



CBP Trade and Travel Report

Fiscal Year 2018

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**U.S. Customs and
Border Protection**



Trade and Travel Report

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I. Introduction

U.S. Customs and Border Protection’s (CBP) dual mission of protecting the borders of the United States and facilitating legitimate trade and travel is not only a critical component of national security, but also of the nation’s economic prosperity.

In fiscal year 2018, CBP facilitated record levels of lawful trade and travel; enhanced screening and vetting; implemented the *Trade Facilitation and Trade Enforcement Act*; focused on faster processing in the air, pedestrian, vehicle, and cargo environments; and completed the final step in automating its cargo processing system.

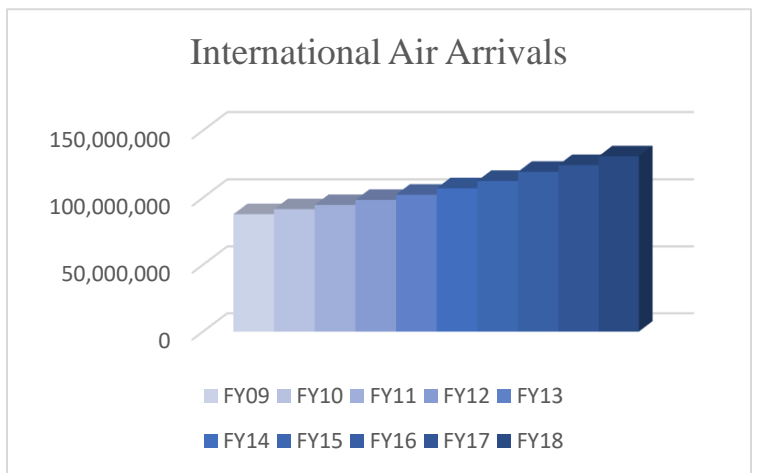
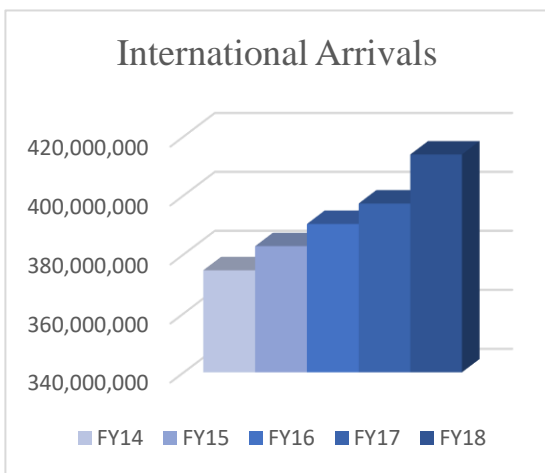
II. Travel Facilitation

Facilitating Increased International Travel

CBP continues to transform the international arrivals process to attract and welcome visitors to the United States, while maintaining the highest standards of security.

CBP officers processed more than **413.8 million** travelers at air, land, and sea ports of entry in FY2018, including more than **130.8 million** travelers at air ports of entry. Over the last five years, international travel to the United States has grown approximately **10.5 percent** overall and **22.2 percent** at airports.

International travel at U.S. air ports of entry has steadily increased since FY2009. In FY2018, arriving air travelers increased by **5.3 percent** over FY2017. CBP officers welcomed home **4.7 percent** more U.S. citizens traveling internationally and **4.6 percent** more non-U.S. citizens at air ports of entry in FY2018.



Additionally, CBP agriculture specialists, with their extensive training and expertise in biological sciences and agriculture inspection, conducted approximately **1.66 million** interceptions of prohibited plant materials, meat, and/or animal byproducts at U.S. ports of entry while interdicting more than **17,158** pests of consequence.

Transforming and Innovating Travel

CBP has embarked on transformative initiatives to expand air and sea traveler technologies, grow Trusted Traveler Programs, implement biometrics, automate forms collection, and eliminate duplicative processes. The goal of these initiatives is to create a traveler experience that is secure, straightforward, efficient, and best-in-class.

Technology Deployments

Trusted Traveler Programs, Automated Passport Control (APC), Mobile Passport Control (MPC), and Radio Frequency Identification (RFID) Ready Lanes at the land border have provided travelers with user-friendly technology that enhances their inspection experience while expediting the entry process.

At air ports of entry, the share of arriving international travelers whose processing was assisted by automated means grew from 3.3 percent in FY2013 to over **50 percent** in FY2018.

In FY2018, CBP enrolled more than **2 million** members into one of the four Trusted Traveler programs: Global Entry, NEXUS, SENTRI or FAST. More than **8.1 million** members enjoyed the benefits of expedited processing as a Trusted Traveler in FY2018.

