



CBP Trade and Travel Report

Fiscal Year 2019

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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 mission of protecting the borders of the United States and facilitating legitimate trade and travel is not only a critical component of national security, it is a significant driving force of the country's economic prosperity. CBP is committed to publishing the results of its key trade and travel programs and operations. This report summarizes CBP's Fiscal Year 2019 trade and travel facilitation and enforcement efforts.

During fiscal year 2019, the U.S. faced serious hardships, including an unprecedented humanitarian and border security crisis as well as the longest government shutdown in the nation's history, lasting 35 days. Despite these challenges, CBP continued to facilitate record levels of trade and travel as well as achieve faster processing times in the air, pedestrian, vehicle, and cargo environments.

CBP processed more than **410.3 million** travelers at the ports of entry in fiscal year 2019. This included more than **135.7 million** travelers at airports. Arriving air travelers increased by **3.8 percent** over the previous fiscal year. Furthermore, passenger volumes have grown steadily, averaging a **5 percent** annual increase over the last six years at the top **25** international airports. In the face of this continued growth, CBP has kept wait times down with an aggregate decrease of **17.8 percent** during the same six-year period.

Biometric processing has also increased dramatically. CBP biometrically processed more than **19 million** travelers using facial recognition at entry, exit, and Preclearance locations with a match rate of more than **97 percent** in fiscal year 2019. CBP sees biometric technology as the way of the future, a means of achieving faster processing times for travelers, and continuing the facilitation improvements that the agency has attained through other technologies and CBP's Trusted Traveler programs. Biometric technology has similarly been valuable in helping CBP accomplish its enforcement mission by confirming the identity of travelers exiting the country.

In terms of trade, CBP furthered economic security by processing **35.5 million** entries valued at over **\$2.7 trillion** during fiscal year 2019. CBP also collected nearly **\$72 billion** in duties, an almost **73 percent** increase over fiscal year 2018. This is a staggering increase in duty collections, linked directly to the Administration's trade remedy measures under Sections 201 and 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962. Whereas remedies were only in place for part of fiscal year 2018, they were in place for the entire fiscal year in 2019.

CBP's Enforce and Protect Act (EAPA) program continued to remain strong. During FY2019, CBP received **38** new allegations under EAPA from interested parties and initiated **36** EAPA investigations.

CBP also made significant inroads into keeping goods suspected of being made with forced labor out of the country. Under U.S. law, it is prohibited to import merchandise that has been mined, produced or manufactured, wholly or in part, by forced labor—including forced child labor. During fiscal year 2019, CBP issued **six** new withhold release orders, while continuing to conduct several other forced labor investigations.

CBP also made significant advancements under its E-Commerce Strategy in fiscal year 2019. For instance, two e-commerce data pilots were launched that will help CBP and its government partners more accurately identify where a shipment originated, where it's going, and the shipment's contents before it arrives in the U.S. With these additional details, CBP will be able to redirect more resources toward high-risk shipments while expediting the clearance of legitimate goods.

Finally, to address today's most prevalent and impactful supply chain security threats, during fiscal year 2019, the Customs Trade Partnership Against Terrorism (CTPAT) public-private partnership program completed its first major update of the program's minimum security criteria in **17** years. As part of the process CTPAT completed over **2,200** validations to certify that CTPAT members both implemented and followed the highest level of supply chain security measures.

II. Travel Facilitation

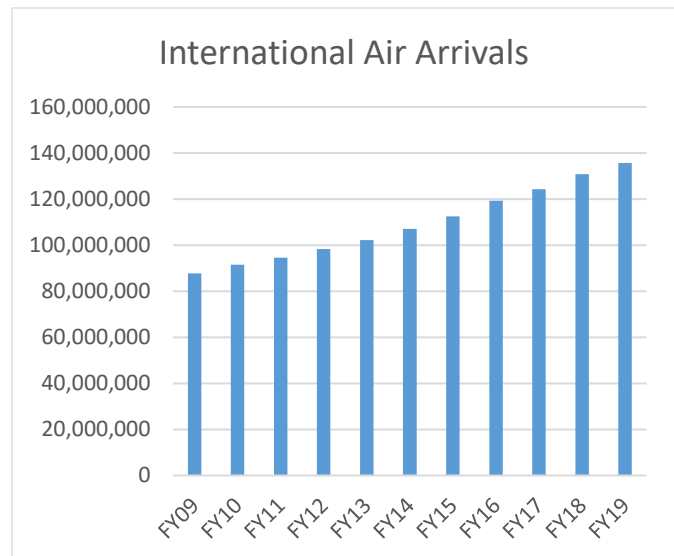
Facilitating Increased International Travel

