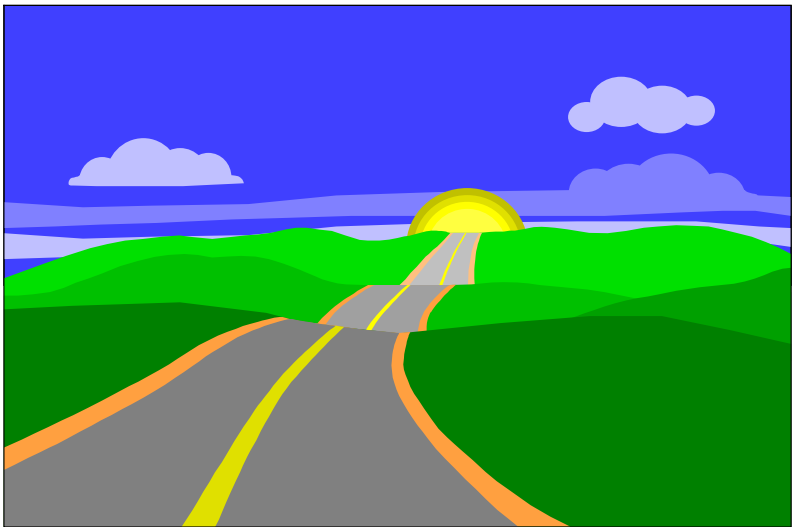
THE
TRADE COMPLIANCE
ROAD MAP



OFFICE OF
FIELD OPERATIONS

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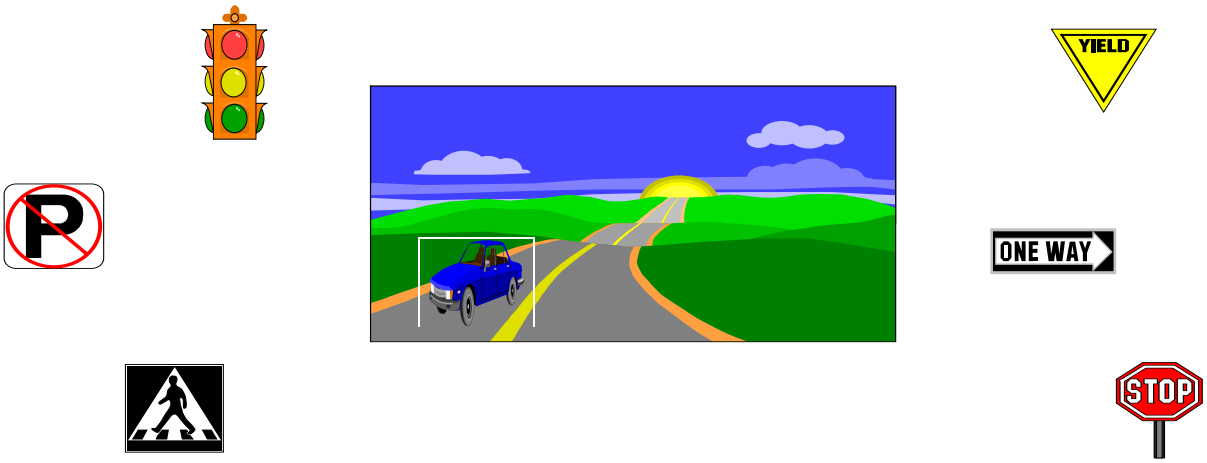

Note To The Reader

The Trade Compliance *Road Map* is intended to provide trade compliance managers and employees with a basic understanding of the direction the Customs *Trade Compliance Process* is headed. Doing this requires that we explain where we have been, where we are now, where we are headed, why and how we plan to get there.

The *Road Map* is not an "All-Inclusive" or a "How-To"document, nor is it a planning document to the extent it contains specific goals or performance measures like the Customs Strategic Plan, Annual Plan or the Annual Trade Compliance and Enforcement Plan (TCEP.) Its primary purpose is to inform, to provide Headquarters, CMC and Port personnel with information to better understand their roles and how the *Trade Compliance Redesign* will change their work.

Customs' work is changing. Trade transactions have always been the basis of our commercial activities, a new focus on mission priorities and accounts will change our handling of those transactions. The Trade Compliance *Road Map* outlines the redesign of Customs commercial processes and links key components to the overall *process* of achieving agency trade compliance objectives.

The *Road Map* is being issued to all supervisory field personnel responsible for managing the *Trade Compliance Process*. It will be regularly updated and made available to all employees through the Infobase. Headquarters will provide informational tools to assist first-line supervisors expand their own understanding and then conduct discussions with employees to assist them better understand emerging

work processes, trade compliance objectives and their roles in relation to Customs strategic and operational plans.

TRADE COMPLIANCE ROAD MAP

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I. MESSAGE FROM THE ASSISTANT COMMISSIONER

In the fall of 1997 we held a Port Directors conference in Atlanta in which we discussed trade compliance programs and issues. Port Directors expressed concern regarding their lack of knowledge and participation in the trade compliance redesign. In response, we have prepared a Trade Compliance "*Road Map*" to serve as a reference for both managers and employees. This document has four primary purposes:

- ★ Provide a Comprehensive **Master Reference** to the Core Themes and Key Initiatives of the Trade Compliance Redesign
- ★ **Inform** All Employees of the Future Direction of the Trade Compliance Process
- ★ **Prepare** Port Managers and Employees for Our Future Work Environment
- ★ Establish the **Roles and Responsibilities** of Headquarters, CMC's and Ports

The *Road Map* provides information and direction which will assist field offices understand and prepare to implement components of the trade compliance redesign. Included are brief descriptions of redesign components, contact points for further information, a glossary of trade compliance terms and a bibliography referencing supporting materials. The *Road Map* will be regularly updated to reflect the current status of key initiatives and prototypes.

To maximize our effectiveness and ensure a coordinated implementation of the trade compliance redesign we must operate with clearly defined goals and expectations. The *Road Map* outlines the Trade Compliance Process organizational roles and responsibilities of Headquarters, CMC's and Ports.

Headquarters will provide direction, identify national priorities, sequence events and establish a methodology to review field progress. CMC's will provide guidance and oversight to ensure ports understand the elements of the trade compliance redesign. Port Directors will conduct a readiness assessment of their port. This will serve as a *tool* for gathering information about the port's ability to implement redesign concepts and as a *catalyst* for developing action plans to prepare for a new work environment. TCPO's and first-line supervisors will be responsible for translating our trade policy into specific action items, operational changes and expectations for port employees.

Import specialists, cargo inspectors, entry specialists, OAS analysts, regulatory auditors and other employees all have essential roles in the redesigned Trade Compliance Process. The *Road Map* will serve as both a reference *and* guide to the processes, procedures and technologies that comprise the redesign.

To ensure coordination, interaction and communication we will establish a national

Trade Advisory Council (TAC). The TAC will include CMC Directors, Port Directors, TCPO's and NTEU. It will be chaired by the Director, Trade Compliance and will include representatives from OST and OIT. The TAC will serve as a clearing house for field concerns, review port operational assessments and evaluate changes to the trade redesign.

The trade compliance redesign is not a *futuristic* event. Many aspects and programs of the redesign are being carried out today. While we have made much progress implementing many of the initiatives you will find described in the *Road Map,* much remains to be done. We will continue to take advantage of information and technological advances as we proceed.

While ACE will be rolled out module-by-module over several years, operational changes focusing agency trade compliance efforts are well underway and will continue. In the immediate future, much of our work will continue to be performed under current information technology. Delays related to ACE implementation will *not* delay implementation of trade compliance redesign work approaches and initiatives focusing on mission priorities and accounts.

The Trade Compliance *Road Map* is not a planning document to the extent it contains specific goals, performance measures or expected outcomes as do the Customs Strategic Plan, Annual Plan or Trade Compliance and Enforcement Plan (TCEP). Rather, the *Road Map* links current and planned national trade compliance initiatives to our vision of how work will be performed to achieve trade compliance goals.

In closing, I want to emphasize that the Trade Compliance *Road Map* is an "action" document. Our success in following the *Road Map* depends on the contributions of Headquarters, CMC's and Ports. Each of us will be responsible for contributing our full effort to ensure the fundamental principles of the redesign are implemented in a uniform and effective manner.

Robert S. Trotter
Assistant Commissioner,
Office of Field Operations

II. EXECUTIVE SUMMARY

The redesigned Trade Compliance Process emphasizes an **account-based focus** to our activities and relies heavily upon the development of a **highly automated system** for assisting us in our work. The redesign emphasizes the "*Mod Act*" concepts of **shared responsibility** and **informed compliance**, and relies upon its requirement that importers use **reasonable care** in reporting import transactions to Customs. **Enforcement actions** will be guided by streamlined procedures and automated systems which will process less serious violations while focusing resources on more serious violations. Customs will direct its work more efficiently through the use of **analytical tools**, **statistical sampling** and **trade analysis**. All Customs activities will be subject to continuous evaluation from a **cost/benefit** perspective, thereby linking resource plans, budgets and results. Measures of agency performance will incorporate a **"balanced scorecard"** that addresses efficiency, effectiveness, customer satisfaction and cost.

Port Directors, and many of our field employees, have expressed concern about their lack of knowledge of the trade compliance redesign, an apparent lack of coordination between Headquarters and field offices (and among Headquarters offices), and uncertainty regarding their responsibilities in implementing components of the Trade Compliance Process. The *Road Map* provides information and sets forth actions for closing these knowledge and coordination gaps.

To address the knowledge gap, the trade compliance *Road Map* provides extensive information on the need to change many of our traditional work approaches, details the trade compliance redesign history, reiterates national trade compliance goals and provides information concerning the key themes, initiatives and prototypes of the trade compliance redesign.

To address coordination and policy issues, a Trade Advisory Council (TAC) will be established to enhance coordination, interaction and communication between Headquarters and Ports as well as between Headquarters offices.

- The TAC members will include CMC Directors, Port Directors, Trade Compliance Process Owners and NTEU. OST and OIT will also be represented.
- The TAC will be chaired by the Headquarters Director, Trade Compliance.
- The TAC will serve as a clearing house for field issues, evaluate and propose changes to the trade compliance redesign, and review port operational readiness assessments.
- The TAC will enable OFO to speak with "one voice" concerning operational and policy issues before the Trade Compliance Board of Directors.

To give relevancy to the information presented in this document, and to focus field managers on local actions needed to implement the new Trade Compliance Process, Port Directors will be required to conduct a substantive operational readiness assessment of their port. The readiness assessment will have four purposes:

- To gather information about the port's ability to carry out trade compliance redesign concepts and components.
- To identify port needs and/or barriers to proceeding with the redesign.
- To serve as a means for the ports to educate themselves as they delve into issues related to redesign implementation.
- To serve as a catalyst for the ports to undertake actions consistent with the trade compliance redesign implementation.

To establish accountability and ensure a coordinated approach to implementing components of the redesign, the *Road Map* outlines the roles and responsibilities of Headquarters, CMC's and Ports.

- Headquarters will be responsible for providing field direction, identifying national priorities, sequencing events and establishing a methodology to review and monitor field progress.
- CMC Directors will be responsible for providing guidance and oversight to ensure that ports understand the elements of trade compliance redesign, and for supporting ports as they prepare for the future.
- Service Port Directors will be responsible for conducting an operational readiness assessment and developing a port action plan for implementing the redesign.
- Trade Compliance Process Owners will be responsible for translating our trade compliance policy into specific action items and operational changes.
- First-line supervisors will be responsible for communicating operations driven expectations directly to employees through face-to-face interactions.

The explosive growth in trade, Customs Modernization Act, high visibility trade programs, automation and technological advances, and government mandates emphasizing operational performance are all factors which require we reassess our operating methodologies. Future Customs budgets will be linked to performance. With increasing workloads and static resources it is critical we employ our resources in ways that maximize *and* highlight our performance. Redesign initiatives are intended to improve efficiency, streamline work processes and focus agency resources on actions which increase and sustain high trade compliance levels. In doing so, we will remain flexible and prepared to meet the needs, interests and issues of our customers---Congress, other agencies, importers, brokers, domestic industry and others.

III. WHERE HAVE WE BEEN?

A. The Work of Customs: The Past and The Present

Historically, the principle duties performed by the Customs Service have focused on the collection of revenue, the control of trade, and the enforcement of trade laws and regulations. Customs has been a front-line, law enforcement, revenue-producing agency for more than 200 years.

Organizationally, individual Customs disciplines have generally worked independently. Employees within each discipline have established roles and developed areas of expertise. Operationally, port verification and enforcement actions have been port focused; cargo examinations and document reviews transaction-based; and interactions with importers and customs brokers focused on current shipments. In this environment, effectiveness has been measured in terms of the number of seizures made, the number of arrests effected and the amount of revenue collected or recovered.

As early as the 1960's, Customs began to be concerned about projected increases in trade. In the 1970's Customs began a move toward automation. A number of independent automated systems were developed but it took until 1983 before Customs had an integrated Automated Commercial System (ACS.) As workloads continued to increase, Customs employed a national entry by-pass (selectivity) system.

Containerized cargo and other changes in methods of transportation facilitated the growth in trade and led to the need for Cargo Examination Stations (CES's) and the in-bond system. Enforcement and verification actions evolved from the physical inspection of all goods, and review of all entry summaries, to selected examinations and reviews. In the late 1980's, Customs began to focus resources on interactions with significant importers in an attempt to address trade issues prior to importation and increase voluntary compliance.

As work volumes and demands increased, Customs sought to reassess its traditional work processing methodologies. Automation allowed Customs to reduce paperwork and document handling, and to streamline operations. However, gains in processing were soon offset by continued growth and increasing trade complexity. Until very recently, port transaction-based cargo examinations and document reviews remained the foundation of Customs verification and enforcement actions.

The Customs Modernization Act, passed in late 1993, provided the stimulus for changes in Customs importing regulations and procedures (as well as for many of the initiatives undertaken in the last four years) which will enable us to take advantage of new information technologies and further streamline processes.

