

CBP Trade and Travel Fiscal Year 2017 Report

February 13, 2018





Trade and Travel Report

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I. Introduction

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

In fiscal year 2017, CBP saw continued growth in international travel and trade—processing more foreign nationals and cargo at U.S. ports of entry than in FY2016.

II. Travel Facilitation

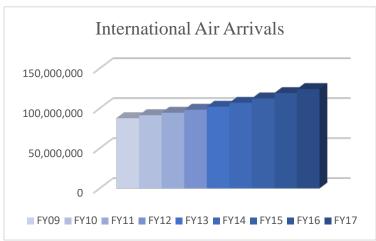
Facilitating Increased International Travel

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

CBP officers processed more than **397.2 million** travelers at air, land, and sea ports of entry in FY2017, including more than **124.2 million** travelers at air ports of entry. Over the last five years, international travel has grown approximately **9.7 percent** overall and **21.6 percent** at airports.

International travel at U.S. air ports of entry has steadily increased since FY2009. In FY2017, arriving air travelers increased by **4.2 percent** over FY2016. CBP officers welcomed home **7.6 percent** more U.S. citizens traveling internationally and **4.0 percent** more non-U.S. citizens at air ports of entry in FY2017.





Transforming and Innovating Travel

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

Technology Deployments

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

At air ports of entry, the share of arriving international travelers whose processing was assisted by automated means grew from 3.3 percent in FY2013 to over **50 percent** in FY2017.

In FY2017, CBP enrolled more than **1.9 million** members into one of the four Trusted Traveler programs: Global Entry, NEXUS, SENTRI or FAST. More than **6.8 million** members enjoyed the benefits of expedited processing as a Trusted Traveler in FY2017.

The majority of new Trusted Travelers, **1.4 million**, enrolled in CBP's flagship program, Global Entry. Global Entry members have access to automated kiosks at **58** U.S. airports, **six** of which were added in FY2017, and all **15** Preclearance locations. CBP also expanded Global Entry eligibility to citizens of **four** additional countries, Argentina, India, Singapore and Switzerland, in FY2017.

In July, CBP launched Enrollment on Arrival for conditionally-approved Global Entry applicants to complete their interview, the final step of the Global Entry enrollment process, while clearing CBP processing. More than **10,000** Global Entry members have utilized the program to complete their enrollment at one of **22** participating airports, **nine** of which were launched in FY2017.

APC and MPC enable travelers to enter their biographic and travel information needed for arrival processing while waiting in line—eliminating paperwork for the traveler and an administrative task for the CBP officer. APC kiosks were deployed to **15** additional airports in FY2017 and are available for use at **57** locations, including all major U.S. international airports and 12 Preclearance locations. More than **56 million** travelers used APC kiosks in FY2017, accounting for more than **40 percent** of all air travelers entering the United States.

While Global Entry and APC kiosk usage continue to grow gradually each year, the use of MPC increased **threefold** from FY2016 to FY2017 with more than **2 million** trips processed. MPC expanded to **five** additional ports of entry (four air and one sea) in FY2017, including Los Angeles International Airport (LAX), Phoenix Sky Harbor International Airport (PHX), San Diego International Airport (SAN), Sacramento International Airport (SMF), and Port Everglades, making the app available to U.S. citizens and Canadian visitors at **25** U.S. ports of entry.

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

More than **62.2 million** travelers used ready lanes, dedicated primary vehicle lanes at land ports of entry for travelers with RFID documents, to expedite their entry into the United States in FY2017. Ready Lanes have resulted in a **16 percent** decrease in vehicle wait times despite an **11 percent** increase in volume. Overall, travelers who utilize ready lanes have, on average, a **12 percent** shorter wait along the southern border and a **70 percent** shorter wait along the northern border than those utilizing the general lanes.

Biometric Exit Technical Demonstrations

CBP furthered plans in FY2017 to implement an integrated biometric entry/exit process that provides significant benefits to air travel partners in addition to meeting the congressional mandate for a biometric exit system. CBP is leading efforts to streamline the travel process by providing the air travel industry a secure platform for identifying and matching travelers to their identities. This biometric technology could possibly transform how travelers interact with airports, airlines and CBP—creating a seamless travel process that is both reliable and secure.

CBP identified this feasible solution following the successful June 2016 biometric exit pilot deployed at Hartsfield-Jackson International Airport (ATL) in Atlanta. In FY2017, CBP deployed biometric exit technical demonstrations to an additional **six** airports, Washington Dulles International Airport (IAD), Houston George Bush Intercontinental Airport (IAH), Chicago O'Hare International Airport (ORD), Las Vegas McCarran International Airport (LAS), Houston William P. Hobby Airport (HOU), and John F. Kennedy International Airport (JFK). The eighth location at Miami International Airport (MIA) deployed in October 2017.