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 **410.3 million** travelers at air, land, and sea ports of entry in FY2019, including more than **135.7 million** travelers at air ports of entry. Over the last six years, international travel to the United States has grown approximately **13.3 percent** overall and **32.8 percent** at airports nationwide.

International travel at U.S. air ports of entry has steadily increased since FY2009. In FY2019, arriving air travelers increased by **3.8 percent** over FY2018. CBP officers welcomed home **6.8 percent** more U.S. citizens traveling internationally and **1.1 percent** more non-U.S. citizens at airports of entry in FY2019.

Additionally, CBP agriculture specialists, with their extensive training and expertise in biological sciences and agriculture inspection, conducted approximately **1.75 million** interceptions of prohibited plant materials, meat, and/or animal byproducts at U.S. ports of entry while interdicting **15,991** 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 ports of entry 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 nearly **53 percent** in FY2019.

In FY2019, CBP enrolled more than **1.1 million new** members into one of the four Trusted Traveler programs: Global Entry, NEXUS, SENTRI or FAST. More than **9.2 million** members enjoyed the benefits of expedited processing as a Trusted Traveler in FY2019.

The majority of Trusted Travelers in FY2019, over **6.7 million**, are members of CBP's flagship program, Global Entry. Global Entry members have access to automated kiosks at **76 U.S.** airports, **one** of which was added in FY2019, and all **15** Preclearance locations.

CBP's Enrollment on Arrival program enables conditionally-approved Global Entry applicants to complete their interview while clearing CBP processing at one of **56** participating airports, **10** of which were launched in FY2019. More than **262,000** Global Entry members have used the Enrollment on Arrival program to complete their membership enrollment.

To address the growing volume of Global Entry travelers, CBP launched a Global Entry Facial Recognition pilot at Orlando International Airport on June 21, 2018. Facial recognition technology has reduced the processing time at Global Entry kiosks by almost **90 percent**, and was expanded to **12** additional airports during FY2019.

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 are available for use at **64** locations, including all major U.S. international airports and **12** Preclearance locations. MPC expanded to **four** additional ports of entry (three airports and one seaport) in FY2019, making the app available to U.S. citizens and Canadian visitors at **32** U.S. ports of entry (**28** airports and **four** seaports). In FY2019, more than **57.1 million** travelers used APC kiosks and approximately **1.7 million** trips were processed using MPC, accounting for almost **44 percent** of all air travelers entering the United States.

Overall, these initiatives have resulted in higher traffic volume, faster processing, and shorter wait times for arriving travelers at the top **25** international airports. From FY2013-FY2019,

passenger volume grew steadily, averaging an annual increase of **5.0 percent**, which translates to an increase of **33.9 percent** in volume for the entire six-year period. At the same time, aggregate wait times decreased by **17.8 percent**.

More than **53.8 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 FY2019.

Biometric Update

CBP furthered plans in FY2019 to implement an integrated biometric entry/exit process that provides significant benefits to travel industry partners in addition to meeting the congressional mandate for a biometric exit system. CBP is leading efforts to streamline the travel process by providing industry stakeholders with a secure, automated platform for identifying and matching travelers to their identities. The technology allows CBP and its stakeholders to make quicker, more informed decisions.

CBP uses a traveler's face as the primary way of identifying the traveler to facilitate entry and exit from the United States. Simultaneously, fingerprint records are leveraged for most foreign visitors. This includes fingerprints collected during entry processing, which are used to check derogatory holdings and perform other law enforcement checks. This biometric technology transforms how travelers interact with airports, airlines, cruise lines, CBP, and other government agencies with security functions such as the Transportation Security Administration (TSA)—creating a seamless travel process that is both reliable and secure.