In the last few years Customs has implemented "operational alternatives" to transaction-based processing activities such as "Bullseye" processing, compliance measurement, compliance assessment and account management. Customs work is changing. Trade transactions have always been the basis of our commercial activities, a new focus on accounts will change our handling of those transactions.

B. Trade Compliance Redesign History

During the 1994 agency-wide reorganization, Customs embarked on an effort to improve the trade compliance process using *Business Process Re-Engineering* (*BPR*) techniques. A Trade Compliance Board of Directors (BoD) was established in July 1994 to guide the redesign effort. The BoD identified five sub-processes:

❋ **Verify** ❋ **Enforce** ❋ **Target & Analyze** ❋ **Account Services** ❋ **Revenue**

A Process Improvement Team (PIT) was created for each subprocess. Each team included representatives from management and NTEU, and from HQ and the field. Through in-depth interviews of field and HQ personnel, members of the trade community and officials from other government agencies, the teams gathered information concerning "*customer needs"*. By October 1995, the teams, working in partnership with the ACE development team, produced an overall redesign that reflected customer needs and summarized basic process features. Process Management Teams (PMT's) were then established for the five subprocess. The PMT's were tasked with further development, testing, and implementation of redesign process features. During 1996, the PMT's initiated a national test of the account manager position and prototyped numerous features of the redesign as part of the "*Seattle Prototype*" (described in section VIII.)

The trade compliance redesign remains under the guidance of the BoD. The BoD: provides high-level focus, vision, strategy and policy on the redesign; acts as the focal point for all major issues affecting trade compliance; develops and oversees the execution of the process redesign implementation. The BoD is led by the Headquarters *national* Trade Compliance Process Owner, and includes representatives from OFO, OST, OI, OF, OR&R and field offices. The Headquarters OFO Director, Trade Compliance, oversees Trade Compliance Process field operations.

The Redesign Project Team has responsibility for further expansion of redesign

process features (including the NCAP Prototype.) The team directs the account manager
and port account management programs, continues working with Seattle relative to process redesign testing and plans to implement the Enforce Evaluation Team Program nationwide
in 1998. The Redesign Project Team is organized into three groups:

- A **Process Analysis and Requirements Team** (PART), the successor to the PMT's, responsible for user requirements, procedural and policy;
- A **Technical Team**, responsible for programming ACE; and
- An **Outreach and Implementation Team**, responsible for training ACE users, coordinating development efforts with the trade community and field users, and communicating the progress of the redesign.

The trade compliance redesign has been, and will remain, a collaborative effort involving Customs management, the NTEU, various offices within Headquarters (OFO, OST, OI, OF, OR&R, etc.), field offices, members of the trade community (i.e., importers, brokers, carriers) and other government agencies.

The changes envisioned in the redesign will develop in an "*evolutionary way*" with process improvements being rolled out continually over several years. The redesign is not totally *futuristic*. Much of the field work currently being performed involves national redesign initiatives (i.e., compliance measurement, account management, compliance assessment) and the use of new information systems and analytical tools.

C. Trade Compliance Goals

The goals of the Trade Compliance Process, determined by the Trade Compliance BoD, were established to ensure all elements of the Customs Service focus their efforts on achieving the same goals. Trade compliance goals include:

- Achieving a 95% Compliance Rate in PFI by 1999
- Achieving a 90% Compliance Rate in All Other Industries by 1999
- Reducing Cargo Release Cycle Times
- Increasing Customer Satisfaction
- Maintaining Collections at 99% (or above) of Entered Duties, Taxes and Fees
- Achieving 90% Accuracy for Statistics in Key Industries by 1999
- Receiving an Unqualified Rating from GAO on Agency Financial Statements

IV. WHERE DO WE WANT TO GO?

The Trade Compliance Process - Core Themes of the Redesign

The redesigned Trade Compliance Process emphasizes an **account-based focus** to our activities and relies heavily upon the development of a **highly automated system** for assisting us in our work. The redesign emphasizes the "*Mod Act*" concepts of **shared responsibility** and **informed compliance**, and relies upon its requirement that importers use **reasonable care** in reporting import transactions to Customs. **Enforcement actions** will be guided by streamlined procedures and automated systems that process less serious violations while focusing resources on more serious violations. Customs will direct its work more efficiently through the use of **analytical tools**, **statistical sampling** and **trade analysis**. All Customs activities will be subject to continuous evaluation from a **cost/benefit** perspective, thereby linking resource plans, budgets and results. Measures of agency performance will incorporate a **"balanced scorecard"** that addresses efficiency, effectiveness, customer satisfaction and cost.

Described below, are the major features of the future work environment. Some are already firmly established while others are in the planning stage.

A. THE ENTRY PROCESS

_ Four Tracks and a "New" Entry

Customs will accept entries filed along four different tracks. Importers of low-risk shipments may be eligible for Track 4 processing which allows release based on minimal data. Track 4 processing requires that importers pre-identify commodities *and* key transaction parties, and full electronic processing (i.e., manifests, entry/entry summary, invoices, collections.) Track 4 also allows importers to file summary data up to ten days after the end of the "release" month. Track 3 requires the electronic transmission of full entry and entry summary information prior to release, while Track 2 splits the data--entry data prior to release; summary data after release. Track 1 refers to paper entries---Customs intends to require that all of these entries be filed under "live" processing (i.e., entry/entry summary data and payment prior to release.)

Regardless of the track used, all entries will include the same basic amount of data (manifest/entry/entry summary.) The different tracks allow data to be transmitted at different times. When required for cargo examination, entry summary review

or other verification, additional commercial information such as invoice and packing list

data will also be submitted. All tracks will also employ a newly structured entry---rather than being made up of separate forms used at different stages in the process, the new entry has been designed as a single "document" with its separate parts being completed at the times required under the different tracks.

_ Reconciliation

Reconciliation is a new process (identified in the Mod Act) that permits filers to identify unresolved issues, other than admissibility, at the time of entry summary filing. Unresolved issues may be reconciled up to 15 months later. These issues may involve such areas as value, trade program (e.g., NAFTA) eligibility and (on a limited basis) classification. Customs intends to require that importers use reconciliation as the exclusive and obligatory mechanism for addressing these unresolved issues en masse (i.e., if an importer is aware of unresolved issue prior to filing, reconciliation must be used, or liquidation of each entry must be suspended.) In certain cases, Customs also intends to eventually permit the use of reconciliation "retroactively" to provide filers with a means of addressing issues and amending entries after summary filing but before liquidation.

Reconciliation also refers to the "document" which is filed to resolve an issue. Like an entry, a reconciliation will be subject to targeting, import or entry specialist review, liquidation, and protest. Filers will provide corrected revenue data and trade statistics on a reconciliation, which will permit filers to consolidate changes that affect many entry summaries on a single reconciliation. For example, a value and revenue change affecting 100 entries may be summarized on a single reconciliation (thereby replacing 100 entry change liquidations with one reconciliation liquidation.)

Customs anticipates widespread use of reconciliation by the trade community. Reconciliation will become a major component of the day-to-day work of import specialists, entry specialists and other trade compliance employees who review entry summary information.

_ Changes in Liquidation Processing

Trade compliance teams and employees will rely upon a liquidation process that is increasingly controlled through automation with minimal user intervention. Liquidations will be automatically scheduled by the Customs computer system. User intervention will be required to adjust this schedule (e.g., to extend an entry summary.) By default, entry summaries will be allowed to liquidate by operation of law (deem liquidate.) Customs intends

to take the position that any summary upon which Customs takes no action cannot be

protested upon deemed liquidation. The Customs computer system will also automatically calculate revenue changes based on summary changes input by entry summary reviewers.

_ **Monthly\Semi-Monthly National Statements**

Revenue payments will be consolidated on a single monthly ACH statement that will cover all of an importer's financial transactions nationwide. Monthly processing will be available for Track 4 shipments; semi-monthly for Track 3. Numerous individual transactions will be handled as a single monthly\semi-monthly transaction. The statement will itemize each transaction and include: duty, tax and fee payments for entry summaries; revenue adjustments arising from change liquidations, reliquidations and reconciliations; and payments for penalties, liquidated damages and violation bills.

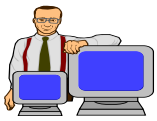
Statement processing will be used to offset bills against refunds (e.g., a refund arising from a protest approval will be added to a statement and offset against revenue due as a result of importations.) For monthly statements, importers will be required to make semi-monthly estimated payments during the statement period in order to maintain revenue neutrality.

_ **Electronic Transactions**

Electronic transmission of required import data (without redundant paper documents) will be the norm. All information related to manifest, entry, entry summary, commercial information (invoice/packing list) will be transmitted electronically. Reconciliations, drawback claims, protests, petitions, and bonds will also be transmitted electronically.

B. THE ELECTRONIC WORK ENVIRONMENT

_ **Paperless Processing**



The work environment of Customs managers, cargo inspectors, import specialists,
entry specialists, FP&F personnel, operational analysis specialists and other Customs
employees will be greatly affected by the increased use of automation to support our work. Electronic processing will minimize paper and clerical work. Distribution, filing and retrieving of documents will be largely eliminated. Interoffice requests and responses will be handled electronically. For example, ACE will automatically generate a laboratory analysis request with minimal data input by an cargo inspector or import specialist, send the request to the lab electronically and automatically print up a label to be attached to a mailed sample. In response, the completed laboratory report will be sent electronically to the appropriate trade compliance team (or individual.)

_ The Electronic "In-Box"

Trade compliance teams and employees will receive some of their work assignments through an electronic *"in- box"*. A cargo inspector opening up his/her work group's in-box might see assignments to conduct cargo examinations, manifest quantity verifications, and/or bonded warehouse spot checks. An import specialist might see assignments to review entry summaries, reconciliations, protests or to visit an importer. A supervisor might see an internal control assignment or request to approve a planned importer visit. In-box assignments will identify the subject of the assignment (e.g., one or more entry summary lines) and include pertinent instructions (e.g., cargo examination instructions.)

The in-box will allow managers, trade compliance teams, and individuals to keep track of open assignments---by type of work, date assigned, and responsible party. Trade compliance teams or individuals will also use the in-box system to keep track of "follow-up" actions such as a laboratory analysis requests or requests for information. A user viewing an assignment will be able to see a listing of all follow-up actions, their status and any requests or reports related to these actions. This capability will eliminate manual filing systems for pending work such as "holding code" files.

_ Nationwide Access to Information

The electronic work environment will promote informed decision-making and uniformity by providing nationwide access to information. Trade compliance teams and individual users will be able to search for information by such variables as HTS number and importer. An import specialist may search for, and immediately review, all requests for information previously issued by any team or port related to a particular commodity. Trade compliance teams at the same or different ports will be able to learn of, and coordinate, their activity involving a common importer or trade issue.

_ Workload Management

ACE will include a workload management system that will automatically adjust workloads among ports to correct imbalances. This system will require ports to estimate resources available to conduct Customs work (e.g., cargo examinations, summary reviews) in support of national trade priorities. As work is assigned to various locations and teams, ACE will identify over utilized work groups and shift incoming work to underutilized groups as necessary. Workload plans will be updated on a periodic basis at both the national and local levels.

_ **Port Specialization**

Customs will utilize electronic capabilities to distribute work and promote port specialization by commodity and, possibly by trade issue (i.e., NAFTA, AD/CVD) or country or origin. Port specialization will promote greater commodity expertise and uniformity as ports will not necessarily be constrained by the need to provide full tariff coverage. As a result of port specialization commodity based trade compliance teams will focus on narrower lines of merchandise. Multiple locations may handle a particular commodity, but not all ports will be responsible for all commodities. Port specialization will increase uniformity and simplify national coordination by reducing the number of offices potentially involved in trade compliance activities for a given commodity.

_ **Electronic Communication with the Trade**

Much of the paper flowing between Customs and the trade community will be replaced by electronic exchanges of notices, requests, and corresponding responses. Customs anticipates sending electronic messages to reject entries, request information, issue marking/redelivery notices, and notify the trade of liquidation. The elimination of paper exchanges will greatly reduce clerical work for many Customs employees and provide savings from reduced mailing costs. To support the continued shift to electronic communication, Customs will issue electronic messages through ACE, via fax/modem, and the Internet. Relying upon the Internet as a medium for outreach, Customs will help maintain an informed trade community by making general trade compliance information (such as informed compliance publications) available to Internet users.

C. PRIORITIZING OUR WORK\MEASURING PERFORMANCE

_ **Strategic Analysis and Planning**

Customs will establish nationally focused trade strategies through the identification
of current trade priorities and potential future trade issues. These priorities will be used in determining the allocation of agency resources (e.g., the number of import specialists, inspectors and others devoted to specific commodity or trade compliance teams, the number of compliance measurement cargo or summary examinations conducted for given tariff numbers.) Annually, Customs will prepare and issue a Trade Compliance and Enforcement Plan (TCEP.) The TCEP will include an assessment of the primary threats to compliance with U.S. trade laws and provide a coordinated approach to confront national compliance issues. National strategies will be reflected in national interventions and involve port personnel. Analytical tools will be widely available to support strategic analysis and interventions.

_ **Performance Measures\Cost-Benefit Analysis**

While Customs will continue to prioritize its efforts by evaluating measures and identifying trade priorities, a comparison of costs and benefits will be central in justifying the deployment of resources. Customs will be held accountable by Congress and oversight agencies for its performance, which will be evaluated on the basis of measures of effectiveness, efficiency and customer satisfaction. Measures (e.g., compliance rates, cycle times, satisfaction surveys) will be derived from data recorded in ACE and accessible to all Customs users. These measures will be presented at various levels of detail (national, CMC, port) and will be used by managers and others to identify performance successes as well as trade compliance problems requiring action. Customs will estimate the costs of trade compliance activities, such as cargo examinations, entry summary reviews, and compliance assessments, and consider these costs, along with priorities, in deciding how to devote resources.