CBP verified the identity of more than **100,000** travelers departing the country from one of the seven participating airports in FY2017.

Coordination and partnership with CBP stakeholders including airlines and airports is critical to the success of deployment of biometric exit in the air environment. CBP also worked with our airline partners to facilitate airline-led demonstrations in FY2017. JetBlue began testing a paperless boarding pass project at Boston Logan International Airport in June on flights to Aruba and Chile and Delta tested eGates at JFK and ATL.

CBP is working towards full implementation of biometric exit in the air environment within the next four years.

Preclearance

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

In FY2017, CBP signed agreements with Sweden and the Dominican Republic to expand Preclearance operations to Stockholm Arlanda Airport and Punta Cana International Airport. CBP will begin Preclearance operations once the agreements are entered into force. Negotiations continue with the 19 other airport locations prioritized by the Secretary of Homeland Security during the FY2015 and FY2016 Preclearance open seasons.

Public-Private Partnerships

CBP selected **67** new private and public sector partners for participation in the Reimbursable Services Program in FY2017, providing the opportunity for the stakeholders to request increased or enhanced inspection services. These services include customs, immigration and agriculture processing and border security at ports of entry. CBP provided over **153,000** additional processing hours at the request of stakeholders in FY2017—accounting for the processing of more than **3.1 million** travelers and nearly **418,000** personal and commercial vehicles.

CBP approved **nine** new proposals worth approximately **\$65 million** in port of entry infrastructure improvements and other investments as part of the Donations Acceptance Program in FY2017. CBP also entered into **five** separate formal agreements to accept donations in support of a median removal project at the Ysleta land port of entry; the provision of facial biometrics services and data at Boston Logan International Airport; and the recurring provision of luggage for canine training purposes. Partnerships entered into under the Donations Acceptance Program have and will continue to enhance border security and promote the safe and efficient flow of passenger travel and commercial trade.

Process Improvements

CBP expanded Modified Egress to **seven** additional airports in FY2017: ATL, Austin-Bergstrom International Airport, ATL, IAD, IAH, JFK Terminal 4, Orlando International Airport and San Antonio International Airport. Modified Egress streamlines the exit control process by allowing travelers to collect their baggage and exit the inspection area, unless stopped by a CBP officer monitoring the area for further screening.

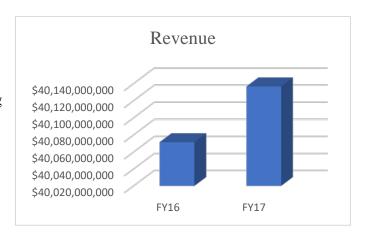
The agency also took steps to make it easier for travelers to check the status of their stay in the United States. In May 2017, CBP added a new feature to the <u>I-94 website</u> under the "View Compliance" tab for VWP travelers to look up their compliance with their current admission. The feature was expanded earlier this month to inform VWP travelers of the number of days remaining on their lawful admission or the number of days they have remained past their admitted until date. In addition, VWP travelers still in the United States will be notified by email 10 days prior to their admitted until date and referred to the new online capability for details on their expected departure date.

A <u>remote reporting pilot</u> launched at six resorts in Minnesota in FY2017 allowing travelers to use tablets, loaded with a reporting app, to report their arrival and video conference with CBP officers located at the Warroad, Minnesota Port of Entry. The pilot is strengthening border security in remote areas while facilitating the arrival of fishermen and outdoorsmen who frequent the participating resorts.

III. Trade Facilitation and Enforcement

CBP is committed to its dual role of trade facilitation and protection of revenue. The agency is the second largest revenue collecting source in the federal government, collecting approximately **\$40.1 billion** in duties, taxes and other fees in FY2017, including more than **\$34.8 billion** in duties. Our operations have a significant impact on the security, as well as facilitation of

legitimate international commerce and America's economic competitiveness. CBP is responsible for enforcing nearly 500 U.S. trade laws and regulations on behalf of 49 federal agencies, facilitating compliant trade, collecting revenue, and protecting the U.S. economy and consumers from harmful imports and unfair trade practices.

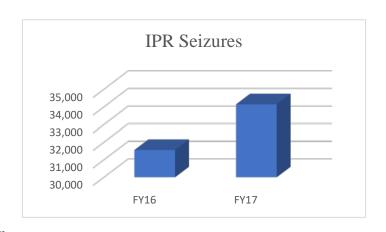


CBP processed **\$2.39 trillion** in imports in FY2017, equating to **33.2 million**

entries and more than **28.5 million** imported cargo containers at U.S. ports of entry. Imported cargo containers increased approximately **5 percent** from FY2016.