In FY2019, CBP and its partners operated biometric exit technical solutions at **24** airports. These include Hartsfield-Jackson Atlanta International Airport (ATL), Boston Logan International Airport (BOS), Ronald Reagan Washington National Airport (DCA), Dallas/Fort Worth International Airport (DFW), Detroit Metropolitan Wayne County Airport (DTW), Newark Liberty International Airport (EWR), Fort Lauderdale-Hollywood International Airport (FLL), William P. Hobby Airport (HOU), Washington Dulles International Airport (IAD), George Bush Intercontinental Airport (IAH), John F. Kennedy International Airport (JFK), McCarran International Airport (LAS), Los Angeles International Airport (LAX), Orlando International Airport (MCO), Miami International Airport (MIA), Minneapolis-St. Paul International Airport (MSP), Chicago O'Hare International Airport (ORD), San Diego International Airport (SAN), San Antonio International Airport (SAT), Seattle-Tacoma International Airport (SEA), San Francisco International Airport (SFO), Norman Y. Mineta San Jose International Airport (SJC), Salt Lake City International Airport (SLC), and Tampa International Airport (TPA).

Additionally, CBP launched Simplified Arrival, a process that quickly and reliably verifies a traveler's identity biometrically and retrieves 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 **16** airports, including **four** Preclearance locations.

CBP biometrically processed more than **19 million** travelers using facial recognition across entry, exit, and Preclearance locations with a match rate of more than **97 percent** in FY2019. Biometrics have proven an effective tool to combat the use of stolen and fraudulent travel and identity documents. Since the program's inception, in 2018, CBP officers at U.S. airports have successfully intercepted **seven** impostors who were denied admission to the United States and identified **196** impostors on arrival in the land pedestrian environment.

In FY2019, CBP and TSA continued to evaluate the use of facial recognition for identity verification at TSA checkpoints through a pilot at Hartsfield-Jackson Atlanta International Airport. The overall goal of the partnership is to enhance security and the use of resources while moving towards an end-to-end seamless travel experience. The pilot will assist in developing 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. During FY2019, nearly **4 million** pedestrian travelers were processed at **five** locations. Similarly, in the sea environment, more than **2 million** travelers were processed at **six** locations. In 2019, **five** major cruise lines were engaged with CBP to develop facial biometric processing for closed-loop cruises.

Preclearance

More than **21.5 million** travelers, representing nearly **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 **38** new private and public sector partners for participation in the Reimbursable Services Program in FY2019, providing the opportunity for the stakeholders to request increased or enhanced inspection services. Through the end of FY2019, CBP had expanded the Reimbursable Services Program to **202** stakeholders, covering **148** ports of entry in **20** field offices. These services include customs, immigration, and agriculture processing, and border security at ports of entry. CBP provided over **201,000** additional processing hours at the request of stakeholders in FY2019—accounting for the processing of more than **2.1 million** travelers and over **213,000** personal and commercial vehicles. A major milestone was reached at the end of FY2019, when the total dollar amount billed through the program surpassed **\$100 million**.

CBP also approved **seven** new partnerships under the Donations Acceptance Program (DAP) in FY2019. Since standing up the DAP in FY2015, CBP has approved a total of **39** DAP partnerships totaling an estimated **\$219 million** in planned and realized investment in U.S. port of entry improvements and other mission enhancements. Moreover, in FY2019, CBP fully executed acceptance agreements for **four** of its DAP partnerships, including the first All-Terrain Vehicle (ATV), which allows officers to effectively and efficiently carry out inspection duties of cattle imports at a land port of entry. 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's Traveler Communications Center, a 24/7 resource for formal and informal public inquiries related to CBP's Admissibility and Passenger Programs, served a record number of travelers in FY2019. The Traveler Communications Center, established in October 2017, was designed to improve the traveler experience by providing timely information, accurate responses to common questions, application assistance, troubleshooting, and other guidance for travelers using ESTA, the Electronic Visa Update System (EVUS), the Arrival and Departure Information System (ADIS), I-94 arrival and departure forms, and CBP's Trusted Traveler programs,. During FY2019, the Traveler Communications Center responded to **38,969** EVUS program phone calls—more than double the **17,542** calls received in FY2018. Similarly, the center responded to an exponential increase in calls in FY2019 for CBP's other travel programs including **103,288** ESTA phone inquiries, **1,228** ADIS inquiries, **72,880** Trusted Traveler program inquiries, and **8,229** Imminent Travel calls for last minute information about the status of traveler applications.