_ **Compliance Measurement/Statistical Sampling**

Compliance measurement is the statistical sampling methodology used to measure trade compliance. Statistical sampling techniques and standard verification procedures will continue to be the basic mechanism for measuring compliance rates and establishing credible benchmarks for reporting performance as required by the Government Performance and Results Act (GRPA.) Customs will use statistical sampling techniques whenever selective targeting comes into play. Beyond cargo examinations and entry summary reviews, compliance measurement activities will be extended to new areas, such as reconciliation, as the trade compliance redesign progresses. Compliance rates, viewed by commodity or account, will be an important factor in determining agency priorities and allocation of resources. Compliance data will enable Customs to direct its enforcement efforts to those segments of the trade community with the greatest risk of non-compliance.

_ **Expanded Use of Selectivity**

Customs will extend the use of selectivity beyond pre-release and entry summary processing to incorporate activities that occur following the submission of summary data. Reconciliations and pre-liquidation amendments to entry summary will be subjected to targeting (and paperless processing) rather than automatically reviewed. Import specialists, entry specialists and other trade compliance employees will benefit from a shift in workload toward reconciliation and pre-liquidation amendments and away from the more labor-intensive processes for handling protests, 520(c) petitions, and 520(d) petitions. Drawback claims will also be processed through the selectivity system.

_ **Analytical\Planning Tools (e.g., TAP, ATS)**

Customs has been developing powerful analytical tools and transferring them to the field. Trade compliance teams and employees will have the capability to analyze and manipulate vast amounts of data with automated tools that will be used to help identify cargo and/or import transactions to be examined/reviewed. The use of analytical and planning tools will become a basic part of the day-to-day work of import specialists, cargo inspectors, entry specialists and other Customs employees. Operational analysis specialists will support port use of automated systems and analytical applications, and will conduct more complicated analysis.

Trade compliance employees (and teams) will increasingly devote time to analyzing import data for anomalies and trends as a means for self-managing their own workload. In conjunction with compliance rate information, agency priorities, value and other data, trade compliance teams (including port account management teams) will establish periodic plans for verifying transactions of particular commodities and accounts. Continual review of the results of verification activities and ongoing analysis of import data will be used to update plans on a recurring basis.

_ **Universal Recording & Enforcement Screening of Discrepancies and Assertions**

The results of all trade compliance verification activities (e.g., cargo examinations, entry summary reviews, reconciliation reviews) will be recorded electronically in ACE, and all discrepant findings will be automatically screened for potential enforcement action. Enforce "*screening rules*", based on discrepancy type, account compliance rate, number of recurrences and other factors will recommend an enforced or informed compliance action. In addition to discrepant findings from verification activities, assertions of potential violations will also be screened for proper resolution or enforced compliance. Assertions, which are currently handled through such separate systems as MOIRs in TECS and ACS selectivity requests, will be recorded through a single system in ACE. Cargo inspectors, import specialists and entry specialists will always have one place to record assertions.

_ **Automated Support & Streamlined Processing for Enforcement**

Violation billing will provide a quicker, less labor-intensive means for handling minor violations, such as late filing, through a "parking ticket" approach. For eligible accounts, violation bills will be issued in lieu of liquidated damages. These accounts will have the option to simply pay the bills and avoid the liquidated damages process. Violation billing will greatly ease the administrative burden for both entry and FP&F personnel.

ACE will incorporate a *cargo decision support tool* to be used by cargo inspectors and/or trade compliance teams determining the disposition of cargo during an examination. For certain types of discrepancies, ACE will prompt the examiner to respond to one to three simple questions, and in response, provide a recommendation on the disposition of the cargo (e.g., release, detain, seize.) This tool will not only provide immediate legal advice to examiners, it will also promote consistency in release\non-release decision-making.

_ **Enforce Evaluation Teams**

Discrepancies and potential violations (assertions) will be referred to Enforce Evaluation Teams located throughout the field. These teams will be comprised of TCPO's and OI Group Supervisors, who will have joint responsibility for evaluating referrals for noncompliance\potential violations and selecting the appropriate enforcement or non-enforcement responses. These teams will make informed decisions by relying on the results of enforce "*screening rules*" and drawing on the expertise of all Customs employees--account managers, FP&F officers, OR&R, Chief Counsel, cargo inspectors, import specialists, entry specialists and others. Referrals will be sent to Enforce Evaluation Team members through an electronic in-box. Distribution may be based not only on the port where the noncompliance or potential violation has been reported, but also on other factors, such as the account involved.

_ **Enforcing Future Compliance through Administrative Probation**

Customs will have the option to invoke administrative probation, which will be used in conjunction with monetary penalties for promoting compliance. Violators eligible for this treatment, as determined through mitigation guidelines, will be given the option of paying either a higher penalty amount or a reduced penalty amount coupled with administrative probation conditions. These conditions will aim to remedy current compliance problems and eliminate their recurrence. For example, conditions may require the establishment of internal controls or employee training. Customs will monitor the violator's progress in meeting the conditions through increased verification (e.g., cargo examinations, entry summary reviews, audits.)

D. MANAGING THE TRADE

_ **Account Management (National\Port)**

Customs will view import transactions in the aggregate, from an account level. Accounts include key trade entities (i.e., importers, customs brokers) with whom Customs does business, or whom Customs has an interest related to trade compliance. Viewing import practices from an account perspective will enable Customs to emphasize the concept of

"informed compliance", identify compliance issues, and resolve those issues in a timely and efficient manner. Account management involves *national* coordination of Customs actions involving the account. At the center of Customs account-based actions will be account managers and port account management teams. Both account managers and port account management teams will be responsible for acting as the primary point of contact for assigned accounts, working with accounts to develop *account action plans* to address compliance issues, and for promoting nationwide uniformity.

National account managers will be devoted full-time to account management. They will be assigned by Headquarters to the largest accounts and will work with the account, *and* Customs port personnel, to identify and resolve areas of noncompliance. They will *not* be involved in the general processing of import transactions or in making operational or technical determinations (e.g., value, classification, country of origin.) National account managers will also act as facilitators to help their accounts resolve problems, such as non-uniform treatment, as they occur. Doing so may involve interaction with multiple ports on aggregate or single transaction issues.

Port Account Management (PAM) teams will be multi-discipline, generally consisting of import specialists, entry specialists and cargo or trade inspectors. For port account team members, account management will be a collateral function. Accounts will be selected, in coordination with Headquarters, by the ports. Port account management teams will have *national* responsibilities beyond their own port boundaries. They will be responsible for analyzing an account's importing activities on a national basis and coordinating with multiple field offices to address compliance and uniformity issues. Members will also have operational responsibilities which may involve making operational or technical determinations related to the account.

_ **Compliance Assessment**

Compliance assessment is a evaluative process by which a multi-discipline Customs team makes a determination as to whether an account is conducting business at an acceptable level of compliance with import-related laws and regulations. A Compliance Assessment Team (CAT) will generally consist of the team leader (senior regulatory auditor), one or more auditors, an import specialist, an international trade specialist, and an account manager (if assigned.) Currently, compliance assessments focus on high-value importers, who because of their size and value of importations, are in a position to have a significant impact on overall compliance levels. In the future, the concept may be extended to other account entities such as customs brokers and carriers.

Conducted under the guidance of a Regulatory Audit Division Field Director, a compliance assessment includes an evaluation of an importer's operating practices, systems and internal controls supporting its Customs-related activities. It is a systematic process which uses statistical sampling and auditing techniques to review selected transactions from the importer's previous fiscal year. Each assessment will involve a minimum review of compliance in five trade areas (classification, value, quantity, user fees, record keeping.) Special trade issues (i.e., AD/CVD, FTZ, 9802, possible transshipment) may also be reviewed.

Discoveries of noncompliance may result in a more in-depth audit and/or the development by the account of a *compliance improvement plan* which identifies the corrective actions to be undertaken by the account to promote future compliance. The findings of compliance assessments will be used to determine the frequency of future compliance measurement examinations (i.e., a fully compliant finding would result in fewer future compliance measurement examinations for an importer.)

_ **Account Profiles**

ACE will provide Customs users with ready-made profiles of accounts. Users will view different types of profiles that will summarize information about an account. Profiles may focus on such areas as volume and cycle time of transactions (entries, summaries, reconciliations), targeting of transactions, results of verification findings, enforcement actions, and revenue information.

Quick access to this information will promote informed decision-making by account managers, inspectors, import specialists, and other Customs users. In addition to profiles available to internal Customs users, Customs will also provide reports to members of the trade community that summarize their interactions with Customs (e.g., number of transactions, number of discrepancies.) These reports will help accounts identify areas needing improvement as well as successful responses to previously identified problems.

_ **Reasonable Care, Informed Compliance & Shared Responsibility**

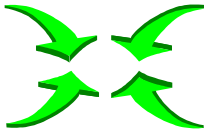
The relationship between Customs and the trade community will be based on the requirement that importers act with *reasonable care* in their importing activities. Importers are responsible for accurately reporting import transaction information such as classification and value. Customs will act as the verifier, selectively targeting transactions for review.

Within the redesign, Customs has developed two complementary means for ensuring compliance. Informed, voluntary compliance, as envisioned by the "*Mod Act*" is the preferable approach to trade compliance. However, when voluntary compliance is not

achieved, enforced compliance actions (i.e. seizure, penalty) will be taken. In the "*MOD Act"* environment of *shared responsibility*, Customs will seek to maximize compliance through voluntary cooperation by the trade community. To meet its informed compliance responsibilities, Customs is committed to ensuring that all parties involved in importing have timely access to information.

Customs will promote informed compliance by issuing transaction-based rulings, developing and issuing informed compliance publications, and informing the trade community of record keeping requirements, automation plans and other pertinent developments. Import specialists, entry specialists and other port-based employees will offer members of the trade community guidance through informed compliance activities such as pre-classification reviews, importer premises visits, local seminars and other port initiatives. In addition, Customs has issued a "*Reasonable Care Checklist*" which outlines, *as guidance*, measures which importers and their agents may find helpful in meeting their *reasonable care* responsibility. The checklist may assist importers (and their agents) understand the types of actions Customs could consider in determining whether *reasonable care* was exercised in a particular case and/or may be used by importers develop internal procedures or controls to avoid compliance problems.

V. WHY DO WE WANT TO GO THERE?



A. Why Change?

- ☆ ***Implementing Mod Act Provisions*** - The Customs Modernization Act not only provided the stimulus for change but *required* change. It emphasized electronic processing as the preferred way of doing business and *directs* Customs to pursue automation related programs such as remote location filing and reconciliation.

- ☆ ***Managing Increasing Workloads*** - In the 1980's Customs adopted automated and nonautomated ways to process increasing workloads. Gains were quickly offset by continued growth. Through the redesign we will apply information technology, new processes and operational initiatives to enable us to manage workloads *and* effectively achieve trade compliance objectives.

- ☆ ***Leveraging Resources*** - Increasing workloads require we employ our resources in ways that maximize *and* highlight operational performance. Redesign initiatives will focus resources on industries, trade issues and accounts which have a significant economic impact on the nation or national trade compliance levels.

- ☆ ***Direction*** - Historically, Customs verification and enforcement efforts have been port and transaction focused. The redesign establishes a coordinated national approach to improving compliance, addressing enforcement issues, sharing information and managing workloads.

- ☆ ***Responsiveness*** - Many government agencies have experienced cuts in funding because they outlived their mission, failed to change or did not demonstrate their value. The redesign allows us to be adaptive to the needs and interests of a "customer" base which includes Congress, domestic industry, importers, brokers, and trade groups.

- ☆ ***Increased Compliance*** - Growing import levels and their economic impact have heightened industry and Congressional interest in the effective enforcement of U.S. trade laws. Redesign initiatives focus on improving efficiency and focusing resources on efforts to increase *and* sustain high trade compliance levels.

- ☆ ***Agency Funding & Performance Expectations*** - Future budgets will be linked to performance and may be impacted by federal deficit reduction initiatives. The redesign establishes how we will accomplish agency objectives and will allow us to report on operational performance.

B. Factors Influencing Customs

1. Customs Mod Act

On December 8, 1993, the U.S. Congress enacted Customs modernization provisions under Title VI of the North American Free Trade Agreement Implementation Act. Provisions of the "Mod Act" fundamentally altered the relationship between importers and the Customs Service, and established the basis for many of the trade compliance redesign initiatives undertaken to date.

Major aspects of the Mod Act include:

- ***Shared Responsibility*** - The Mod Act emphasizes that the importer is responsible for classifying and appraising merchandise and that Customs is responsible for verifying that importers have correctly done so.

- ***Informed Compliance*** - Customs is required to effectively provide importers with guidance concerning the legal obligations and procedural requirements pertaining to the entry of merchandise. There is no obligation for Customs to *personally inform* importers where the law or regulations which apply are clear and available to them.

- ***Reasonable Care*** - Importers are required to exercise "*reasonable care*" when reporting transactions to Customs. Where an importer uses or consults with a customs broker or other customs expert, the importer is responsible for providing all the information, material facts and circumstances sufficient for the customs broker to correctly enter or provide advice as to how to make entry.

- ***NCAP*** - The Mod Act emphasizes electronic processing as the preferred way of operating and directs Customs to pursue automation related programs such as remote filing and reconciliation.

2. Government Mandates

The Customs Mod Act mandated the institution of a commercial compliance program incorporating periodic compliance reports to Congress. A General Accounting Office (GAO) Management Review of the Customs Service reiterated Customs' need for a system to provide accurate information and measurement of imports. Demands for measurement systems stem from the

conviction that in dealing with issues of noncompliance what counts is organizational

effectiveness, and that productivity alone is no longer adequate. Effectiveness, for a regulatory agency is a question of procuring higher levels of compliance.

- The ***Chief Financial Officer's Act*** (CFO Act), passed in November 1990, initiated comprehensive financial management reform for federal agencies. This Act has strongly influenced our actions in drawback, collections, seized property, reconciliation and in-bond.

  The CFO Act mandates:

  - Strengthened Accountability Reporting
  - Long-Range Financial Planning
  - Audited Financial Statements

- The ***Government Performance and Results Act*** (GPRA), enacted in 1993, requires federal agencies to submit periodic plans and reports to Congress and the Office of Management and Budget (OMB.) This Act has been the major influence behind the compliance measurement program, the annual Trade Compliance and Enforcement Plan (TCEP) and various compliance measurement initiatives.