The majority of Trusted Travelers in FY2018, nearly **5.8 million**, were enrolled in CBP's flagship program, Global Entry. Global Entry members have access to automated kiosks at **75** U.S. airports, **four** of which were added in FY2018, and all **15** Preclearance locations. CBP also expanded Global Entry [eligibility](#) to Taiwan passport holders in FY2018.

CBP's Enrollment on Arrival program enables conditionally-approved Global Entry applicants to complete their interview, the final step of the Global Entry enrollment process, while clearing CBP processing at one of **49** participating airports, **38** of which were launched in FY2018. More than **100,000** Global Entry members have used the program to complete their enrollment.

APC and MPC enable travelers to enter their biographic and travel information needed for arrival processing while waiting in line—eliminating paperwork for the traveler and an administrative task for the CBP officer. APC kiosks were deployed to **six** additional airports in FY2018 and are available for use at **64** locations, including all major U.S. international airports and 12 Preclearance locations. MPC expanded to **three** additional ports of entry (one air and two sea) in FY2018, making the app available to U.S. citizens and Canadian visitors at **29** U.S. ports of entry. In FY2018, more than **51.2 million** travelers used APC kiosks and more than **1.7 million** trips were processed using MPC, accounting for **40 percent** of all air travelers entering the United States.

Overall wait times at the top 17 international airports indicate that these initiatives have resulted in higher traffic volume, faster processing, and shorter waits for arriving travelers.

More than **55.4 million** travelers used ready lanes, dedicated primary vehicle lanes at land ports of entry for travelers with RFID documents, to expedite their entry into the United States in FY2018.

Biometric Exit Technical Demonstrations

CBP furthered plans in FY2018 to implement an integrated biometric entry/exit process that provides significant benefits to air travel partners in addition to meeting the congressional mandate for a biometric exit system. CBP is leading efforts to streamline the travel process by providing the air travel industry a secure platform for identifying and matching travelers to their identities.

CBP will use a traveler's face as the primary way of identifying the traveler to facilitate entry and exit from the United States, while simultaneously leveraging fingerprint records from most foreign visitors, such as those collected during entry processing, to check derogatory holdings and perform other law enforcement checks. This biometric technology transforms how travelers interact with airports, airlines, and CBP—creating a seamless travel process that is both reliable and secure.

In FY2018, CBP and its partners operated biometric exit technical solutions at **nine** airports, Detroit Metropolitan Airport (DTW), Fort Lauderdale-Hollywood International Airport (FLL), Hartsfield-Jackson Atlanta International Airport (ATL), Los Angeles International Airport (LAX), Orlando International Airport (MCO), Washington Dulles International Airport (IAD), Boston Logan International Airport (BOS), John F. Kennedy International Airport (JFK), and Dallas-Fort Worth (DFW). In addition to stakeholder partnerships, CBP conducted biometric exit technology demonstrations throughout FY2018 at Miami International Airport (MIA), Chicago O'Hare International Airport (ORD), Houston George Bush Intercontinental Airport (IAH), Houston William P. Hobby Airport (HOU), John F. Kennedy International Airport (JFK), Las Vegas McCarran International Airport (LAS), San Francisco International Airport (SFO), and Seattle-Tacoma International Airport (SEA).

CBP launched Simplified Arrival in FY2018 to quickly and reliably biometrically verify a traveler's identity and retrieve traveler records from CBP systems using the traveler's face. This eliminates time-consuming steps for most travelers, such as document scans and fingerprint captures, and speeds up the inspection process. Simplified Arrival is the first step in re-envisioning how travelers arrive in the United States. With a faster clearance process, airlines, airports, and travelers benefit from shorter connection times and standardized arrival procedures. CBP has deployed Simplified Arrival to **15** airports, including four Preclearance locations.

CBP biometrically processed more than **8.3 million** travelers using facial recognition across entry, exit, and Preclearance locations with a match rate of more than **97 percent** in FY2018. Biometrics have proven an effective tool to combat the use of stolen and fraudulent travel and identity documents. Since the program's inception, CBP officers at Washington Dulles International Airport successfully intercepted **three** impostors who were denied admission to the United States and identified **55** impostors on arrival in the land pedestrian environment.

In FY2018, CBP and the Transportation Security Administration (TSA) began evaluating the use of facial recognition at TSA checkpoints through pilots at [John F. Kennedy International Airport](#) and Los Angeles International Airport for identity verification. The overall goal of the partnership is to enhance security and the utilization of resources while moving towards an end-to-end seamless travel experience. These pilots will inform future plans for the use of facial recognition at TSA checkpoints.