Additionally, in FY2019, CBP implemented the Modified Egress program at Phoenix Sky Harbor International Airport and at Honolulu International Airport. The Modified Egress program, which is now operational at **22** international airports, provides for a variety of changes in the traveler flow from arrival to exit of the Federal Inspection Services area. Changes implemented under the Modified Egress program are designed to reallocate CBP officers to other enforcement positions and create a single inspection experience for travelers upon arrival to the United States, increasing facilitation.

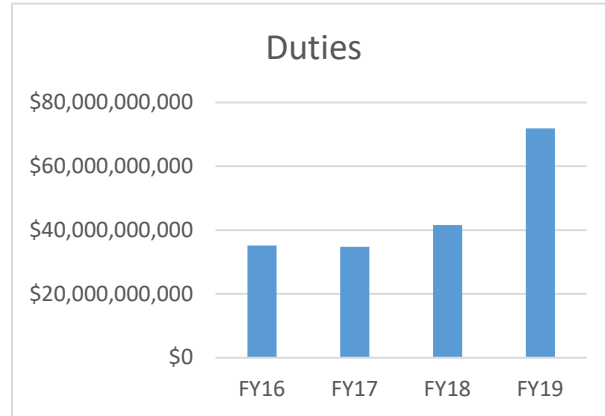
III. Trade Facilitation and Enforcement

Protecting America's Domestic Industries from Unfair Competition

FY2019 Revenue and the Trump Administration's 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 revenue protection. Our trade operations are focused on creating a level playing field for American businesses, protecting consumers, and reducing trading costs. CBP maintains this central focus while enforcing nearly 500 U.S. trade laws and regulations on behalf of **49** different partner government agencies.

CBP processed **\$2.7 trillion** in imports in FY2019, equating to **35.5 million** entries and more than **28.7 million** imported cargo containers at U.S. ports of entry. Overall, CBP collected approximately **\$80.7 billion** in duties, taxes, and other fees in FY2019, including **\$71.9 billion** in duties, an increase of nearly **73 percent** over the previous fiscal year's duty collections. All collected monies were remitted to the U.S. Treasury.



Much of the increase in duty collections in FY2019 is attributed to the ongoing assessment and collection of duties on steel, aluminum, washing machines, washing machine parts, solar panels, and goods from China. These duties as well as certain quotas on steel and aluminum imports were ordered by President Trump during FY2018, pursuant to Sections 201 and 301 of the *Trade Act of 1974* and Section 232 of the *Trade Expansion Act of 1962*.

CBP continued to play 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, CBP assessed nearly **\$716 million** in Section 201 duties, more than **\$1.1 billion** in Section 232 aluminum duties, and nearly **\$4 billion** in Section 232 steel duties in FY2019. For Section 301 goods from China, CBP assessed more than \$29 billion in duties during fiscal year 2019. Up-to-date duty assessments are available at <https://www.cbp.gov/newsroom/stats/trade> and are updated weekly.

CBP's Office of Trade established a trade remedies branch in FY2018 to oversee implementation and administration of the remedies. By the end of FY2019, the branch had implemented **49** Federal Register Notices and **eight** Presidential proclamations related to the remedies, and coordinated **24** sets of detailed import instructions for trade stakeholders via CBP's Cargo Systems Messaging Service communications system.

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. During FY2019, CBP processed more than **83,000** steel and aluminum Section 232 exclusion requests.

For Section 301 duties for products of Chinese origin, eligible companies can request exclusion by petitioning the Office of the U.S. Trade Representative. The U.S. Trade Representative may then draft tariff language to exclude goods from the remedy based on input from CBP on the classification of merchandise eligible for an exclusion request. During FY2019, CBP reviewed approximately **1,500** draft exclusions to the Section 301 remedy.