  Beginning in September 1997, the GPRA mandates federal agencies:

  - Prepare a Five-Year Strategic Plan
  - Establish General Goals and Objectives
  - Prepare Annual Performance Plans
  - Establish Performance Measures Relating to Agency Goals and Mission Statements
  - Measure and Report on Annual Performance
  - Conduct Program Evaluations at Least Every Three Years

- Government agencies are also responsible for conducting **Cost /Benefit Analysis (CBA)** of their programs and initiatives. CBA is intended to link resource plans, budgets and results, and to assist agencies conduct performance evaluations as to operational efficiency, effectiveness, customer satisfaction and cost.

3. Customer Service Orientation

Improving customer service is one of the central themes associated with the National Performance Review (NPR.) Executive order 12562 (September 11, 1993) requires federal agencies to take a systematic approach to serving their customers and to establish standards that describe the level of service an agency will provide.

4. Workload

The value and volume of imports entering the United States are expected to continue to increase. Despite increasing workloads, Customs funding and personnel levels are expected to remain static, making it essential we employee resources to maximize our performance in achieving trade compliance goals.

5. Trade Complexity

Customs workload is compounded by its complexity as the United States trades in almost every commodity covered in the tariff, and with almost every nation in the world. The scope of trade results in a myriad of trade agreements, textile quotas and other requirements which seek to limit or restrict imports of certain goods. Trade agreements, which confer tariff preference, introduce qualification requirements requiring verification and enforcement. Customs responsibilities also include protecting intellectual property rights; making determinations related to the Department of Commerce dumping or countervailing duty orders; and protecting the health and safety of the citizens and the environment by ensuring compliance with import-related requirements of other federal agencies including FDA, EPA, DOT, CPSC, FTC, FWS, and Agriculture.

6. Automation and Technology

International trading corporations have sought to take full advantage of new automated systems and capabilities. Similarly, Customs has sought to utilize automation to operate more efficiently. Electronic communications and research databases provide greater access to information; the Internet and Electronic Bulletin Board provide the electronic means to provide information to the trade community; scripting has added efficiencies in processing repetitive and time consuming work; and a variety of analytical tools facilitate research, data analysis and workload management.

VI. HOW ARE WE GOING TO GET THERE?

Key Initiatives

Customs has undertaken a series of prototypes and initiatives to test redesign concepts for processing future workloads. Some features of the redesign are already firmly established, others remain in the development stage. Several key redesign initiatives are described below.

1. **National Customs Automation Program Prototype (NCAP/P)** - is the first release planned for ACE, which will demonstrate "Track 4" processing, a fully electronic processing of the importation, from release to liquidation, in the border environment for a limited number of participants.

   NCAP/P features include the following:

   - A Fully Electronic Process (entry, summary, invoice, payment)
   - Release of Goods Based on Minimal Transportation Data
   - Approved Commodities, From Pre-Identified Shippers & Sellers
   - Semi-Monthly Estimated Payments and Monthly Statements
   - Remote Filing of Summary Data
   - Reconciliation of Value, Classification, 9802 and NAFTA Issues
   - Electronic In-Boxes for Work Assignments (exams, summaries)

   As previously mentioned, NCAP/P will test Track 4, one of 4 declaration tracks, that stratify transactions by risk assessment.

   Status: On May 4, 1998, the first release of the Automated Commercial Environment (ACE) occurred in the ports of Laredo, Detroit and Port Huron. Known as the National Customs Automation Prototype (NCAP/P), this release successfully demonstrated an ACE supported, redesigned trade compliance business process. Since its inception, the three prototype participants -- GM, Ford, and Chrysler -- have received release of cargo using a fully electronic process requiring minimal data elements. These participants are currently clearing approximately 1,000 truck shipments per month via NCAP. The two other prototype participants, Levi Strauss & Co. and Robert Bosch Corporation, will soon be adding to that volume.

   The second release of NCAP/P, encompassing cargo release plus a fully electronic examination process, is on schedule for implementation in the three original prototype

ports in September, 1998. In addition, the Customs Trade Compliance Board of Directors has decided to expand the NCAP prototype to additional participants and port locations. Accordingly, NCAP will be implemented in the ports of Buffalo and El Paso in November, 1998. A revised Federal Register Notice will be posted to soliciting more participants from the trade community.

The third and fourth releases of NCAP/P, comprising periodic payment and summary review, and reconciliation and violation billing, respectively, are scheduled for implementation in 1999.

Contact: Deleted for RFP

2. **Automated Commercial Environment (ACE)** - is the information technology system Customs is developing to process goods and merchandise imported into the United States. Its objective and focus is to provide an integrated automated information system to efficiently collect, process, and analyze commercial data; and meet the current and future needs of Customs and the trade community. Plans for ACE, and the implementation of its various modules, are remarkably sophisticated. ACS, Customs automation system for almost 15 years, will eventually be replaced with ACE. ACE is being developed to: meet trade compliance redesign process requirements; allow for a more fully automated work environment; provide a more comprehensive and integrated system; and incorporate analytical capabilities.

   The key benefits of ACE are:

   - Comprehensive Account Files with Tracking and Profiling Capabilities For All Entities Interacting with Customs
   - New Import Declaration That Provides Seamless Trade Transaction Processing and Reduced Information Burdens
   - Consolidated User-driven Targeting System (Combining Compliance Measurement and Criteria-based Targeting)
   - National Account-based Statements That Provide Up-To-The-Minute Financial Status
   - Tracking Enforcement Actions Through Final Resolution
   - A Data Warehouse Providing Users Easy Access to Trade Compliance Data
   - A Reference Center Using Worldwide Web Technology to Give Both Customs and the Trade Access to Trade Related Reference Information

   Status: The entire system will be rolled out module-by-module and port-by-port over a

multi-year period. On May 4, 1998, the first release of the ACE (known as the National Customs Automation Prototype - NCAP/P) occurred in the ports of Laredo, Detroit and Port Huron. The second release of NCAP/P, encompassing cargo release plus a fully electronic examination process, is on schedule for implementation in September, 1998. The third and fourth releases of NCAP/P, comprising periodic payment and summary review, and reconciliation and violation billing, respectively, are scheduled for implementation in 1999.

ACS Bulletin Board: ACE_PROJECT - Updates to the Project

Contact: Deleted for RFP

3. **Account Management** - is the ability to view an "account" through its overall performance rather than through individual transactions or violations. An account is any entity in whom Customs has an interest relating to trade compliance. Account management emphasizes the shift away from transaction-based processing toward account-based processing, and focuses resources on selected accounts with the objective of maximizing account compliance. An account perspective facilitates identification and resolution of systemic or repetitive problems, and uniform treatment at all ports.

   Account management of importers has taken two formats:

   - ***National Account Management***: National account managers serve as primary points of contact for their assigned accounts. They work with their accounts (and Customs port personnel) to promote account compliance and resolve operational issues.

   Status: There are currently 25 full-time National Account Managers assigned to over 140 high-volume importers.

   - ***Port Account Management (PAM)*** - encompasses the same responsibilities as national account management but the work is performed by multi-disciplined Port Account Management (PAM) teams located at various ports of entry. PAM teams are generally comprised of import specialists, entry specialists, OAS and/or inspectors. PAM teams work with accounts importing more than $10 million *and* determined to be of high or medium risk to Customs. Accounts are selected by the ports (in coordination with Headquarters). PAM team members may process

     transactions within their own port and will have national responsibilities requiring

them to coordinate with other ports of entry used by the account.

Status: Status: PAM is operational at all ports with Import Specialist teams. The number of accounts per port will be determined (within minimum and maximum ranges) by the port. There are currently over 250 port accounts. An Account Management Standard Operating Procedures and Toolkit has been finalized and made available to all ports and national account managers.

ACS Bulletin Board: ACCT MANGRS - Information on National Account Managers
PAM - Port Account Management

Contact: Deleted for RFP

Account management will be extended to entities other than importers.

- ***Broker Account Management*** - The broker account management prototype will extend account management to the brokerage community. The goal of broker account management is to raise the compliance of the broker's importing clients. It is still an importer account program, however, it uses brokers to reach importers that would not normally be reached through the other account management programs. The program will have an industry focus starting with the bearings, communications, and production equipment industries.

Status: The prototype time frame has been extended to run from May through October 1998. In October, the prototype will be evaluated to determine our future course of action.

Contact: Deleted for RFP

4. **Remote Filing (RLF)** - is the component of NCAP which provides for electronic filing of a complete entry package from a location other than the port of entry. RLF permits filers to request that an exam, if required, be conducted at the port closest to the final destination of the freight. The designated exam site must be requested at the time of entry filing. To qualify for RLF the filer must electronically transmit entry, entry summary, and invoice data as well as provide an electronic payment of duties and fees.

Status: Remote Location Filing Prototype One (RLF1) ran from June 1995 through December 1996. Remote Location Filing Prototype Two (RLF2) began January 1, 1997 and was scheduled to conclude December 31, 1997. RLF2 remains open for trade participation as Customs exercised its option of extending the prototype for

an additional year (to expire December 31, 1998.)

Participation in RLF has grown as additional importers and brokers apply for participation in RLF each month. The number of RLF2 entries has increased from 470 in January 1997 to over 4,700 in July 1998. A total of 67 ports have been trained for RLF2 processing, with several more scheduled for training in 1998. RLF is expected to be incorporated into the test of ACE, planned components could be available as early as FY 99.

Contact: Deleted for RFP

5. **Reconciliation** - is the component of NCAP which permits filers to designate issues that are undeterminable at the time of entry summary to be "reconciled" up to 15 months later. Multiple issues may be reconciled on each reconciliation. The NCAP/P and ACS prototypes will include reconciliation of value, 9802, classification and NAFTA issues. The ACS Reconciliation Prototype will be open to all trade participants and will be available at all ports. Upon implementation, single entry adjustments (to multiple entries) will no longer be allowed.

   The ACS Reconciliation Prototype starts on October 1, 1998. A primary goal of the prototype is to provide a legal, fiscally sound mechanism for making post-summary value adjustments to entries. Reconciliation will provide a uniform, nationwide method of making post-entry nationwide method of making post-entry summary adjustments in cases where elements of the transaction are not determinable at time of summary filing.

   Status: Customs published an informational notice on the ACS Reconciliation Prototype in the Federal Register of August 18, 1998 indicating reconciliation will be incorporated into ACS and be operational in October 1998. Numerous briefings have been held with the trade community to discuss how reconciliation will work.

   ACS Bulletin Board: RECON - Reconciliation Information

Contact: Deleted for RFP

VII. WHO IS GETTING US THERE?

Roles and Responsibilities

To maximize our effectiveness, establish accountability and ensure a coordinated implementation of the trade compliance redesign, we must operate with clearly defined organizational roles and responsibilities.

A. Headquarters

- The Customs reorganization structure created a direct line of authority between Headquarters and the ports. This structure *requires* Headquarters to communicate Customs' national strategy, priorities and expectations to port personnel. Headquarters will be responsible for field direction, identifying national priorities, sequencing events, communicating redesign information and coordinating trade initiatives so field offices may direct resources and efforts in an effective manner.

- Headquarters will be responsible for *enabling* change. The redesign requires changes in organizational direction as well as changes in traditional work cultures, structures, behaviors and mindsets. Headquarters will communicate changes in a way which explains and links new programs, initiatives and ways of working. The Trade Compliance *Road Map* is intended to serve this purpose. It will be regularly updated to reflect the current status of key initiatives and prototypes.

  Specific Headquarters responsibilities include:

  - Completing the Trade Compliance *Road Map*
    - Preparing Draft Document
    - Preparing Draft Port Readiness Assessment
    - Finalizing Documents (after NTEU, CMC, and Port Comment)
    - Gaining Assistant Commissioner (OFO) Approval
  - Distributing Finalized Documents\Providing Regular Updates
  - Requesting Ports Complete Operational Readiness Assessments
  - Establishing Methodology to Review\Monitor Field Progress
  - Development and Oversight of Policies, Goals and Mission Objectives
  - Establishing Mechanism to Coordinate Activities with Other HQ Offices
  - Supporting Field Managers and Employees
  - Establishing the Trade Advisory Council (TAC)

B. CMC's

- CMC Directors and their staffs will play a vital role in facilitating the trade compliance redesign at the ports within their respective geographic areas. CMC's will be responsible for providing guidance and oversight to ensure the ports understand and are prepared to implement elements of trade compliance redesign. CMC's will play a critical role in providing support to the ports, promoting "work style" changes associated with the trade redesign, and ensuring uniformity and service levels are maintained at the ports.

  Specific CMC responsibilities include:

  - Emphasizing an Oversight Role to Ensure Operational Uniformity
  - Ensuring Ports Understand Elements of the Trade Compliance Redesign
  - Assisting in Training and Preparing Ports for Future Work
  - Reviewing and Forward Port Readiness Assessments to the TAC
  - Supporting and Monitoring Port Activities
  - Referring Appropriate Issues/providing Updates on Progress to the TAC
  - Facilitating Business Process Management & Strategic Problem Solving
  - Budget and Resource Management
  - Measurements

C. PORT DIRECTORS

- Port Directors will be responsible for conducting an operational readiness assessment of their port. The assessment will serve as a *tool* for gathering information about the port's ability to implement redesign concepts, and as a *catalyst* for developing action plans to facilitate successful implementation.

  Specific Port Director responsibilities include:

  - Maintaining a Regular Dialogue with the TCPO and First-line Supervisors
  - Budget and Resource Management
  - Addressing Issues Raised by the Port Readiness Assessment
  - Developing Action Plans to Support the Trade Compliance Redesign
  - Monitoring Port Progress
  - Focusing Resources on National Priorities and Goals
  - Pursuing Initiatives Which Support National Themes And/or Address Port Compliance Issues
  - Ensuring Local NTEU Involvement
  - Conducting Local Outreach

D. Trade Compliance Process Owners (TCPO's) & First-Line Supervisors

- All Trade Compliance Process Owners, managers and first-line supervisors are responsible for supporting and promoting the trade compliance redesign.