In addition to the air environment, CBP is piloting biometric capabilities at the land border in both the [pedestrian](#) and [vehicle](#) environments and in partnership with the cruise line industry in the sea environment. Four major cruise lines are engaged with CBP to develop facial biometric processing supported by the biometric matching service for closed loop cruises to modernize traveler and crew inspections.

Preclearance

More than **19 million** travelers, representing **16 percent** of all commercial air travel to the United States, were precleared at one of CBP's Preclearance locations in Canada, Ireland, the Caribbean, and the United Arab Emirates. Through Preclearance, travelers undergo CBP immigration, customs, and agriculture inspections before boarding a flight to the United States at a foreign airport rather than upon arrival in the United States.

Public-Private Partnerships

CBP selected **55** new private and public sector partners for participation in the Reimbursable Services Program in FY2018, providing the opportunity for the stakeholders to request increased or enhanced inspection services. Through the end of FY2018, CBP had expanded the Reimbursable Services Program to **164** stakeholders, covering **117** ports of entry in **19** field offices. These services include customs, immigration and agriculture processing, and border security at ports of entry. CBP provided over **197,000** additional processing hours at the request of stakeholders in FY2018—accounting for the processing of more than **3.4 million** travelers and over **452,000** personal and commercial vehicles.

CBP also approved **17** new partnerships under the Donations Acceptance Program (DAP) in FY2018. Since standing up the DAP in FY2015, CBP has approved a total of **33** DAP partnerships totaling an estimated **\$218 million** in planned and realized investment in U.S. port of entry improvements and other mission enhancements. Moreover, in FY2018 CBP fully executed acceptance agreements for seven of its DAP partnerships, including several which bolster the agency's ability to quickly and accurately verify the authenticity of potential

counterfeit and unsafe goods entering the United States. Partnerships entered into under the DAP have and will continue to enhance border security and promote the safe and efficient flow of passenger travel and commercial trade.

Process Improvements

CBP added several new features to the [I-94 website](#). In January 2018, CBP added a new feature under the “View Compliance” tab for Visa Waiver Program (VWP) travelers showing the number of days remaining on their lawful admission or the number of days they have remained past their admitted until date. In addition, VWP travelers still in the United States will be notified by email 10 days prior to their admitted until date and referred to the new online capability for details on their expected departure date. CBP has taken these proactive steps to help inform and remind travelers of the terms of their admission and to prevent travelers from overstaying. In September 2018, CBP enabled [group payments](#) for I-94 applications for travelers entering the U.S. at land ports of entry. A traveler, family member, representative, travel agent, or other responsible party can now submit up to 25 I-94 applications up to seven days prior to their entry and submit one payment or transaction for the total amount.

In September 2018, CBP [replaced](#) the Small Vessel Reporting System (SVRS) with the [Reporting Offsite Arrival-Mobile \(CBP ROAM\) app](#) as a faster way for boaters to report their arrival in the following states and territories: Georgia, Florida, South Carolina, North Carolina, Virginia, Maryland, Delaware, New York, Pennsylvania, Ohio, Michigan, Minnesota, Montana, Texas, California, Puerto Rico, and the U.S. Virgin Islands. Pleasure boaters arriving in the U.S. from a foreign port or place are required by law to immediately report their arrival to CBP. The free CBP ROAM mobile app allows users to notify CBP via personal smart device or, in certain locations, a CBP tablet at a local business or partner organization, saving time for users.

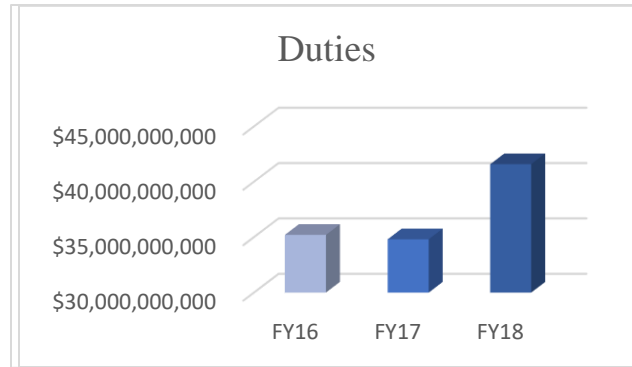
III. Trade Facilitation and Enforcement

Protecting America’s Domestic Industries from Unfair Competition

FY2018 Revenue and the Trump Administration’s New Trade Remedies

CBP remains the second largest source of revenue in the federal government and is committed to its dual role of trade facilitation and protection of revenue. Our operations have a significant impact on security as well as the facilitation of legitimate international commerce and America’s economic competitiveness. CBP is responsible for enforcing nearly 500 U.S. trade laws and regulations on behalf of 47 federal agencies, facilitating compliant trade, collecting revenue, and protecting the U.S. economy and consumers from harmful imports and unfair trade practices.