With the increase of additional duties, it has become more important for the importing community to properly classify and identify the value of goods entering the U.S. as well as provide the correct country of origin. As a result, CBP has seen an uptick in requests for binding rulings. During FY2019, CBP's National Commodity Specialist Division issued 21 percent more rulings than in FY2018, and decisions on entry-process-related cases increased by 22 percent.

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 and allow American companies to compete fairly in the global economy. In FY2019, **\$19 billion** of imported goods were subject to AD/CVD. CBP collected approximately **\$1.9 billion** in AD/CVD deposits and levied monetary penalties totaling over **\$80.5 million** on importers for fraud, gross negligence, and negligence of AD/CVD requirements. CBP entry summary reviews during FY2019 also resulted in recovery of over **\$121.8 million** in AD/CVD duties owed, nearly an **86 percent** increase over the revenue recovered in FY2018. Additionally, CBP audits identified approximately **\$20.4 million** in owed AD/CVD duties with **\$4.8 million** collected to date. Finally, CBP and U.S. Immigration and Customs Enforcement seized shipments with a domestic value of more than **\$131,000** for AD/CVD violations.

CBP also began enforcing **33** new AD/CVD orders during FY2019, nearly a **7 percent** increase over the number of orders in place the previous year. At the end of FY2019, **503 AD/CVD orders** were in effect as compared to **469 orders** at the conclusion of FY2018.

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 FY2019, CBP received **78 e-Allegations** concerning the evasion 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 remains a very successful approach to investigating large-scale, 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 FY2019, CBP received **38** new allegations under

EAPA from interested parties, initiated **36** EAPA investigations, and took interim measures in **31** EAPA investigations to ensure the expedited protection of revenue owed to the U.S. government. CBP issued final determinations for **seven** investigations in FY2019.

In support of the EAPA investigations, CBP conducted **21** foreign onsite visits or verifications in Thailand, Vietnam, Malaysia, and the Philippines during FY2019. Additionally, CBP received **three** requests for administrative review regarding EAPA cases, and timely decisions were issued in all three cases. From EAPA's inception, 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 garlic, diamond sawblades, aluminum extrusions, 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 consistently applies risk-based methodologies to protect U.S. revenue and identify those who try to evade U.S. trade laws. In FY2019, 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 the operational entity 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 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 FY2019, CBP held multiple AD/CVD outreach meetings with U.S. manufacturers, importers, other members of the trade community, and foreign governments. This included **22** meetings, **six** U.S. manufacturer facility visits, and **five** national steel industry seminars in Buffalo, New York; Cleveland, Ohio; Tampa, Florida; Houston, Texas; and San Francisco, 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 and e-Allegation presentations were made at workshops and trade meetings throughout the year to educate trade representatives.

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 and 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 **36 active** withhold release orders and **four** active findings. During FY2019, CBP issued **six** new withhold release orders while continuing to conduct several other forced labor investigations. The first, issued in February 2019, pertained to seafood caught by a Republic of Vanuatu fishing vessel, Tunago No. 61. The other five orders, issued in September 2019, concerned shipments of garments produced by Hetian Taida Apparel Co., Ltd. in Xinjiang, China; disposable rubber gloves produced in Malaysia by WRP Asia Pacific Sdn Bhd; gold mined in small, artisanal mines in the eastern Democratic Republic of the Congo; rough-cut diamonds from the Marange diamond fields in Zimbabwe; and bone black manufactured in Brazil by Bonechar Carvão Ativado Do Brasil Ltda. CBP is currently working to detain shipments subject to these withhold release orders.

Additionally, CBP is enforcing 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 organizations, the media, private sector businesses, and other government agencies to gather timely information on forced labor in global supply chains and to provide education on U.S. compliance standards. As part of these efforts, during FY2019, CBP participated in trade events to inform interested stakeholders of CBP's authorities and answer questions. CBP also provided training to U.S. government officials and partner government agencies on enforcing labor laws. Moreover, CBP leads the Forced Labor Interagency Working Group, which brings together several different agencies to address issues of forced labor around the world.