  Specific TCPO responsibilities include:

  - Translating Our Trade Compliance Process Components into Specific Port Action Items, Operational Changes and Expectations for Employees
  - Maintaining a Regular Dialogue with Supervisors
  - Updating Employees on Customs National Goals, Policies, Priorities and Developments Relating to the Redesign
  - Monitoring Progress/providing Feedback to Headquarters on Operational Issues, Achievements, Process Improvements and Best Practices
  - Promoting Teamwork and Cooperation among *All* Disciplines
  - Imparting an Awareness to *All* Trade Compliance Employees That the Trade Compliance Redesign Applies to Them

  Specific First-Line Supervisors responsibilities include:

  - Communicating Operations Driven Expectations Directly to Employees Through Face-to-face Interactions
  - Providing On-going Support and Guidance to Employees Concerning Redesign Components

E. Trade Compliance Employees

- The Trade Compliance Process is based on the integration of people and processes. Employees will utilize the redesign processes and automated tools to perform their work as individuals *and* members of trade compliance teams.

  The Trade Compliance Process and Redesign involves:

  - Port-based import specialists, entry specialists operational analysis specialists, cargo inspectors, FP&F personnel and other employees.
  - National import specialists, international trade managers, account managers, regulatory auditors, agents, international trade specialists, attorneys, computer audit specialists, scientists and others who are generally not located within the port.

- Port trade compliance employees as individuals *as well as* members of multi-discipline port and national teams (e.g., PAM teams, CAT's, Jump Teams, JVT's.)

F. Trade Advisory Council (TAC)

To address coordination and policy issues, and increase interaction and communication among Headquarters and Ports, Headquarters will establish a *national* Trade Advisory Council (TAC). In comparison to existing field (port) councils, the TAC will focus on national trade compliance issues and the national implementation of the trade compliance redesign.

The TAC will be chaired by the Director, Trade Compliance and consist of:

- Two CMC Directors
- Two Port Directors
- Two TCPO's
- Two NTEU Representatives (one national and one field)
- Representatives from OST and OIT (non-voting presence)

Participation on the TAC will be rotational. Members will serve a designated term on the council, thereby promoting representation from all geographic and port operating environments.

Specific responsibilities of the TAC will include:

- Developing a Charter Establishing its Role
- Serving as Clearinghouse for Field Problems and Issues Referred Through the CMC's And/or Port Councils
- Reviewing Port Readiness Assessments
- Seeking Input from OST and OIT Representatives
- Evaluating and Where Necessary Making Changes to the Trade Compliance *Road Map*
- Recommending Adjustments to Trade Compliance Redesign
- Publishing Minutes of TAC Meetings
- Developing Consensus and Speaking with "One Voice" Concerning Operational or Policy Issues Before the Trade Compliance Board of Directors

VIII. WHERE ARE WE NOW?

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A. Current Initiatives

The *Road Map* is intended to serve as a reference document and guide for supervisors and employees as to the processes, procedures and technologies comprising the trade compliance process. Information regarding the current status of many of the redesign initiatives, and a knowledgeable contact, is provided below. Many features of the redesign are already firmly established, some are currently being prototyped and others remain in the planning stage.

Compliance Assessment - is a process by which a multi-discipline Compliance Assessment Team (CAT) team makes a determination as to whether an importer is conducting business at an acceptable level of compliance with import-related laws and regulations. The assessment includes an evaluation of an importer's operating practices, systems and internal controls supporting it's customs activities. The CAT uses statistical sampling and auditing techniques to review selected import transactions from the company's previous fiscal year. Candidates for compliance assessment are selected from among those within the top 1,000 importing firms by value and/or standing within designated PFI's. An assigned auditor-in-charge serves as the compliance assessment team leader. A lead import specialist is designated for the CAT and is responsible for coordinating with all ports used by the importer subject to the compliance assessment.

Status: As of August 21, 1998, 144 Compliance Assessments have been completed with a total of 232 assessments in progress or will begin during FY 98. An additional 69 assessments are planned to begin in FY 99. A headquarters/field working group is working on revisions to the CAT Kit and the CAT standard operating procedures, and is preparing an import specialist technical guide.

ACS Bulletin Board: CAT - Compliance Assessment Teams

Contact: Deleted for RFP

Compliance Measurement Program - is the statistical sampling methodology used by Customs to measure trade compliance. Data resulting from this program is analyzed both nationally and locally to identify and address particular areas of noncompliance, and is

also used to meet mandates of the Government Performance and Results Act (GPRA) and other requirements related to performance measurement.

Status: A listing, by port, of projected compliance measurement exams is included in the annual TCEP. In 1998, up to 80,000 compliance measurement exams and/or entry summary reviews will be performed in order to project compliance in the following three areas: baseline (4-digit HTS tariff classification); national accounts; and primary focus industries. The compliance measurement program is continuously evaluated for potential improvement. Currently there are working groups focusing on the definition of discrepancies and the significance of discrepancies.

ACS Bulletin Board: COMPLIANCE - Compliance Measurement Information

Contact: Deleted for RFP

MARC 2000 (Multi-Port Approach to Raise Compliance) - is an initiative intended to pool the efforts of multiple ports, CMC's, STC's and the Labs to raise compliance levels related to designated industries and trade issues. MARC 2000 provides an environment in which ports can work together to increase compliance. MARC 2000 action plans are intended to maximize Customs effect on industry compliance in order to reach a compliance rate of 95% in the primary focus industries by the year 2002.

Status: Began in October 1997, initial efforts focused on the following industries: bearings (Mid America CMC); production equipment (South Pacific CMC); gloves (Gulf CMC).

ACS Bulletin Board: MARC_2000_AU - MARC 2000 Auto
MARC_2000_PE - MARC 2000 Production Equipment

Contact: Deleted for RFP

QUICS (Quality and Uniformity Information Control System) - is a communications initiative intended to replace the present communication mechanisms for CF 6431's, Entry Summary Reviews and Significant Importation Reports with a procedure to exchange information (in a WordPerfect or Microsoft Word format) via cc:Mail (or other electronic mail system). When completed, exchanges between national import specialists and field personnel will be added to a designated QUICS keyword-searchable Infobase accessible to all Customs employees.

Status: QUICS was tested, from late January through July 1998, by selected national

and field import specialists. The program is presently being evaluated for continuance, expansion and conversion to Microsoft Word format (for Y2K readiness).

Contact: Deleted for RFP

NAFTA Subplan (a subset of the Trade Compliance and Enforcement Plan) - involves verifications of NAFTA and other claims for preferential tariff treatment under the provisions of trade agreements of which the U.S. is a signatory. Its goal is to ensure that imported goods for which NAFTA, or other preferential tariff treatment is claimed, are entitled to such treatment. The components of Customs NAFTA Subplan include mandatory Compliance Measurement exams, port-initiated verifications, verifications by means of an audit and interventions.

Status: For FY 99, the NAFTA Subplan will incorporate the following activities: 1,300 random Compliance Measurement verifications (i.e., 800 mandatory NAFTA claims on entry summary, 300 NAFTA 520(d) claims and 200 duty deferral claims will be verified for NAFTA origin); 1,000 port initiated verifications; 40 verifications by means of an audit (JVT's); 3 interventions; informed compliance; and enforced compliance. Activities relating to other trade agreements will be added as appropriate.

Contact: Deleted for RFP

Port Specialization - is a recommendation resulting from the Trade Compliance Work Study Group which will be tested to determine the feasibility and operational efficiency of tariff sharing among ports (rather than full tariff coverage at every port). The objective of port specialization is to make more efficient use of Customs' import specialist resources through tariff specialization. Specialization is intended to improve tariff/commodity expertise, increase uniformity, minimize duplication of efforts between ports, and allow Customs to "move" work to where its resources are based. Port specialization will be tested <u>only</u> at ports which have agreed to participate in the prototype. Import specialist teams in the participating ports will perform entry summary related activities and responsibilities for a particular trade or industry segment for importations occurring in their port *as well as* designated partner ports.

Status: Prototype tests of port specialization will run for one year and will be reviewed at six months. Ports participating in the port specialization test (As of August 21, 1998)

include:

- Seattle/Portland
- Pembina/Great Falls/Duluth
- St. Albans/Champlain
- Boston/Philadelphia
- Buffalo/Detroit
- Laredo/El Paso
- Houston/New Orleans/Mobile/Tampa/Jacksonville
- Charleston/Charlotte/Savannah/Atlanta/Norfolk

Contact: Deleted for RFP

Importer Compliance Monitoring Program (ICMP) - (formerly know as the Importer Self-Governance Program) is an initiative intended to promote compliance with Customs laws and regulations. Similar to a Compliance Assessment, the ICMP involves a systematic overview of a company's import operations and includes both process and transaction reviews. However, reviews are not performed by Customs. Ideally, a group independent of the company's importing function will conduct the required reviews. Alternatively, companies may elect to use outside professionals. Process reviews will include an annual preparation or updating of the flowchart and narrative of the company's import process. Transactional reviews will utilize statistical sampling methodologies. Sampling errors will be evaluated based on the number of errors and their materiality and, where applicable, a compliance improvement plan will be prepared by the importer and submitted to Customs outlining actions taken or proposed to correct cited deficiencies. The ICMP is voluntary on the part of an importer. Importers approved for participation in the program consult and cooordinate with Customs. As necessary, Customs will validate the importer's ICMP process and transactional reviews.

Status: Twenty-nine importer volunteers will participate in a year long test wherein the importer will monitor his own Customs transactions and conduct macro and specific statistical sampling tests to determine compliance. The test will run from July 1, 1998 through June 30, 1999. If deemed successful, the program will be adopted nationwide in 2000 as an adjunct to the Compliance Assessment program.

Contact: Deleted for RFP

Seattle Prototype - is a test of many of the trade compliance redesign features. The Port of Seattle is serving as a "field laboratory" to develop, test, and refine new process features before they are implemented in ACE and/or at additional field locations.

Seattle Prototype processes include:

- *Port Account Management*
- *Enforcement Evaluation Team*
- *Violation Billing*
- *Premises Visit Database*
- *Monthly Account Statements*
- *Problem Resolution Cycle*
- *Trend Analysis & Analytical Selectivity Program (TAP)*
- *Advanced Targeting System - (ATS)*

Status: Continuing in Seattle. Violation Billing has been expanded to Miami; Enforcement Evaluation Teams are being expanded to 12 ports in September 1998; Semi-Monthly Statement training has been provided to 12 ports and a Federal Register Notice was issued nationally to request volunteers; work on the Problem Resolution Cycle has been stopped pending ACE development.

Contact: Deleted for RFP

Electronic Protests - Title VI of the North American Free Trade Agreement Implementation Act, Subtitle B establishing the National Customs Automation Program (NCAP), Section 411(2)A defines electronic filing and query of protests as a "Planned Component" of the NCAP. A system for electronic filing and query of protest was developed within the Automated Commercial System (ACS) and Automated Broker Interface System (ABI) environments. Using the ABI system to send records to ACS, any party at interest can file the following actions electronically:

- Protests against decisions of the Customs Service under 19 U.S.C. 1514.
- Petitions for refunds of Customs duties or corrections of errors requiring reliquidation pursuant to 19 U.S.C. 1520(c).
- Post importation claims for NAFTA preferential treatment pursuant to 19 U.S.C. 1520(d).
- Interventions in an importer's protest by an exporter or producer of merchandise from a country that is a party to the North American Free Trade Agreement under Section 181.115 of the Customs Regulations.

The system also allows amendments and addenda after the initial filing to:

- Apply for further review (when not requested at time of initial filing).
- Assert additional claims or challenge an additional decision.

- Submit alternative claims and additional ground or arguments.
- Request review of denial of further review.
- Request accelerated disposition.
- Request denial of the protest be voided.

All these actions may be transmitted to Customs remotely from any location in the United States. Filers receive notification of all protest review events, including final decisions, electronically. Additionally, they may query their protest at any time and share access to the records with designated third parties.

Status: The test of this system was announced in the Federal Register, January 30, 1996. The first phase of the test was inaugurated in May, 1996 and ended in October, 1996. Customs selected the ports of New York, Baltimore, Buffalo, Philadelphia, Chicago, Los Angeles, and Los Angeles International Airport as test ports. There were 57 inquiries from software vendors, customs brokers, importers, and legal firms. Of those, 15 filers volunteered to participate in the test. The second phase of the test began in November, 1996 and ended in April, 1997. During that phase additional Customs entry and import specialist personnel were trained and the test expanded to 15 ports.

Customs announced in the Federal Register (September, 1997) that electronic filing of protests is now open to any interested party. Thirty-five ports have been trained in the operation of the system and additional companies have begun using the system. Other companies are in the process of developing or obtaining the software.

This project broke new ground in the field of Customs automation in that, among the participants, there are three legal firms and one surety company- entities which had never before participated in any Customs computer interface program. Altogether, 23 law firms have expressed an interest in this system. Another accomplishment of this project has been that this system allows foreign exporters and producers of Mexico and Canada, or their agents, to electronically file Section 181.115 interventions under NAFTA.

This system should be fully implemented and available to all filers by 1999.

Contact: Deleted for RFP

Enforcement Evaluation Teams (formerly Enforce Evaluation Teams) - is a feature of the Trade Compliance enforce redesign, which calls for multi-discipline (Port Process Owner/OI Group Supervisor) problem solving to evaluate noncompliance, potential violations and to select the appropriate response to remedy noncompliant and violative conduct. Enforcement Evaluation Teams (EETs) develop and implement global agency responses to noncompliance on a account basis, focusing resources on most significant

issues as defined by Customs annual Trade Compliance and Enforcement Plans.

Status: Initiated as a part of the Seattle Prototype in February 1996. Expansion of Enforcement Evaluation Teams is underway in 11 additional initial service ports (Atlanta, Baltimore, Cleveland, Detroit, Houston, JFK, Laredo, Los Angeles Seaport, Los Angeles Airport, New York/Newark, San Francisco). Personnel from each of these ports received implementation training during September and are currently in a 60 day implementation stage (and will be operational by December 1). These sites will operate for 6 months before expansion to additional remaining service ports, expansion to all service ports is scheduled for mid 1999.