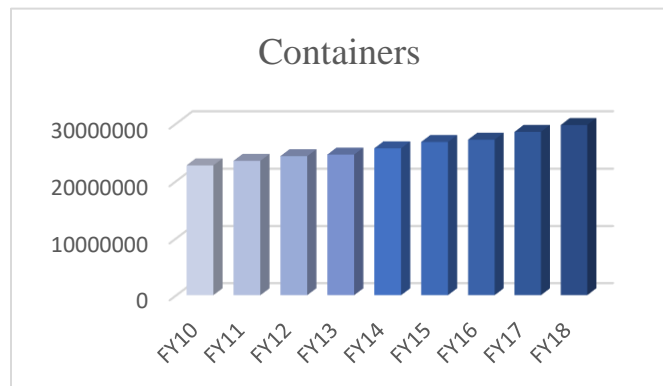
CBP processed **\$2.65 trillion** in imports in FY2018, equating to **35.1 million** entries and more than **29.7 million** imported cargo containers at U.S. ports of entry. Imported cargo containers increased approximately **4.2 percent** from FY2017, continuing nearly a decade of steady, year-over-year increases spurred by economic growth. Overall, CBP collected approximately **\$52 billion** in duties, taxes, and other fees in FY2018, including more than **\$40.6 billion** in duties, an increase of nearly **23 percent** over the previous fiscal year.



Much of the increase in duty collections in FY2018 is attributed to the assessment and collection of duties on steel, aluminum, washing machines, washing machine parts, solar panels, and additional goods from China. In February 2018, pursuant to Section 201 of the *Trade Act of 1974*, President Trump ordered additional duties on washing machines, washing machine parts, and solar cells/panels. In addition, certain quota requirements were ordered for these products. In March 2018, pursuant to Section 232 of the *Trade Expansion Act of 1962*, additional duties were ordered for all steel and aluminum products from most countries of origin. In June 2018, steel and/or aluminum imports from Argentina, Brazil, and South Korea became subject to absolute quotas. Later in the summer, pursuant to Section 301 of the *Trade Act of 1974*, additional duties were ordered on numerous products from China in three tranches, effective July, August, and September, respectively. Combined these products represented nearly **7,000** separate subheadings under the U.S. Harmonized Tariff Schedule.

CBP has played a key role in administering these additional duties and quotas and has worked closely with representatives from the Department of Commerce and the United States Trade Representative, among others, to provide technical guidance on the implementation and ongoing administration of the new remedies. As a result, as of December 19, 2018, CBP has assessed nearly **\$527 million** in Section 201 duties; more than **\$1.1 billion** in Section 232 aluminum duties; over **\$3.4 billion** in Section 232 steel duties; and more than **\$8 billion** in Section 301 duties on goods from China.

Earlier during the fiscal year, CBP's Office of Trade established a trade remedies branch to oversee implementation and administration of the remedies. The branch has since implemented **16** Presidential Proclamations and Federal Register Notices related to the remedies, and coordinated **23** sets of detailed import instructions for trade stakeholders via CBP's Cargo Systems Messaging Service communications system. CBP also fully automated the



collection of additional duties and quotas in the agency's cargo processing system, the Automated Commercial Environment, or ACE. As a result of the new remedies, CBP's ACE

quota workload increased **43 percent** in FY2018. By year end, CBP was enforcing **164** new absolute quotas related to Section 232, in addition to **three** new tariff rate quotas related to Section 201.

Finally, CBP continues to play a significant role in the exclusion process for Section 232 and 301 duties. For Section 232 duties, eligible companies can petition the Department of Commerce for exclusion from the duties. Throughout the process, the Department of Commerce seeks CBP's determination as to whether the tariff classification provided by a requestor is consistent with the description of the merchandise for which an exclusion is sought. This allows a granted exclusion to be properly applied by CBP when the merchandise is imported and the entry is filed. As of December 21, 2018, CBP processed **24,076** steel and **4,480** aluminum Section 232 exclusion requests, totaling **28,556** administrability determinations. As of that date, CBP also activated **15,418** approved exclusions in ACE. For Section 301 duties, eligible companies can request exclusion by petitioning the Office of the U.S. Trade Representative. The U.S. Trade Representative may then seek a determination from CBP on the classification of the merchandise subject to an exclusion request. CBP also provides its view on the feasibility of creating an administrable exclusion in the form of tariff language capturing the requested product. As of December 21, 2018, CBP rendered administrability determinations in **582** cases involving Section 301 duties.