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 a **168 percent** increase in express consignment and international mail shipments. Today, CBP processes over **600 million** express consignment and international mail shipments each year, equating to approximately **1.8 million** shipments a day. 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 FY2019, **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. As part of the agency's E-Commerce Strategy, a number of initiatives were launched during FY2019. For example, in January 2019, CBP issued guidance requiring electronic manifests for trucks carrying shipments valued at \$800 or less. These shipments, commonly referred to as Section 321 shipments, meet de minimis requirements to enter duty-free into the U.S. In February 2019, the agency collaborated with the Commercial Customs Operations Advisory Committee, or COAC, to finalize an e-commerce supply chain map, which identifies the various mode-specific routes e-commerce shipments take as they enter the U.S. In July 2019, CBP published a Federal Register Notice seeking volunteers to participate in an e-commerce data pilot pertaining to low-value shipments of \$800 or less. Under this pilot, CBP will test the utility of accepting advance data from e-commerce supply chain partners, including online marketplaces, to help identify the entity causing the shipment to move, the final recipient, and the contents of the package. The pilot's participants represent a wide range of e-commerce supply chain companies including Amazon, eBay, Zulily, FedEx, DHL, and UPS, as well as technology firm PreClear and logistics providers XB Fulfillment and BoxC Logistics. Finally, with input from CBP, the World Customs Organization published its E-Commerce Package in August 2019, which includes an international Framework of Standards on cross-border e-commerce transactions.

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, 2019, CBP was enforcing **18,735** active recorded copyrights and trademarks. In partnership with ICE, CBP seized **27,599** shipments with IPR violations in FY2019. If the seized products were genuine, the total manufacturer's suggested retail price of the items would have been valued at over **\$1.5 billion**.

To counteract the problem, CBP ran a public awareness campaign on the "Truth Behind Counterfeits" during FY2019 in two phases. The campaign, which was 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 phases of the campaign ran for eight weeks at **14** U.S. international airports. The first phase ran during the 2018 winter holidays at Hartsfield-Jackson Atlanta International Airport, Detroit Metropolitan Airport, Chicago O'Hare International Airport, Raleigh-Durham International Airport, San Antonio International Airport, and Tampa International Airport. The second phase ran in the summer of 2019 at Boston Logan International Airport, John F. Kennedy International Airport,

Ft. Lauderdale-Hollywood International Airport, Dallas/Fort Worth International Airport, McCarran International Airport, Baltimore/Washington International Airport, and Pittsburgh International Airport. The campaign and its messages about responsible consumer behavior were viewed over **200 million** times during these two phases.

CTAC – Safety in Numbers

The Commercial Targeting and Analysis Center (CTAC), led by CBP, is comprised of multiple, co-located government agencies responsible for targeting and intercepting commercial shipments that pose a threat to the health and safety of Americans. Since CTAC was established, in 2010, more than **100,000 shipments** of unsafe consumer and industrial goods, violative food and drug products, and other contraband have been targeted at ports nationwide and prevented from entering the U.S. commerce 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 FY2019, CTAC facilitated efforts that led to **7,211 seizures** of products posing health and safety risks to the American public. The total domestic value of these import safety seizures was nearly **\$35.2 million**. CTAC activities also resulted in **595 seizures** because of wildlife trafficking violations and **22 seizures** of illicit importations of cultural property during FY2019.

Modernizing Trade Systems

ACE – Update

The Automated Commercial Environment, or ACE, CBP's cargo processing system, continues to be a tremendous benefit for international trade. ACE's automation and process simplification efforts resulted in an estimated economic benefit of approximately **\$537 million** for the trade community and **\$106 million** for CBP in FY2019, an increase of **38 percent** in savings for the trade community and **200 percent** in savings for CBP since FY2018. Similarly, the ACE system reduced processing times by **690,000 hours** for the trade community and **1,896,000 hours** for CBP.

In addition to funds for sustaining core ACE capabilities, CBP received **\$30 million** in FY2018 and was appropriated **\$10 million** in FY2019 for ACE enhancements. The enhancements, which have been identified and prioritized in collaboration with the trade community and partner government agency stakeholders, improve and strengthen the system in a number of ways—including providing CBP access to previously unavailable admissibility data for low value shipments, streamlining the processing of foreign trade zone communities by incorporating partner government agencies in the cargo admissions process, enabling new mass processing capabilities, and improving the back end processing of Automated Clearing House debit/credit transactions.