Contact: Deleted for RFP

Pre-Importation Review Program (PIRP) - is a program established in 1991 which was intended to increase the interaction between Customs and high-volume importers. The program provided a process which enabled importers to review merchandise classifications (as well as admissibility and valuation issues) with a Customs Field National Import Specialist (FNIS) prior to importation. And as a result, obtain a binding classification ruling covering the specific merchandise reviewed.

Customs has informed, and sought comments from, the trade community concerning its intent to revise the existing PIRP. In restructuring the PIRP, Customs seeks to ensure program policies and procedures emphasis importer responsibilities established by the Customs Modernization Act, and ensure the best use of Customs limited FNIS resources. Under the revised program, Customs will employ the PIRP selectively, focusing on importers experiencing compliance issues related to classification. Where the focus of previous program efforts were often on the Customs classification ruling which resulted from a pre-importation review, the focus of a revised PIRP review will be on providing importers guidance intended to enhance their classification understanding and capability for accurately determining classifications. Customs will no longer review entire inventories of an importer's merchandise, reviews will be limited to those items the importer is having difficulty determining tariff classifications.

Status: The comment period for establishing comments concerning Customs proposed revisions ended September 15. Following a review of the comments received, a headquarters/field will be formed to write new program operating procedures.

Contact: Deleted for RFP

Violation Billing - is a feature of the Trade Compliance-Enforce redesign that streamlines traditional processes by replacing liquidated damages claims with bills for minor bond breaches (i.e., "Parking Ticket" approach).

Status: Initiated as part of the Seattle Prototype in February 1996. Violation Billing was expanded to the Miami Service Port in April 1998. Further testing and expansion of types of violations is underway in both Miami and Seattle.

Contact: Deleted for RFP

Premises Visit Database - is an automated tool for generating reports on importer visits/meetings and providing a centralized electronic depository for verification information. This database is an example of compliance information that will be a basic aspect of the ACE environment.

Status: Initiated as part of the Seattle Prototype in February 1996. Ports interested in obtaining a copy of the database are welcome to contact the port.

Contact: Deleted for RFP

Drawback Selectivity - currently, the drawback selectivity system in ACS "hits" on claimant ID numbers only. An enhanced drawback selectivity system will have the ability to target claims in the "new" selectivity system "hitting" on one, or a combination of criteria: The selectivity criteria elements are as follows:

- Drawback Type
- NAFTA
- Drawback Filer
- Export Schedule B Number
- Claimant ID
- Drawback Type
- Export Country Code
- Contract Number
- Value of Claim
- Import HTS Number

The claimant ID and the drawback type are the minimum data elements required to create a selectivity record. The remaining data elements are in addition to the mandatory elements and are included to refine the selectivity result.

Status: The "enhanced" drawback selectivity module was implemented on August 30, 1998. Currently, the field drawback chiefs have been submitting selectivity criteria requests in order to populate the new module. Actual implementation of selectivity criteria

is performed by OAS in New York.

Contact: Deleted for RFP

Drawback Compliance Program - is intended to address compliance issues related to drawback.

Status: Pending full implementation of a criteria based selectivity system and the finalization of the draft penalty regulations for drawback.

Contact: Deleted for RFP

Monthly Statements - as part of NCAP/P, Customs is aggregating all of an importer's financial transactions (nationwide) on a single monthly statement. Importers will make semi-monthly payments to ensure revenue neutrality. Customs will minimize billing and refund transactions through statement offsets.

Status: Planned for April 1999.

Contact: Deleted for RFP

North American Trade Automation Prototype (NATAP) - is a prototype jointly developed by the U.S., Canada, and Mexico to test the automated transmission of import/export data in the land border environment. NATAP relies on the Internet to provide data for primary processing, cargo examination and to communicate with the trade community.

Status: NATAP is being tested in Otay Mesa, Nogales, Buffalo and Detroit, with expansion planned for Laredo and El Paso.

Contact: Deleted for RFP

B. Completed Initiatives

AD/CVD Reconciliation Prototype - In May 1996, Customs announced its intent to conduct a reconciliation prototype test of entries subject to AD/CVD. The prototype involved two companies and approximately 150 entries filed at four ports of entry. In April 1997, port personnel liquidated (via script) entries underlying the reconciliation. In May

1997, Customs issued liquidation instructions following Department of Commerce establishment of the final AD rate. In June 1997, importer reconciliation submissions were verified and liquidated.

Status: The AD/CVD reconciliation prototype concluded July 11, 1997 with Customs review\liquidation of the reconciliation entries involved in the prototype.

Contact: Deleted for RFP

Increase Compliance Project - in May 1996, the Trade Compliance Board of Directors sponsored the efforts of 13 ports to increase local trade compliance. The project was a first step in getting ports to rely on statistical data and to view compliance on an account basis. Ports were responsible for targeting areas of low compliance, focusing on national PFI's and HTS numbers with significant local discrepancy rates.

Status: The project ran from May 1996 through February 1997. A summary and port-by-port synopsis of results was presented in the *Increase Compliance Project* report.

C. Analytical and Planning Tools

The following analytical tools and products have been developed to enhance our capability to efficiently manage trade compliance work.

CAPPS (Customs Automated Port Profile System) - provides compliance measurement results at the 2-digit and 4-digit HTS levels as well as non-CM exam results, revenue implications and PFI analysis. Compliance data can be researched by various data elements including HTS, importer and manufacturer. Service wide data may also be sorted by port or CMC, and/or by land, seaport or border port designation.

Status: CAPPS is presently distributed via CD-Rom to all service ports.

Contact: Deleted for RFP

Trend Analysis and Analytical Selectivity System (TAP) - a tool used to analyze trends and profile "focus areas" such as HTS numbers, AD/CVD and consignee. TAP allows users to zero in on items such as tariffs and consignees to look at what entry summary lines match the user's criteria (with associated risk scores when applicable.)

Status: Currently available in all STC's and the Ports of Newark, Los Angeles (Seaport),

Seattle, Laredo, Detroit, and Savannah; limited capability at Boston, Houston, and San Francisco. A change in architecture is scheduled for Spring 1999 which will utilize existing routers and web browser technology to substantially reduced implementation costs.

ACS Bulletin Board: TAP - Trend Analysis Program

Contact: Deleted for RFP

NIPS (Numerical Integrated Profiling System) - is a stand alone PC application that identifies trends and anomalies in trade data that may indicate noncompliant activity. It provides a graphic interface for ACS data allowing users to identify trends and anomalies, analyses may be conducted by commodity, importer, manufacturer, country of origin, port of entry, visa category and broker.

Status: Software is available upon request.

Contact: Deleted for RFP

Account Activity Program - this tool, formerly known as "account profile tool" provides ACS and Census line item information (e.g., value, HTS, port of entry, CM results) on an importer for the current and previous three years.

Status: Currently available via CD-Rom to STC's, ports (Trade Compliance Process Owners) and national account managers. Updates, including additional transaction data, will be provided quarterly to field users.

Contact: Deleted for RFP

Data Warehouse - is being developed in conjunction with ACE to generate standard and customized reports that summarize Customs transaction data. This tool is intended to provide the same functions currently provided by Dataquery, but through a more accessible and user-friendly system.

Status: Testing of the Data Warehouse will occur as part of the NCAP prototype.

Contact: Deleted for RFP

ATS (Advanced Targeting System) - is a rule-based expert system, developed

by OFO and OIT, that assists in identifying imports which pose a high risk of containing narcotics or other contraband. ATS standardizes, evaluates and scores data received from ACS through the use of over 300 weighted rules derived from targeting methods utilized by experienced Customs personnel.

Status: ATS is currently operating in Newark, New Jersey; Laredo, Texas; Seattle, Washington; and Los Angeles\Long Beach, California. Future plans include the installation of ATS at all major seaports. Depending on the success of ATS at the land border, additional Southwest border ports of entry may receive ATS. ATS may also be expanded to the outbound arena to target export cargo for purposes of anti-terrorism, currency smuggling, and other export violations.

Contact: Deleted for RFP

D. Port Initiatives

Many ports have developed innovative approaches to processing workloads. The *Road Map* will also serve as a forum to promote the exchange of information concerning port initiatives will may prove worth adopting at other ports.

New York's WAN (Wide Area Network) - is the linking of the various cargo release locations and document review areas within the Port of New York (the Areas of New York/Newark and JFK Airport.) Through this linkage we are able to image release documents between the Areas instead of sending "paper" by messenger which often resulted in lost documents and delays in release.

Status: Presently linking five CES's in the Port of Newark with document review locations at 6 World Trade Center and JFK Airport.

Contact: Deleted for RFP

Import Specialist Workstation - developed to provide import and entry specialists a user-friendly ACS environment and time saving tool to perform routine work (e.g., ADD/CVD processing, CM processing, and 6431 creation/viewing.) By utilizing a series of scripts that work together, the workstation speeds routine work and facilitates efficient ACS research and targeting.

Status: Currently operational.

Contact: Deleted for RFP

Ports Wishing to Have Local Initiatives Listed in Future Updates of the *Road Map* Should Provide Pertinent Information Concerning the Initiative, via cc:mail to Joe Burbach

E. Projected ACE Deployment and Release Schedules

ACE Deployment FY 1998

Service Port	Ports	
Detroit	Detroit	Port Huron
Laredo	Laredo	

ACE Deployment FY 1999

Service Port	Ports	
Detroit	Sault Ste. Marie Saginaw/Bay Grand Rapids	Battle Creek City/Flint
Laredo	Eagle Pass Rio Grand City Del Rio Hidalgo Austin	Progresso San Antonio Roma Brownsville
Buffalo	Buffalo Syracuse	Rochester TNT Skypak
Nogales	Nogales San Luis Naco Lukeville	Phoenix Douglas Sasabee Tucson
El Paso	El Paso Presido Columbus	Santa Teresa Albuquerque
Champlain	Champlain Massena Alexandria Bay	Albany Trout River Ogdensburg

ACE Deployment FY 2000

Service Port	Ports	
San Diego	San Diego Tecate	Otay Mesa Station Calexico
Blaine	Blaine Ferry Nighthawk Sumas Frontier Point Roberts	Oroville Laurier Lynden Danville Metaline Falls
Philadelphia	Philadelphia Chester Lehigh Valley Pittsburgh UPS Courier (Philadelphia)	Philadelphia International Airport Chester/Wilmington Harrisburg Wilkes Barre/Scranton
Seattle	Seattle Spokane Tacoma Everett Aberdeen Olympia Friday Harbor UPS SEATAC Port of Avion Brokers (SEATAC) Airborne Worldwide Express (SEATAC)	SEATAC Airport Grant County Airport Anacortes Port Angeles Yakima Airport Bellingham Port Townsend Airport Inspection Branch DHL Worldwide Express (SEATAC)
NewYork/Newark	New York/Newark New York UPS (Newark)	Perth Amboy Federal Express ECCF
JFK Airport	JFK Airport Emery Worldwide DHL Airways Federal Express (JFK) Dworkin/Cosell Courier	NY ACC TNT Skypak (JFK) Swissair (Skyracer) Air France (Mach Plus) Alitalia (ALIExpress)

ACE Deployment FY 2001

Service Port	Ports	
Los Angeles	Los Angeles Las Vegas Port Hueneme Ontario Airport DHL (LAX)	LAX Airport Virgin Atlantic Cargo Gateway Freight Service UPS (Ontario) Ogden-Allied
San Francisco	San Francisco Fresno San Jose International Airport Reno DHL Worldwide Express	San Francisco International Airport Salt Lake City Aircargo Handling Service TNT Skypak (SFO) FEDEX Courier Hub Facility
Chicago	Chicago Greater Rockford Airport Rockford Airport Davenport/Rock Island/Moline	Des Moines O'Hare International Airport Omaha Peoria
Baltimore	Baltimore	BWI Airport
New Orleans	New Orleans Memphis Vicksburg Tri-City Airport Baton Rouge FEDEX Courier (Memphis) Gramercy	Little Rock Chattanooga Lake Charles Morgan City Nashville Shreveport Knoxville
Houston	Houston Sabine Freeport Houston Intercontinental Airport	Galveston Corpus Christi Port Lavaca
San Juan	San Juan Aguadilla Ponce	San Juan International Airport Fajardo Mayaguez

Revised September 1998

ACE Deployment FY 2002

Service Port	Ports	
Cleveland	Cleveland Dayton Emery Courier Blue Grass Airport Owensboro/Evansville Indianapolis UPS Courier Airborne Air Park Federal Express Hub (Indianapolis) Cincinnati/Lawrenceburg	Columbus Erie Baer Field Airport Toledo/Sandusky DHL Courier Louisville Burlington Air Express Rickenbacker Airport Ashtabula/Conneaut
Savannah/Atlanta	Savannah Atlanta	Brunswick
Miami	Miami West Palm Beach Key West Miami International Airport International Courier Association	Fort Pierce UPS (Miami Int. Airport) Port Everglades DHL Worldwide Express MIA/CFS Exp Consig Facility
Boston	Boston Salem Hartford Worcester Lawrence Bridgeport	Springfield Gloucester New Haven Logan Airport New Bedford New London
Charleston (SC)	Charleston Greenville/Spartanburg	Georgetown Columbia
Dallas/Fort Worth	Dallas/Fort Worth Midland Airport Lubbock	Amarillo Tulsa Oklahoma City
Norfolk	Norfolk Newport News	Richmond/Petersburg Charleston (WV)

ACE Deployment FY 2003

Service Port	Ports	
Tampa	Tampa	St. Petersburg
	Fernandina	Jacksonville
	Manatee	Orlando
	Pensacola	Panama City
	Port Canaveral	Sanford Regional Airport
	Fort Myers Regional Airport	Sarasota Bradenton Airport
	Daytona Beach Regional Airport	Melbourne Regional Airport
Charlotte	Charlotte	Durham
	Winston-Salem	Wilmington
	Beaufort-Morehead	
St. Albans	St. Albans	Richford
	Derby Line	Norton
	Burlington	Highgate Springs
	Beecher Falls	
Duluth	Duluth	Superior
	International Falls	Grand Portage
Portland (ME)	Portland (ME)	Bangor
	Portsmouth	Houlton
	Madawaska	Fort Fairfield
	Bridgewater	Eastport
	Jackman	Bar Harbor
	Belfast	Van Buren
	Fort Kent Limestone	
	Calais	Vanceboro
Pembina	Pembina	Ambrose
	Baudette	Dunseith
	Hannah	Maida
	Noonan	Noyes
	Roseau	Sherwood
	Walhalla	Westhope
	Portal	Antler
	Carbury	Fortuna
	Hansboro Neche	
	Northgate	Pinecreek
	Sarles	St. John
	Warroad	Hector Airport (Fargo)