Revenue Protection –Antidumping/Countervailing Duty Enforcement

CBP is committed to rigorous and judicious enforcement of all U.S. trade laws, including the collection of antidumping and countervailing duties (AD/CVD) that result from orders issued by the Department of Commerce. In FY2018, **\$24.2 billion** of imported goods were subject to AD/CVD. CBP collected approximately **\$2.3 billion** in AD/CVD deposits and levied monetary penalties totaling over **\$92.1 million** on importers for fraud, gross negligence, and negligence of AD/CVD violations. CBP entry summary reviews during FY2018 also resulted in recovery of over **\$65.5 million** in AD/CVD duties owed. CBP audits identified approximately **\$25 million** in owed AD/CVD duties with **\$2.5 million** collected to date. Finally, CBP and U.S. Immigration and Customs Enforcement seized shipments with a domestic value of more than **\$1.3 million** for AD/CVD violations.

CBP also began enforcing **53** new AD/CVD orders during FY2018, nearly a **13 percent** increase over the number of orders in place the previous year. At the end of FY2018, **469 AD/CVD** orders were in effect as compared to **416 orders** at the conclusion of FY2017.

When combatting AD/CVD evasion, CBP takes an agency-wide approach to enforcement, working in partnership with the trade community and other government agencies. CBP employs multiple methods of targeting AD/CVD evasion through internal mechanisms at the ports of entry, industry-specific Centers of Excellence and Expertise where post-release activities are processed, and on a national level at CBP's National Targeting Center.

In addition to self-directed targeting, CBP also responds to allegations received from industry and partner government agencies. In FY2018, CBP received **85 e-Allegations** concerning the enforcement of AD/CVD orders. These allegations were primarily provided to CBP through

CBP's e-Allegations online trade violations reporting system. Some of the allegations originated from interagency referrals. CBP trade specialists and subject matter experts research and review each allegation carefully to determine the validity of the allegation in terms of trade law violations and take appropriate enforcement actions.

Enforce and Protect Act

The Enforce and Protect Act (EAPA) program, codified in the *Trade Facilitation and Trade Enforcement Act of 2015*, one of the most impactful pieces of trade legislation for CBP in decades, has proven to be a successful approach to investigating largescale, highly coordinated duty evasion schemes. Through EAPA, CBP established formal procedures for submitting and investigating allegations of evasion of AD/CVD orders against U.S. importers. In FY2018, CBP received **33** allegations under EAPA from interested parties, nearly doubling the amount of allegations from the previous year. Interim measures were taken in **six ongoing** EAPA investigations during FY2018 to ensure the expedited protection of revenue owed to the U.S. government. CBP issued final determinations for **12** investigations in FY2018, a sharp increase from one final determination issued in FY2017.

During the past two years, CBP has initiated **20** EAPA investigations; conducted **18** foreign onsite verifications in Thailand, Vietnam, China, Malaysia, Cambodia, and the Philippines; and prevented the evasion of **\$50 million** in AD/CVD duties annually. Since EAPA was established in FY2017, CBP has met every statutory deadline for all EAPA investigations, even rendering decisions on interim measures in some cases ahead of required deadlines. The EAPA investigations cover a wide range of commodities, including diamond sawblades, aluminum extrusions, door thresholds, refrigerants, plywood, glycine, steel wire garment hangers, pencils, wooden bedroom furniture, oil country tubular goods, and stainless steel flanges among others.

Centers of Excellence and Expertise

CBP is continually exploring options that will provide additional information to protect U.S. revenue and identify those who try to evade payment of duties for trade remedies and AD/CVD. In FY2018, all 10 Centers of Excellence and Expertise (Centers) processed post-release trade activities on an account and industry-wide basis, and targeted evasive and unfair trade practices. The Centers are responsible for identifying, assessing, and prioritizing risks within their respective industries with a focus on CBP's priority trade issues. The Centers also administer the collection of trade remedies and AD/CVD duties as well as lead and carry out operations to detect and deter unlawful trade activities.

Trade Community Outreach

Private sector collaboration is a CBP priority. CBP maintains a partnership with the trade community, using every opportunity to obtain industry knowledge and expertise to ensure facilitation of legitimate international trade. In FY2018, CBP held multiple AD/CVD outreach meetings with U.S. manufacturers, importers, other members of the trade community, and foreign governments. This included 18 meetings, two U.S. manufacturer facility visits, and five national steel industry seminars in Charleston, South Carolina; Chicago, Illinois; Portland,

Oregon; Baltimore, Maryland; and Long Beach, California. These outreach efforts provided CBP with AD/CVD commodity information and market intelligence to enforce AD/CVD orders issued by the U.S. Department of Commerce. Additionally, a number of EAPA workshops were held to educate trade representatives about e-Allegations and EAPA investigations.

