as International Trade Data System (ITDS) which is established by the section 405 of Security and Accountability for Every (SAFE) Port Act of 2006 as an electronic trade data interchange system.

According to the SAFE Port Act, the purpose of the ITDS is to eliminate redundant information requirements, to efficiently regulate the flow of commerce, and to effectively enforce laws and regulations relating to international trade, by establishing a single portal system, operated by CBP, for the collection and distribution of standard electronic import and export data required by all participating Federal agencies. All Federal agencies that require documentation for clearing or licensing the importation and exportation of cargo shall participate in the ITDS (CBP, 2006).

The International Trade Data System (ITDS) is an interagency program to establish a single window through which the data required by government agencies for international trade transactions may be submitted by the trade. SAFE Port Act of 2006 mandated that all agencies which require documentation for clearing or licensing the importation and exportation of cargo to participate in ITDS. Currently, 47 agencies are working together to implement the goals of ITDS as Partner Government Agencies (PGAs). The technology backbone for ITDS is the Automated Commercial Environment (ACE). By providing a centralized online access point to connect CBP, the trade community, and PGAs, ACE will ultimately become the "single window" for all trade and government agencies involved in importing and exporting. ACE will allow agencies to obtain data more quickly, process cargo more expeditiously and identify unsafe, dangerous, or prohibited shipments.

The benefits of ITDS are substantial include;

- Reduction or elimination of paper forms will reduce handling costs to the filers, CBP and the PGAs. Legitimate trade will be approved for release into the commerce more quickly resulting in greater cost savings for both Government and private sector.
- Access to electronic data will improve targeting, based on a risk-management approach, to more precisely target the highest risk people, cargo, and conveyances crossing the border. Those considered low-risk will move more quickly and smoothly through ports of entry and exit.
- Policy formulation and review will be improved by providing more accurate and complete international trade data, more sophisticated access to this data, and improved timeliness for decision makers.
- Federal agencies with border responsibilities will be better able to work with the trade to

improve trade compliance.

The Executive Order 13659 dated February 19, 2014, on Streamlining the Export/Import Process for America's Businesses sets forth deadline as December 31, 2016, for completion and government-wide use of the ITDS. The Executive Order also establishes Border Interagency Executive Council (BIEC), an interagency working group that serves as an Executive Advisory Board, with the mission of assisting federal agencies in their efforts to develop policies and processes to enhance coordination across customs, transport security, health and safety, sanitary, conservation, trade, and phytosanitary agencies with border management authorities and responsibilities to measurably improve supply chain processes and improve identification of illicit shipments. BIEC plays a crucial role in terms of effective collaboration of PGAs to ensure the successful implementation of ITDS by which US realize its 'Single Window' initiative.

### **2.2.2. Centers of Excellence and Expertise**

Centers of Excellence and Expertise (Centers) are defined as national CBP offices that are responsible for performing certain trade functions and making certain determinations, regarding importations of merchandise by their assigned importers, regardless of the ports of entry at which the importations occur. The Centers are organized by industry sectors, which are categorized by the Harmonized Tariff Schedule of the United States (HTSUS) number.

The concept of Centers was developed as a result of discussions with the Advisory Committee on Commercial Operations of U.S. Customs and Border Protection (COAC), which promoted the management by account framework. The COAC is an advisory committee established in accordance with the provisions of the Federal Advisory Committee Act (FACA), 5 U.S.C. App. 2. COAC provides advice and makes recommendations to the Commissioner of CBP, the Secretary of the Department of Homeland Security, and the Secretary of the Treasury on all matters involving the commercial operations of CBP and related U.S. Department of Homeland Security (DHS) and Treasury functions. CBP has continually consulted COAC throughout the development of the Centers<sup>12</sup>.

In October 2011, CBP established the first two Centers and today there are ten Centers; Electronics Center, Pharmaceuticals, Health & Chemicals Center, Petroleum, Natural Gas & Minerals Center, Machinery Center, Industrial & Manufacturing Materials Center, Consumer Products & Mass Merchandising Center, Base Metals Center, Automotive & Aerospace Center, Apparel, Footwear & Textiles Center, Agriculture & Prepared Products Center.