ACE Deployment FY 2003 (continued)

Service Port	Ports	
Great Falls	Great Falls Sweetgrass Piegan Butte Whitetail Opheim Scobey Whitlash	Del Bonita Morgan Rooseville Raymond Eastport Porthill Turner

ACE Deployment FY 2004

Service Port	Ports	
Washington D.C.	Washington (Dulles)	Alexandria
Charlotte Amalie	Charlotte Amalie	Christiansted
Milwaukee	Milwaukee Racine	Green Bay
St. Louis	St. Louis Kansas City	Wichita Springfield
Minneapolis	Minneapolis	
Anchorage	Anchorage Alcan Juneau Skagway Sitka UPS Courier Hub Facility	Ketchikan Fairbanks Valdez Wrangell Dalton Cache FEDEX Courier Hub Facility
Mobile	Mobile Gulfport Birmingham	Pascagoula Hutsville

ACE Deployment FY 2004 (continued)	
Honolulu	Honolulu Hilo Kahului Honolulu International Airport Nawiliwili-Port Allen
Denver	Denver Natrona County International Airport
Portland (OR)	Portland (OR) Longview Astoria Portland International Airport Boise Coos Bay Rogue Valley-Medford Airport
Providence	Providence

E. Functional Deployment

The capabilities of ACE are represented by 17 functional groups. This ordering and the roll-out of functionality to the ports is determined through a series of analytical exercises: sequencing, sizing and scheduling, and location deployment. Specific methodologies relating to each of these exercises are outlined in the sections below. Each functional group, or combination of groups, is first placed in a development sequence. Functionality deployment occurs in a series of operational releases whose dates are determined at the conclusion of a sizing and scheduling exercise. Once the results of the sequencing, sizing and scheduling exercises are known, Customs develops a plan to phase ACE deployment at port locations.

A review of the functionality cascade is conducted annually to ensure its continued viability in terms of a logical development path, to project accurately progress given known funding and staffing levels and to accommodate newly identified or major changes in business and systems requirements. Stakeholders are given the opportunity to provide input on the sequencing and deployment through the Trade Support Network conferences. Once the annual review is complete, the functionality sequence, schedule and deployment plan is presented to the Customs Trade Compliance BOD for approval.

The functionality schedule which follows represents Customs estimate of when various releases would occur. The schedule and functional content of each year is heavily influenced by the sufficiency and reliability of funding. Beyond 1998, the time line begins with the first year Customs receives sufficient funding for a full development effort.

NCAP/ACE Functional Groups

DATE	RELEASE	FUNTIONALITY
Year 1	**NCAP 0.3, 0.4**	Periodic Payment/Statement Summary Declaration Reconciliation Violation Billing
Year 2	**ACE 1**	Track 4 Air, Sea and Rail Account Contact Log Plus NCAP Refinements Links to ACS/AMS Air, Sea and Rail Manifest
*	**ACE 2**	External Common Interface
Year 2	**ACE 3**	Track 2 + 3 Sea and Rail Daily National Statement Processing Links to ACS/AMS Sea and Rail Manifests Account Management Activity FDA Interface
Year 3	**ACE 4**	Tracks 2 + 3 Air Manifest Account Business Categories Links to ACS/AMS Air
*	**ACE 5**	Internal Common User Interface
Year 3	**ACE 6**	Track 2 + 3 Truck RAMIS Interface
Year 4	**ACE 7**	Anti-Dumping/CVD Entry Processing Extracts to Sureties DOT Interface
Year 4	**ACE 8**	Quota Entry/Processing Import Declaration Acceptance (Warehouse, Rewarehouse, FTZ) and Fish and Wildlife Interface Track 1 Manual Input LIMS Interface (Lab Analysis Accreditation)
Year 4	**ACE 9**	Corrections, Refunds, Deposits and Adjustments Agriculture Interface Liquidation Processing
Year 5	**ACE 10**	Corrections to Input Declarations Voluntary Tenders Prior Disclosures Non Revenue Changes IRS Interface Electronic Protest Filing and Processing Debit Voucher Processing
Year 5	**ACE 11**	Warehouse Withdrawals – Entry Processing Courier Account Processing Line Release Integration Electronic Bond Filing Consolidated Informal Entry Processing

NCAP/ACE Functional Groups (continued)

DATE	RELEASE	FUNTIONALITY	
Year 5	**ACE 12**	FTZ Admission/Processing Bankruptcy Processing	In-Bond Processing Designated Exam Site for Remote Filing
Year 5	**ACE 13**	Balance of Import Declaration Entry Types/Processing (TIBS, Trade Fair, Perm Exhibits, Duty Deferral, Government and General Order)	Links to AES
Year 6	**ACE 14**	Drawback Entries/Processing	
Year 6	**ACE 15**	Air AMS Integration Carrier Review Verifications	PVMQ Verifications Premise Verifications
Year 6	**ACE 16**	Sea AMS Integration Track 1 Full Live Entry	Mail Entry/Processing ACS Mail Entry Integration
Year 6	**ACE 17**	PRC (Problem Resolution Cycle) Enforce Evaluation Teams	SeaCats Interface

IX. WHAT ISSUES DO WE HAVE?

Trade Compliance Process and Redesign Issues

Numerous issues are likely to arise as trade compliance redesign concepts are operationally implemented. Once established, the Trade Advisory Council (TAC) will serve as the forum where major national issues will be raised and addressed. The following is an initial list of possible issues related to the redesign.

1. Automation Gap

The Automation Gap refers to the difference in timing between process redesign and automation capability. In most instances processes can be redesigned much quicker than automated systems can be developed, tested, fully funded and/or nationally implemented. In most cases this will result in the staged roll-out of various systems and automated tools designed to support the trade compliance redesign. Much of our work will continue to be performed under current information technology. Delays related to ACE implementation will *not* delay implementation of trade compliance redesign work approaches and initiatives focusing on accounts.

2. Training

In response to the changing nature of work, Customs must reevaluate its national training programs to ensure that the knowledge, skills and competencies that will be required in the future are provided in formal training programs. Training should focus on the work which will encompass the future Trade Compliance Process as well as the work environment in which Customs work will be performed. Customs should ensure national and/or local training addresses future roles and updates current employee skill sets. Training should be considered an ongoing aspect of *all* trade compliance positions. Training should reflect changes in our work focus, such as the use of advanced automated technologies and tools, data management and analysis, work prioritization and planning.

3. Inspector Specialization (for Cargo)

In most locations inspectors rotate regularly between cargo and passenger operations. The Trade Compliance, Outbound, and Passenger Clearance Processes all involve inspectors. The redesigned Trade Compliance Process will rely on

inspectors knowledgeable concerning trade compliance issues and well-trained in efforts to verify and improve trade compliance. Inspectors will serve as members of temporary or continuing cross-functional or multi-disciplinary teams. Both suggest inspectors should be assigned to the trade (cargo) function on a permanent or extended basis to facilitate the development of needed skills and knowledge, and to provide operational continuity.

4. Port Specialization

Import specialist resource utilization and the number of sub-ports staffed with import specialists (and import generalists) should be reviewed as part of port specialization. As part of the trade compliance redesign ports will *not* necessarily be constrained by the need to provide full tariff coverage. Import specialists will focus on narrower lines of merchandise and, in some cases, may specialize in particular trade issues (i.e., NAFTA, AD/CVD.) Port *and* compliance team specialization will be based on such factors as the presence of key industries or commodities, specialized knowledge, trade programs, volume, and/or the risk associated with merchandise entering the port.

Port specialization will likely evolve based on trade activity, trade program impact, and local importer configuration rather than entry volume. As the redesign concept of port specialization is applied nationally it will be necessary to determine how issues involving shipments of goods for which a port does not specialize in are handled (e.g., compliance measurement exams, entry summary reviews) as well as for how service (assistance) will be provided to members of the local trade community (concerning commodities a port does not specialize in.) Technical questions relating to the examination of arriving merchandise at the port may be referred to ports that have the required knowledge. Entry summaries, and activity of given importers, may be monitored by other ports.

5. Port Account Management Coordination

Port specialization will link ports which receive high-volumes of particular commodities or import activity from a particular importer. As the redesign concept of port account management is applied nationally, coordination between ports will be critical for accounts which import through multiple ports. It will be necessary for ports to follow appropriate port account management standard operating procedures to ensure information sharing between designated PAM teams and the ports which the account utilizes.

6. Commodity Specialist Team Restructuring

As port specialization occurs, the number of import specialist teams (both nationally and at individual ports) and their focus, will change. The consolidation of import specialists may result in some import specialist team leaders assuming either senior import specialist positions or working as co-team leaders on newly formed teams.

7. Trade Service

A post-Mod Act concept of service should evolve in keeping with the Mod Act theme of "shared responsibility" (and port specialization.) Customs brokers and importers should be expected to apply the same attention to Customs activities as they do to other business issues. To the extent possible, assistance provided by Customs should *not* be transaction-focused wherein Customs field officers become the importer's (or the brokers) "custom expert". Formal Pre-Entry Classification Program reviews will be limited. Importers and customs brokers should be made aware of the classification *research* tools available to them (e.g., informed compliance publications, rulings) and reminded that binding classification rulings on specific products may be sought through the District Rulings Program.

8. Establishment of Business or Trade Service Centers

To maintain high levels of service Customs may establish designated business or trade service centers (or port teams) staffed by cross-trained specialists or a multi-discipline team. Service centers could be responsible for responding to general questions from importers, customs brokers and the general public; providing trade information; providing assistance with entry, release and procedural issues; and screening all commercial inquiries. Only inquiries involving complex issues would be referred to port trade compliance personnel. Establishing business or trade service centers would allow trade compliance personnel to focus on national and local trade compliance initiatives and would free them from general or repetitive inquiries. Trade service centers would emphasize Customs commitment to maintain (or improve) services but also recognizes the greater obligations of the importer under the Mod Act. Toll-free 1-800 numbers could facilitate use of the service centers.

9. Broker Compliance

Operating in a selective post-entry review mode requires Customs ability to induce members of the trade community to act in accordance with their "*Mod Act*" obligations. As customs experts, licensed and regulated by Customs, customs brokers should be held accountable for the work they provide for their clients. Account management and

compliance assessment initiatives can be extended to include customs brokers. To ensure uniformity, Customs may need to establish *national guidelines* concerning

what level or degree of noncompliance, carelessness, misrepresentation and/or repetitive error constitutes grounds for a broker warning or penalty.

10. Resource Allocation

A rapidly expanding workload combined with expected staffing and budget restrictions require the proper use and placement of organizational personnel. In completing the port readiness assessment, Port Directors will be required to review current personnel allocation. Future national staffing must consider the concepts of port account management, port specialization, compliance assessment and other initiatives which involve direct interactions with company officers need to be taken into account.

11. Establishing Work Priorities

The Trade Compliance redesign emphasizes a *national* perspective to compliance, enforcement, and service, and a focus on mission priorities and accounts. The philosophy of a coordinated national trade compliance process is that day-to-day port activities support national initiatives and goals. Participating in national initiatives (e.g., compliance measurement, compliance assessment) must be a priority of port trade compliance personnel. Trade compliance personnel will become more active in planning and managing their work, as well as setting goals to define their work. Trade compliance teams should conduct threat assessments, assess priorities and with their supervisors, develop their own action plans to balance national and local trade compliance commitments.

12. Team Structure - The Concept of a *"Team"*

The concept and structure of the port "team" (e.g., cargo, import specialist, entry specialist) will change as port trade compliance personnel participate in temporary or continuing multi-discipline local and/or national teams (i.e., CAT's, JVT's, PAM teams.) As Customs continues to progress from a transaction-based processing approach to an account and issue-oriented approach the design of port-based team structures will change to meet new demands. Ports may need to align present occupations to meet the needs of the evolving trade compliance process. Trade compliance teams will not be based solely on transactional or classification activities, but also on assigned accounts or trade issues (i.e., NAFTA, AD/CVD.) The evolvement of multi-discipline trade compliance teams or structures, which combine the expertise of various Customs disciplines, will provide greater flexibility to accomplish trade compliance goals and process work.

13. Cargo Control

There has been increasing concern raised by Customs field managers over the issue

of cargo control. The concerns are primary focused on what might be better stated as a lack of controls on cargo. The primary focus of Customs over the last few years has been to work with the trade community via informed compliance. Operational and systemic procedures were designed on the assumption that most, if not all, of the trade participants were assumed to be honest and law abiding.

There have been recent instances where major violations of Customs law have been discovered. In each instance different methodologies have been used to defeat Customs efforts. In one instance, a highly organized group was smuggling prohibited and restricted Chinese foodstuffs on a routine basis through commercial cargo. If any of their shipments were selected for examination by Customs at the CES, they would simply switch the noncompliant cargo for compliant cargo while the container was en route between the pier and the CES site. In another instance, problems surfaced with unlawful diversion of in-bond containers and containers which were authorized to move to CFS stations which never physically arrived at the CFS. A third example of cargo control issues involves the problems of cargo theft or truck highjacking in or around the Customs bonded facilities.

GLOSSARY OF TERMS

ATS (Advanced Targeting System) - A rule based analytical tool/system that will assist in identifying import transactions which pose a high risk of containing narcotics or other contraband.

Account - Any person or firm (i.e., importer, broker, carrier) with whom Customs does business, or in whom Customs has an interest related to trade compliance.

Account Action Plan - A plan agreed to by an account and a Customs account manager or port account management team. Items (proposed by the account or Customs) included in the account's plan will be intended to increase compliance and/or provide operational efficiencies.