Forced Labor

With the authorities provided by the *Tariff Act of 1930*, as amended by the *Trade Facilitation and Trade Enforcement Act of 2015*, CBP has increased its efforts to mitigate the risk of forced labor-produced goods from entering the U.S. Both laws prohibit the importation of goods into the U.S. that are mined, manufactured, or produced wholly or in part from forced labor, including forced child labor. As part of its authorities, CBP can detain goods produced with forced labor by issuing withhold release orders at the ports of entry if information reasonably, but not conclusively, indicates that merchandise is made with forced labor or is likely to be imported. CBP also can seize goods by issuing findings if there is probable cause indicating that the merchandise is made with forced labor.

Currently, CBP is enforcing **30 active** withhold release orders and **four** active findings. During FY2018, CBP issued **two** new withhold release orders while continuing to conduct several other forced labor investigations. The first, issued in March 2018, pertained to toys produced by the Huizhou Mink Industrial Company in China. The second was issued in May 2018 on shipments of products made with Turkmenistan cotton. During FY 2018, CBP withheld from release cotton products valued at over **\$200,000** as a result of the order. In FY2018, CBP also withheld from release **14** shipments of Chinese seafood valued at **\$1.2 million**. The shipments were suspected of violating the *Countering America's Adversaries Through Sanctions Act (CAATSA)*, a U.S. federal law that imposes sanctions on Iran, North Korea, and Russia. Under *CAATSA*, there is a rebuttable presumption that significant goods, wares, merchandise, and articles mined, produced, or manufactured by North Korean nationals or North Korean citizens anywhere in the world are forced-labor goods prohibited from importation into the U.S.

CBP also has worked extensively to develop relationships with civil society communities, the media, and private sector businesses to gather information on forced labor in global supply chains and to provide education on U.S. compliance standards. As part of these efforts, in May 2018, CBP's Office of Trade led a delegation of U.S. government agencies that traveled to Thailand to meet with Thai government officials, fishing industry associations, non-governmental human rights organizations, and European Union officials. The trip gave the U.S. government an opportunity to educate other nations on U.S. procedures and processes as well as gain a better understanding of the labor and seafood inspection and verification processes conducted in Thailand.

Protecting Americans from Counterfeit and Unsafe Imports

E-commerce Strategy

Over the past five years, e-commerce has grown exponentially as consumers are increasingly completing purchases online. These purchases are typically shipped through international mail

and express courier services. Since FY2013, CBP has seen more than a **100 percent** increase in express consignment shipments. In FY2018, CBP processed more than **161 million** express bills, a **46 percent** increase over FY2017 volumes. International mail shipments have increased by more than **200 percent** over the past five years, from approximately 150 million international mail shipments to nearly **500 million** international mail shipments each year. Adversaries seek to exploit this volume, presenting CBP with economic risks in the form of IPR infringement as well as safety risks from poor quality and untested consumer products. In FY2018, **over 90 percent** of IPR seizures were found in express and international mail shipments.

In addition to the exponential growth in small package volume and the associated risks, this growth has created a paradigm shift in the traditional roles and responsibilities associated with importing into the U.S. Legacy supply chain roles within the e-commerce industry are evolving to meet consumer demand with some sales platforms now acting as logistics providers, marketing platforms handling e-payments, and start-ups racing to meet consumer demand. Associated with the challenge is a new class of importers—everyday consumers who are unfamiliar with trade laws and requirements. The consumer now initiates most imports, presenting CBP with additional challenges.

CBP has taken an active approach to addressing these trends. In March 2018, CBP issued an E-Commerce Strategy. The strategy is based on four key goals: Enhancing CBP’s statutory and regulatory authorities, further developing private sector partnerships, facilitating the creation of international trade standards, and adapting CBP’s operations to the shifting supply chain.

IPR Enforcement

CBP is on the frontline of Intellectual Property Rights (IPR) enforcement, partnering with industry, other federal agencies, and foreign governments to fight cross-border trade of harmful and dangerous illicit goods. When right holders record their copyrights and trademarks with CBP, the agency can enforce those marks to protect them at the border. As of September 30, 2018, CBP was enforcing over **17,500** active recorded copyrights and trademarks. In partnership with ICE, CBP seized **33,810** shipments with IPR violations in FY2018. If the seized products were genuine, the total manufacturer’s suggested retail price of the items would have been valued at nearly **\$1.4 billion**.