CBP also conducted an annual ACE-user satisfaction survey in FY2019. Respondents gave ACE a **79 percent** overall user satisfaction rating, which exceeded CBP's target goal.

Blockchain Technology Innovation

In September 2019, CBP launched its second proof of concept to test blockchain technology in an intellectual property rights scenario. The proof of concept used two new data elements, one, a legal entity identifier to verify corporations, and the other, a globally unique product identifier to authenticate products at the retail level. As part of the testing, members of the trade community verified that the licensing entities of imported goods—the importer, manufacturer, or retailer—were legitimate. The test proved that CBP could facilitate legitimate trade by having the right holder attest to the validity of the licensing relationship.

Another aspect of the pilot involved a consumer test, where the government used mobile technology to verify branded products were legitimate. Using blockchain technology, companies were able to communicate directly with consumers on the validity of the product. In the future, a consumer could scan a product and receive an instantaneous determination on its legitimacy.

All of the initial tests were successful and feedback from the government and trade participants was positive. Respondents rated the viability of adopting the intellectual property rights proof of concept into a business process **4.1** on a **5 point scale**. Participants also deemed blockchain to be a “worthwhile future investment,” scoring the technology **4.5** out of **5 points** total. Blockchain technology was able to facilitate the movement of legitimate trade securely.

Facilitation and Enforcement of Cargo

Non-Intrusive Inspection Technology

CBP law enforcement personnel use non-intrusive inspection systems (NII) and radiation detection equipment to effectively and efficiently inspect conveyances and vehicles for the presence of contraband and illicit radiological materials. The average NII examination of a cargo container takes approximately **8** minutes, while a physical inspection takes **120** minutes on average. The time saved using NII and radiation detection equipment saves CBP **\$1 billion** in annual operations and saves industry **\$5.8 billion** to **\$17.5 billion** in costs due to delays.

In FY2019, CBP officers used **320** large-scale NII systems at land and sea ports of entry to perform approximately **6.6 million** examinations, which resulted in **3,016** seizures, a **21** percent increase over FY2018. These results led to interdicting **316,203** pounds of narcotics, a **58** percent increase over FY2018; **\$3** million in undeclared U.S. currency, **1,655** weapons; and identifying **200** undeclared passengers hidden within commercial cargo. More than **94** percent of these seizures and **98** percent of the total pounds of narcotics seized occurred by scanning approximately **15** percent of the commercial cargo and **one** percent of vehicles arriving at land ports of entry on the Southwest border.

Throughout FY2019, CBP prioritized the need to increase NII scanning rates to improve detection effectiveness and safety. In collaboration with the DHS Science and Technology Directorate, CBP conducted technology demonstrations focused on automating NII scanning at Southwest border land ports of entry. The NII technology was placed at high-throughput, drive-through pre-primary and primary lanes and data was transferred for analysis to officers at a remotely located command center. CBP also deployed presumptive testing instruments to the

field to aid in the identification of illicit substances including fentanyl. At the end of FY2019, **315** systems were deployed, and an additional **75** units were procured with planned deployments scheduled throughout FY2020.

During FY2019, CBP used **1,350** radiation portal monitors to conduct over **140** million inspections at land, sea, and air ports of entry. A key FY2019 improvement project was the deployment of enhanced radiation scanning equipment for ship-to-rail conveyances in Newark, New Jersey.

International Mail

The U.S. Postal Service receives international mail from more than **190** countries. In FY2019, **63** countries provided advance electronic data to the U.S. Postal Service, which was 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 FY2019, CBP received advance electronic data on **306 million** international postal shipments. This was a **3 percent** increase from the number of international postal shipments with advanced electronic data in FY2018. 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.