Account Profile Tool - A planning tool that contains information which will aid port account management teams in performing research and analysis on their account. Provides ACS and Census line item information (Value, tariff numbers, ports of entry, etc. on an importer for the current year and the previous three years. Includes cargo exams, entry summary reviews, compliance measurement, bills, refunds and protests.

Account Management - Customs' process of viewing an account and its trade performance in the aggregate. It includes analysis of an account's performance, identification of trade compliance issues and efforts to establish and maintain high levels of trade compliance by the account.

Account Profile - The aggregation of data displaying the history of an account's activity. An Account Profile is a compendium of raw data, history and other types of data regarding a specific account. The profiles includes a thorough analysis of the compendium of data available from a variety of sources as well as findings, conclusions, and recommendations.

Administrative Probation - A approach that will be selectively used to address account noncompliance in which normal penalties may be reduced contingent upon specific corrective action by the account. Administrative Probation will afford cooperative parties against whom civil administrative penalties have been assessed the opportunity to pay a mitigated penalty amount and enter into an understanding to be placed on "administrative probation" for a fixed period, during which time certain agreed upon conditions must be met for the violator to be entitled to receive specified monetary relief from a mitigated penalty amount.

Annual Plan - A single-year subset of the Customs Service Strategic Plan which sets out the work that Customs must perform in the given year.

Automated Commercial Environment (ACE) - ACE is the automated system being developed to support the trade compliance redesign. It will eventually replace the Automated Commercial System (ACS.)

CAT Kit - A detailed document with exhibits which includes the procedures and steps used by a Compliance Assessment Team conducting a compliance assessments of an importer's systems and selected import transactions. A less detailed CAT Kit is provided to importers to assist them prepare for a compliance assessment.

Compliance Assessment (CA) - The systematic evaluation of an importer's system supporting its Customs related operations. The assessment includes testing import and financial transactions, reviewing the adequacy of the importer's internal controls and determining the importer's compliance level in key trade areas.

Compliance Assessment Teams (CAT's) - The multi-discipline teams which conduct compliance assessments of high-value importers. The assessment teams include a CAT Leader (auditor-in-charge), auditor(s), computer audit specialist, import specialist(s), international trade specialist, account manager (if one has been assigned) and other specialists as needed.

Compliance Improvement Plan (CIP) - The written plan of action prepared by an importer to address instances of observed noncompliance (required as a result of a compliance assessment in which an importer was determined to be performing at less than an acceptable level of compliance in one or more trade areas.) The plan would include the improvements, procedures and\or internal controls the company intends to implement to correct and prevent reoccurrence of any compliance issues.

Compliance Measurement Program (CMP) - The statistical sampling methodology used by the Customs Service to measure trade compliance of importations entering the United States. CM involves a process of physical inspections of merchandise and/or examinations of entry summary documents. Results of CM enable Customs to assess performance relative to revenue collection and enforcement of Customs and related laws, by major key industry areas and by major importers. It provides the basis for working with importers in improving their compliance and in developing and implementing Customs strategies to improve compliance.

Compliance Risk Category **-** Previously known as "compliance buckets", compliance risk categories provide a means of separating importers into groupings based upon the results of compliance assessments. Category designations determine the number of compliance measurements an importer will be subject to (importers determined to be noncompliant will experience a higher number of examinations).

Cost/Benefit Analysis - The evaluative process which is used to compare the costs and benefits associated with a particular program or activity.

Customs Automated Port Profile System (CAPPS) - The analytical tool/system which contains compliance measurement exam and entry summary review results which can be used to research compliance levels and target specific areas of observed noncompliance.

Data Warehouse - An analytical tool/system (under development) intended to provide users the same functions and analytical capabilities provided by Dataquery, but through a more accessible and user-friendly system.

Enforced Compliance - Customs actions (i.e. seizure, penalty) which may occur when companies are found to be in violation of Customs laws and have not exercised use of reasonable care.

Enforcement Evaluation Teams (EETs) - Teams comprised of TCPO's and OI Group Supervisors who will have joint responsibility for evaluating referrals of noncompliance and/or potential violations and determining the appropriate course of action. The EETs make an early determination of the nature, extent and impact of instances of noncompliance; select the Customs response best suited to remedy the problem; and follow-up on that action to ensure the noncompliance problem is solved. EETs ensure that significant discrepancies and possible violations are treated uniformly on a national and account-wide basis.

Government Performance and Results Act (GPRA) - The Government Performance and Results Act was passed in August 1993 and represents legislation which mandates that all Government agencies create a strategic plan with program evaluation, an annual performance plan and an annual performance report. The GPRA shifts the focus of government managers from expending resources to producing results and requires that each agency's planning process is linked to their budget.

Importer Compliance Monitoring Program (ICMP) - is a program which involves a systematic review of a company's import operations and includes both process and transactional reviews. Similar in concept to the Compliance Assessment Program, reviews are conducted by the company in coordination and consultation with Customs.

Informed Compliance - A shared responsibility wherein the Customs Service effectively communicates its requirements to members of the trade community (and others) who are subject to those requirements.

Intervention - An initiative addressing a specific trade compliance problem or reducing the potential impact of a specific problem. Interventions include actions (ranging from targeted informed compliance assistance to audit or other investigative activity) designed to confront, resolve or reduce the impact of major trade issues.

MARC 2000 (Multi-Port Approach to Raise Compliance) - An initiative intended to pool the efforts of multiple ports, CMC's, STC's and the Labs to raise compliance levels related to designated industries and trade issues. MARC 2000 builds on the concept of local port initiatives and provides an environment in which ports can work together to increase compliance. MARC 2000 action plans are intended to maximize Customs effect on industry compliance in order to reach a compliance rate of 95% in the primary focus industries by the year 2002.

MOD Act - The U.S. Congress enacted Customs modernization provisions under Title VI of the North American Free Trade Agreement Implementation Act (Public Law 103-182) on December 8, 1993. These provisions are commonly referred to as the Mod Act.

NAFTA Verification - A formal Customs inquiry into the origin of merchandise covered by a certificate of origin and entered as eligible for duty preference under the NAFTA. The inquiry may be conducted by letter, questionnaire, premises visit or any other method which elicits information relevant to the origin of the merchandise from the exporter or producer of the merchandise, or from the producer of a material used in the production of such merchandise.

NAFTA Joint Verification Team (JVT) - The JVT is a multi-disciplinary team comprised of the auditor/JVT Coordinator, staff auditor, international trade specialist, import specialist (and other Customs employees as applicable.) The JVT verifies an exporter's declaration on a certificate of origin that imported products are originating goods in accordance with the NAFTA rules of origin.

National Customs Automated Program/Prototype (NCAP/P) - Customs is developing the Automated Commercial Environment (ACE). ACE will allow Customs to implement the modernized, automated system mandated by the Customs Modernization Act as outlined in the National Customs Automation Program (NCAP). The first release of ACE is the NCAP Prototype which became operational in April 1998.

NIPS (Numerical Integrated Profiling System) - A stand alone PC analytical

tool/system which can be used to identify trends and anomalies in trade data that may indicate noncompliant activity.

North American Trade Automation Prototype (NATAP) - The prototype to test the automated transmission of import/export data in a land border environment.

Primary Focus Industry (PFI) - Industries identified as vital to the national economy, and directly impacted by the level of trade compliance with United States national trade laws. PFI's are determined by use of a number of factors, including strategic importance, international trade agreement concerns, duty and domestic industry/economic impact.

Port Account Management (PAM) - The trade compliance redesign initative which assigns national account oversight responsibility to a designated port account team.

Reasonable Care - The Customs Modernization Act established the requirement that importing parties exercise "Reasonable Care" when reporting import transactions to Customs. As the circumstances of each import transaction are different, the actual term defies easy explanation. To assist importers meet their reasonable care obligation, Customs has produced a "Reasonable Care Checklist" for importers to use. The list of questions included in the checklist may prompt or suggest a program, framework or methodology which importers may find useful in meeting the "Reasonable Care" requirement.

Reconciliation - The process that will permit a filer to identify specified unresolved issues (other than admissibility related) at the time of entry summary filing. Unresolved issues must be resolved and reconciled within a 15 month timeframe.

Remote Location Filing - an option that will allow for electronic filing of a complete entry package from a location other than the port of entry. Remote location filing will allow a filer to request, at the time of entry, that an exam (if required) be conducted at the port closest to the final destination of the shipment.

Revenue Gap - The difference, based on a statistical projection, between revenues that should be collected if all entries for imported goods are correct and compliant, and revenues actually collected.

Risk Management - Risk Management is a method of managing that concentrates on identifying and controlling events that have a potential of causing significant problems. It involves identifying those imports that represent the greatest risk of noncompliance so that Customs can focus its resources in those areas.

QUICS (Quality and Uniformity Information Control System) - A communication initiative (currently being prototyped) which is intended to replace the current mechanisms for

transmitting CF 6431's, Entry Summary Reviews and Significant Importation Reports.

Self-Assessment - Customs encourages importers notified of a pending compliance assessment, to use the CA questionnaires and other information provided at the pre-entrance conference to conduct a self-assessment of their import operations. The self-assessment can help a company identify potential problem areas and, if appropriate, make a voluntary disclosure before the compliance assessment begins.

Strategic Plan - The long-term (five-year) U.S. Customs Service plan which provides detailed descriptions of Customs strategic goals, objectives, targets and measures.

Strategic Planning Board (SPB) - An interdisciplinary management board that ensures the communication and implementation of critical policy determinations, goals, and priorities. The SPB reviews and approves: interventions; industry plans and profiles; changes in the primary focus industries; special projects; and company enforced compliance candidates. The SPB serves an open forum for interdisciplinary issues. It also serves as the coordination point for risk management initiatives.

TAC (Trade Advisory Council) - A council which will include: Headquarters OFO, OST and OIT representatives; CMC Directors; Port Directors; TCPO's; and NTEU. The TAC was established to: enhance coordination, interaction and communication within Customs; and to serve as a clearinghouse for field issues related to implementation of the trade compliance redesign. The TAC will evaluate and propose recommendations concerning the trade compliance redesign. The TAC is chaired by the Headquarters Director, Trade Compliance.

TAP (Trend Analysis and Analytical Selectivity System) -Analyzes trends and profiles focus areas for HTS, AD/CVD, trade agreements, consignee and more. Allows users to focus on items such as tariffs and consignees to look at what entry summary lines match the users criteria with associated risk scores for each line when applicable.

Tracks 1, 2, 3, 4 - The new import declaration process. Track 1 is a paper entry\entry summary. Track 2 is similar Customs current two-step process (3461\7501.) Track 3 is a consolidated electronic import declaration. Track 4 is a declaration providing very limited data on a periodic basis.

Trade Compliance Process - One of three core Customs processes (along with the Passenger Clearance and Outbound Processes) which focuses on import transactions.

Trade Compliance and Enforcement Plan (TCEP) - A specific and detailed version of the trade compliance portion of the Customs Annual Plan which identifies Customs national strategy and the activities planned for the coming year.

Trade Priority Issues - Key commercial trade compliance issues confronting Customs which cannot be identified by industry sectors. The twelve priority issues are: Antidumping and Countervailing Duties; Intellectual Property Rights; Trade Agreements (focusing on NAFTA); Classification; Trade Statistics; Country-of-origin Marking; Embargoes and Sanctions (includes forced labor); Public Health and Safety; Transshipment; Quota Evasion; Revenue, and Valuation.

Verification - An action taken on the part of a Customs officer to confirm compliance. Verifications consist of, but are not limited to, merchandise examinations, data reviews, laboratory analyses, compliance assessments, audits, importer premise visits, and investigations.

Violation Billing - The Violation Billing Program is a re-engineering on how Customs responds to certain types of technical or contractual violations. It is intended to streamline the processing of minor trade violations, in which eligible accounts will be issued a bill in lieu of liquidated damages.

BIBLIOGRAPHY

The following materials provide additional and more detailed information concerning the initiatives and concepts outlined in the *Road Map*. Further information on subjects covered in the *Road Map* and\or copies of the materials listed below may be obtained through from the contact person for the subject area (as identified within the document) and/or may be accessed through the Infobase.

ACE/NCAP/P

- The ACE Business Plan (Draft, August 1998)
- Trade Compliance Redesign/ACE Deployment Strategy (May 1997)
- ACE User Requirements Document in a Nutshell

Account Management

- Account Management - Working Together to Maximize Compliance
- Account Management - Team Building for World Trade (video)

Analytical Tools

- Trade Compliance Tools - Resource Guide

Broker Compliance

- Broker Compliance Quick Reference Manual (January 1997)

Compliance Assessment

- Customs Policy on Materiality of Errors in Compliance Assessments
- Compliance Assessment SOP (April 30, 1997)
- Compliance Assessment *"An Overview for Field Personnel"* (June 1997)
- CAT KIT

Customer Service Standards

- 1996 Customer Satisfaction Report (September 1996)

Electronic Entry Processing Procedures

- Processing Procedures for Electronic Entries (August 1998)

Electronic Protest

- Electronic Protest (Customs Publication 585, June 1997)

Enforcement Evaluation Teams

- Enforcement Evaluation Teams SOP (September 1998)
- Enforcement Evaluation Toolkit (September 1998)
- Fraud & Enforcement Assertion Tracking System User's Guide (August 1998)

Informed Compliance

- Customs Informed Compliance Strategy (May 20, 1996)

NCAP/P

- Announcement of NCAP Test of Account-Based Declaration Prototype (Federal Register - March 1997)

PAM	◆ Port Account Management - Standard Operating Procedures ◆ Port Account Management Toolkit
Reasonable Care	◆ Reasonable Care Checklist
Reconciliation	◆ ACS Reconciliation Prototype (pamphlet)
Remote Location Filing	◆ Remote Location Filing Prototype (pamphlet)
Strategic Plans	◆ U.S. Customs Service Strategic Plan Abstract (Fiscal Years 1997 - 2002) ◆ U.S. Customs Service Trade Compliance and Enforcement Plan
TAP	◆ Trend Analysis & Analytical Selectivity Prototype Executive Summary
Trade Compliance	◆ Increase Compliance Project
Work Priorities	◆ Import Specialist Work Priorities Framework (January, 1998)