To counteract the problem, CBP ran two public awareness campaigns on the “Truth Behind Counterfeits” during FY2018. The campaigns, which were intended to educate the public on the negative impacts associated with the purchase of counterfeit goods, highlighted how purchasing knockoffs can damage the U.S. economy, destroy American jobs, support criminal activity, and be harmful to the health and safety of consumers. Both campaigns ran for eight weeks at 11 U.S. international airports. The first campaign ran in the fall of 2017 at Hartsfield-Jackson Atlanta International Airport, Newark Liberty International Airport, Miami International Airport, Phoenix Sky Harbor International Airport, Logan International Airport, and Pittsburgh International Airport. The second campaign ran in the summer of 2018 at Detroit Metropolitan Airport, O’Hare International Airport, Hartsfield-Jackson Atlanta International Airport, Philadelphia International Airport, Seattle-Tacoma International Airport, and Ft. Lauderdale-Hollywood International Airport.

CBP also is partnering with the private sector to prevent counterfeit products from entering the U.S. In February 2018, CBP joined forces with Procter & Gamble to establish the agency's first formal Donations Acceptance Program arrangement to enforce intellectual property rights. As part of the partnership, Procter & Gamble is donating testing devices to verify the authenticity of various Procter & Gamble products. The devices help CBP officers and trade specialists to quickly determine the legitimacy of a product, reducing the possibility of counterfeit goods entering the U.S. stream of commerce.

CBP announced a second Donations Acceptance Program partnership with Otter Products in June 2018. The Fort Collins, Colorado-based manufacturer of water and shock resistant protective cases for mobile accessory devices donated products to help CBP officers identify counterfeit devices. Within three months of distributing the authentication products at ports nationwide, CBP seized more than **7,500** counterfeit Otterbox and LifeProof-branded cases worth an estimated manufacturer's suggested retail price of **\$411,346**.

CBP entered into a third Donations Acceptance Program with Cisco Systems, a networking hardware company. As part of the partnership, Cisco gave CBP barcode scanning devices and secure access to an online Cisco search tool so that CBP officers and import specialists could quickly scan and verify the authenticity of Cisco merchandise entering the U.S. Initially, CBP and Cisco tested the tools at a limited number of international mail and express consignment facilities. In August 2018, during a special operation, CBP seized **147** counterfeit Cisco products. If the seized products were genuine, the total manufacturer's suggested retail price would have been **\$958,375**.

CTAC – Safety in Numbers

The Commercial Targeting and Analysis Center (CTAC), led by CBP, is comprised of multiple government agencies responsible for targeting commercial shipments that pose a threat to the health and safety of Americans. To date, thousands of shipments of consumer goods and food products have been targeted at ports throughout the U.S. because of the investigative efforts of the center. The CTAC facilitates information sharing and leverages the collective resources of participating government agencies to prevent, deter, interdict, and investigate violations of U.S. import and export laws. A total of 12 federal agencies have signed memorandum of understanding agreements to be able to share targeting information as part of CTAC. During FY2018, CTAC facilitated efforts that led to **7,880 seizures** of products posing health and safety risks to the American public.

Modernizing Trade Systems

ACE – Milestone Achievement

In February 2018, CBP completed the final step in automating its cargo processing system, the Automated Commercial Environment, or ACE. The system, which was launched more than 15 years ago, was designed to speed up the U.S. import/export process by reducing the processing and approval times of shipments. Not only did ACE eliminate duplicative and burdensome

paperwork, it also provided a “single window” that allows businesses to electronically transmit the data required by the U.S. government to import or export cargo. More than **5.3 million** lines of code were developed to automate all phases of cargo processing and **269 forms** have been automated across CBP and its 47 partner government agencies.

A streamlined import and export processing system has already proven to be a tremendous benefit for international trade. ACE’s automation and process simplification efforts have resulted in an estimated economic benefit of approximately **\$391 million** for the trade community, an increase of **5.7 percent** from FY2017, and **\$35 million** for CBP in FY2018, an increase of **6 percent** from FY2017. Similarly, the ACE system reduced processing times by **395,000 hours** for the trade community and **678,000 hours** for CBP.

In addition to funds for sustaining core ACE capabilities, CBP received **\$30 million** in FY2018 appropriations for ACE enhancements. The enhancements, which have been identified and prioritized in collaboration with the trade community and partner government agency stakeholders, will improve and strengthen the system in a number of ways—including providing CBP access to previously unavailable admissibility data for low value shipments, modernizing the entrance and clearance process in the truck environment to provide faster truck processing times, reducing the time necessary to enter and clear vessels of all types providing a significant cost savings, and streamlining the processing of foreign trade zone communities by incorporating partner government agencies in the cargo admissions process.

Blockchain Technology Innovation

In September 2018, CBP launched a proof of concept pilot using blockchain technology to authenticate the country of origin for incoming shipments. The test, which was led by CBP’s Business Transformation and Innovation Division in the Office of Trade, used blockchain technology to verify North American Free Trade Agreement (NAFTA) and Central American Free Trade Agreement (CAFTA) certificates of origin on imported goods, claiming eligibility for these free trade agreements. Blockchain is a type of distributed ledger for maintaining a permanent, tamper-proof, and auditable record of transactional data. The technology is often used to share information between parties within a transaction domestically and abroad. Participation in the three-week test was voluntary. More than a dozen large-scale companies participated.