Opioid Detection Challenge

In February 2019, the Opioid Detection Challenge, a global prize competition seeking new, innovative solutions to detect opioids being trafficked into the U.S., was launched. The competition, which will award a total of **\$1.55 million** in prize money, was a collaborative effort among CBP, the DHS Science and Technology Directorate, the Office of National Drug Control Policy, and the U.S. Postal Inspection Service. The Opioid Detection Challenge called upon innovators to submit novel plans for rapid, nonintrusive detection tools that will help find illicit opioids being sent through the international mail or express environments. A major goal of the competition was to create a system that can detect and identify narcotics within a package before a CBP officer opens it. The competition was part of a comprehensive government effort to stop the flow of illicit drugs coming into the U.S. and address the opioid addiction crisis. Winners will be announced in FY2020.

Historic Cargo Seizure—Milestone Achievement

On June 17, 2019, CBP officers at the Philadelphia seaport netted the largest cocaine seizure in the 230-year history of the U.S. Customs Service and CBP. Nearly **20 tons** of cocaine were found in shipping containers aboard the MSC Gayane, a 1,030 foot, Liberian-flagged container ship. The historic load of cocaine, which had an estimated street value of **\$1.3 billion**, was the result of a multi-agency examination of shipping containers led by CBP and Homeland Security Investigations, HSI.

While conducting an at-sea joint examination aboard the vessel, authorities from CBP, HSI, and the U.S. Coast Guard detected anomalies in seven shipping containers. The boarding team escorted the ship to its berth in South Philadelphia and continued its inspection. After the

containers were unloaded from the vessel, CBP confirmed the presence of anomalies. A combined **15,582 bricks**, containing **39,525 pounds** of a white, powdery substance, tested positive for cocaine. CBP seized the cocaine as well as **\$56,330** found on the vessel, believed to be proceeds from illegal activity.

HSI agents made **six** arrests and continued their investigation. The U.S. Attorney's Office for the Eastern District of Pennsylvania began prosecuting the case in July 2019. The Philadelphia Police Department, Pennsylvania State Police, Delaware State Police, and other local law enforcement also contributed to the seizure.

The contents of the shipping containers included wine, coated paperboard, vegetable extracts, and dried nuts from Chile, carbon black from Colombia, and scrap metal batteries from United Arab Emirates. The MSC Gayane made port calls to Chile, Peru, Panama, and the Bahamas before arriving in Philadelphia.

Customs Trade Partnership Against Terrorism

The Customs Trade Partnership Against Terrorism (CTPAT) 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 principle stakeholders of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers. From its inception in November 2001, CTPAT has continued to grow. Today, nearly **11,600** certified partners, spanning all corners of the trade community, have been accepted into the program. The 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 **54 percent** (by value) of cargo imported into the U.S.

To address today's most prevalent and impactful supply chain security threats, during FY2019, CTPAT completed the first major update of the program's minimum security criteria in **17** years. As part of the process, CTPAT completed over **2,200** validations to certify that CTPAT members both implemented and followed the highest level of supply chain security measures. While the vast majority of CTPAT members, **97.3 percent**, remained in good standing with the program, CTPAT's enforcement actions led to **96** suspensions and **120** removals in FY2019.

CTPAT also promoted greater efficiency. The program enabled CBP officers to reallocate a larger portion of their time to examining high-risk cargo by reducing examination rates for CTPAT members, saving members **\$70.2 million** in FY2019. Additionally, in FY2019, CBP saved almost **\$600,000** in travel expenses by accepting **338** Authorized Economic Operator certificates from foreign mutual recognition arrangement partners, nearly half of which came from CBP's mutual recognition arrangement with Mexico.

During FY2019, CTPAT officially began transitioning the legacy Importer Self-Assessment (ISA) program into the newly created CTPAT Trade Compliance Program, which will transform CTPAT into an Authorized Economic Operator program that includes security and trade

compliance. This will align CBP more closely with other customs administrations throughout the world.

Finally, greater efficiencies were also achieved during FY2019 through CBP's Advanced Qualified Unlading Approval (AQUA Lane) pilot program. The pilot decreased time to market for imports arriving on sea vessels by increasing shipping expediency, ensuring predictability, and providing cost-savings for CTPAT members. In FY2019, CTPAT members participating in the pilot saved nearly **\$99 million** in total.

Agriculture Inspections

During FY 2019, CBP agriculture specialists conducted more than **750,000** examinations on imported agriculture or agricultural-related commodities at the U.S. ports. These examinations yielded **40,200** 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 31,000 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.