Section 110 of TFTEA of 2015 requires CBP to develop and implement Centers of Excellence and Expertise that; enhance the economic competitiveness of the United States by consistently enforcing the laws and regulations of the United States at all ports of entry of the United States and by facilitating the flow of legitimate trade through increasing industry-based knowledge; improve enforcement efforts, including enforcement of priority trade issues in specific industry sectors through the application of targeting information from the National Targeting Center and from other means of verification; build upon the expertise of U.S. Customs and Border Protection in particular industry operations, supply chains, and compliance requirements; promote the uniform implementation at each port of entry of the

United States of policies and regulations relating to imports; centralize the trade enforcement and trade facilitation efforts of CBP; formalize an account-based approach to apply to the importation of merchandise into the United States; foster partnerships through the expansion of trade programs and other trusted partner programs; develop applicable performance measurements to meet internal efficiency and effectiveness goals; and whenever feasible, facilitate a more efficient flow of information between Federal agencies (TFTEA, 2015).

The Centers are managed from strategic locations around the country to focus CBP's trade expertise on industry-specific issues and provide tailored support for importers. The concept of the Centers arose in response to claims that CBP's port-by-port trade processing authority sometimes resulted in similar goods entered at different ports of entry receiving disparate processing treatment causing trade disruptions, increased transaction costs, and information lapses for both CBP and the importer. CBP established the Centers to facilitate trade, reduce transaction costs, increase compliance with applicable import laws, and achieve uniformity of treatment at the ports of entry for the identified industries. CBP believes that providing broad decision-making authority to the Centers will better enable the Centers to achieve these goals for CBP and the trade<sup>12</sup>.

## Conclusion

CBP's trade facilitation implementations can be divided into two: security-driven facilitations and trade-driven facilitations. Security-driven facilitations mainly focus on cargo security and traveler security. The Container Security Initiative (CSI) and the Customs-Trade Against Terrorism (C-TPAT) are the main import security implementations of the CBP which emphasize on the protection of the US homeland from the entry of weapons of mass destruction, illicit drugs and other contraband goods.

CSI aims to identify and examine or search maritime containers that pose a security risk before loading such containers in a foreign port for shipment to the United States. The initiative operates in 60 foreign ports in 35 countries – covering about 80 percent of shipping containers to the United States, it addresses the threat to border security and global trade from maritime containers.

On the other hand, C-TPAT is a voluntary public-private sector partnership program in which CBP ensures highest level of cargo security through close cooperation with the main stakeholders of the international supply chain. Importers, customs brokers, forwarders, air, sea, land carriers, contract logistics providers, and other entities in the international supply chain and intermodal transportation system are eligible to apply to voluntarily enter into partnerships under C-TPAT in which participants are classified in three different tiers. The C-TPAT is also serves as the Authorized Economic Operator (AEO) program for the United States.

In terms of travel security, CBP implements Preclearance Program as well as Trusted Traveler Program. These programs speed the processing of pre-approved, low-risk travelers, allowing CBP to focus on higher-risk travelers.

Trade-driven facilitations of CBP mainly emphasizes on management of the trade data including the interchange of this data within the trade related government agencies. The Automated Commercial Environment (ACE) is the primary system through which the trade community reports imports and

exports, and the government determines admissibility. The International Trade Data System (ITDS) is an interagency program to realize a "Single Window" through which the data required by government agencies for international trade transactions can be submitted by the trade community. The technology backbone for ITDS is the Automated Commercial Environment (ACE).

Centers of Excellence and Expertise (Centers) are the other trade-driven facilitation implementation which are defined as national CBP offices that are responsible for performing certain trade functions and making certain determinations, regarding importations of merchandise by their assigned importers, regardless of the ports of entry at which the importations occur. The Centers are organized by industry sectors, which are categorized by the Harmonized Tariff Schedule of the United States. There are ten different Centers today which are managed from strategic locations around the country to focus CBP's trade expertise on industry-specific issues and provide tailored support for importers.

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