In November 2018, CBP’s Business Transformation and Innovation Division was awarded for its blockchain proof of concept project by the Government Innovation Awards and received a *2018 Public Sector Innovation Award*. The Government Innovation Awards showcase the best examples of discovery and innovation in government Internet technology. The Public Sector Innovation category focuses on initiatives that use transformative technologies to make government function better.

International Trade Agreements

CBP enforces compliance with **14** existing free trade agreements with **20** countries. On November 30, 2018, President Trump, President Peña Nieto of Mexico, and Prime Minister

Trudeau of Canada signed the new United States-Mexico-Canada Agreement (USMCA), which, if implemented, will replace the existing North American Free Trade Agreement. Throughout FY2018, CBP subject matter experts provided technical guidance and assistance to the negotiators of the agreement, principally at the Office of the U.S. Trade Representative. The USMCA includes many provisions that directly affect CBP's and the Department of Homeland Security's (DHS) operations, including customs enforcement, trade facilitation, and immigration. Specifically, the USMCA includes provisions designed to enhance DHS's border management mission and creates new opportunities for further collaboration with Canadian and Mexican customs counterparts.

Facilitation of Cargo

Unified Cargo Processing

During FY2018, **three** new unified cargo processing centers opened at the U.S.-Mexico border. An innovative concept, unified cargo processing was initiated by CBP and Mexico's Tax Administration Service (SAT) in 2016 to conduct joint cargo inspections at the facilities of the importing or exporting country. The joint inspections have reduced duplicate cargo processing and wait times at the border. This, in turn, has significantly lowered the cost of doing business in the region and has enhanced national security for both countries.

With the opening of the **three, new facilities**, the U.S. and Mexico are now conducting unified cargo processing at **nine** major commercial ports of entry. One of the facilities, which opened in November 2017, is located in Mexico at San Jerónimo, Chihuahua. The other two facilities, which opened in December 2017 and June 2018, are based in Otay Mesa, California and El Paso, Texas, respectively.

In November 2017, CBP and Canada's Border Services Agency (CBSA) signed a memorandum of understanding to test the concept of unified cargo processing for trade facilitation at the first northern border location. The joint inspection facility in Champlain, New York became operational one week later on November 27, 2017. The pilot allows CBSA officers to review non-intrusive inspection images with CBP to verify manifest information for shipping containers arriving in Canada. Currently, CBP and CBSA are exploring additional locations for unified cargo processing in the U.S.

International Mail

The U.S. Postal Service receives international mail from more than **190** countries. An increasing number of foreign postal operators provide advance electronic data to the U.S. Postal Service, which is then passed on to CBP. The advance data helps CBP expedite the flow of commerce because that data allows CBP to target only those shipments that are deemed high-risk. In FY2018, CBP received advance electronic data on **297 million** international postal shipments. This was a **300 percent** increase from the number of international postal shipments with advance electronic data in FY2016. With nearly half a billion international mail shipments each year, the need for advance electronic data is critical for CBP. Having the data available frees up officers so they can focus on the highest risk shipments and facilitate the movement of goods.

Agriculture Inspections

During FY 2018, CBP agriculture specialists conducted **783,591** examinations on imported agriculture or agricultural-related commodities at the U.S. ports. These examinations yielded **38,929** pests that are considered harmful to crops, vegetation, and the ecological environment. CBP agriculture specialists examine agriculture imports for potential pests and diseases, incorrectly manifested and smuggled items, and prohibited animal products and byproducts. As part of their inspection process, CBP agriculture specialists examine wood packaging materials associated with cargo to search for wood boring insects such as Asian long-horned beetles. They also inspect containers and conveyances for hitchhiker pests such as Asian gypsy moths and exotic fruit flies as well as for contamination from prohibited weed seeds, food scrap, or soil. CBP agriculture specialists also are trained to identify and contain emerging and rapidly evolving biological threats that are dangerous to America.

IV. Conclusion

CBP is the face at the border for all travelers and cargo entering the U.S. Each day, more than one million people arrive at 328 U.S. ports of entry by air, land, and sea and \$11 billion worth of international trade crosses our borders. More than 30,000 CBP officers, agriculture specialists, trade and revenue staff, and mission support staff support CBP's critical anti-terrorism mission; enforce import and export laws and regulations of the U.S.; implement immigration policies and programs; and protect the U.S. from foreign animal and plant pests, diseases, and invasive species that could cause serious damage to U.S. crops, livestock, pets, and the environment.