Protecting Americans from Counterfeit and Unsafe Imports

CBP is on the frontline of Intellectual Property Rights (IPR) enforcement, partnering with industry, other federal agencies and foreign governments to fight cross-border trade of harmful and dangerous illicit goods. In partnership with U.S. Immigration and Customs Enforcement (ICE), seizures of shipments with violations of IPR increased by **8 percent** in FY2017 to **34,143**. If the seized products were genuine, the total MSRP of the items would have been more than **\$1.2 billion**.



In support of the *Trade Facilitation and Trade Enforcement Act of 2015* (TFTEA), CBP also launched the "Truth Behind Counterfeits" campaign over the summer to raise awareness of the dangers and negative impacts of purchasing counterfeit goods, including the loss of American jobs and the support of criminal activity. The campaign ran for eight weeks at six of the busiest U.S. international airports (Baltimore/Washington International Thurgood Marshall Airport, Dallas/Fort Worth International Airport, IAD, JFK, LAX, and ORD).

The Commercial Targeting and Analysis Center (CTAC) added another partner in FY2017. The Alcohol and Tobacco Tax and Trade Bureau became the **12th** federal agency committed to working together to target commercial shipments that pose a threat to the health and safety of American consumers. CTAC initiated **243** seizures of unsafe imported products in FY2017 with an appraised domestic value of more than **\$3.8 million**.

Protecting America's Domestic Industries

CBP is committed to rigorous and judicious enforcement of all U.S. trade laws, including the prohibition on the entry of items made using forced labor and the enforcement of Antidumping and Countervailing Duties (AD/CVD).

In FY2017, CBP launched the e-Allegation web portal for parties to submit Enforce and Protect Act (EAPA) allegations online. The portal has made it easier and more efficient for members of the trade community and federal government agencies to submit allegations regarding forced labor, evasion of AD/CVD against U.S. importers, and violations of IPR. CBP trade specialists and subject matter experts review each allegation carefully and have already initiated **14** investigations. Parties who provide original information that leads to the recovery of any penalty, fine, or forfeiture of merchandise are eligible to seek compensation, of up to \$250,000, under 19 U.S.C. § 1619.

In August, CBP concluded its **first** EAPA investigation holding Eastern Trading, an importer of wire hangers, accountable for evading their antidumping duties. The investigation has prevented the evasion of more than **\$33 million** in unpaid antidumping duties annually.

In FY2017, \$13.3 billion of imported goods were subject to AD/CVD. CBP collected \$1.5 billion in AD/CVD deposits and levied 43 monetary penalties totaling over \$253.6 million on importers for fraud, gross negligence, and negligence for AD/CVD violations. CBP and ICE seized 21 shipments with a domestic value of more than \$48.7 million for AD/CVD violations and CBP audits identified \$27.1 million in AD/CVD discrepancies with \$2.2 million collected to date.

CBP also detained **26** shipments valued at **\$1.6** million on four Withhold Release Orders issued in FY2016. The orders required the detention of merchandise at all ports of entry that was manufactured by a company for which CBP had reasonable information indicating that the imported merchandise was made with forced labor.

CBP began an active communications effort in FY2017 to ensure importers are aware of the risks associated with forced labor, what their compliance responsibilities are, and how they can validate that their supply chains are free of forced labor. In addition, CBP published technical corrections to the forced labor regulations to remove the consumptive demand loophole and is now outlining substantive changes to allow for an agile enforcement response.

The United States signed **three** Customs Mutual Assistant Agreements in FY2017 with Bolivia, Georgia, and Kuwait. These agreements provide the legal framework for the exchange of information and evidence to assist countries in the enforcement of customs laws, including duty evasion, trafficking, proliferation, money laundering, and terrorism-related activities.

Modernizing Trade Systems

The Automated Commercial Environment (ACE) is the primary system through which the trade community reports imports and exports and the government determines admissibility. Streamlined processes in ACE have enabled processing efficiencies valued at an estimated \$28 million for CBP and an estimated \$52 million for industry in FY2017.

The 10 Centers of Excellence and Expertise have transformed the way CBP approaches trade operations and works with the international trade community by aligning CBP's trade approach to the industry level, setting the foundation for understanding business decisions and incorporating that knowledge into the operational execution of effective and focused enforcement efforts. The Centers have the regulatory authority to make determinations and decisions on trade matters through the amendments to Title 19 of the Code of Federal

Regulations. The national authority afforded to the Centers broadens CBP's capacity for identifying systemic trade violations and strengthening detection and intervention techniques. As the Centers increase their industry level expertise, they provide a basis for scoping out risk within their industry while reaching down to the commodity and account level.

Facilitation of Cargo

A key part of CBP's trade mission is the facilitation of cargo, with the goal of streamlining and promoting frictionless trade, especially in light of changing technologies and business practices.

In order to address the challenges posed by a dynamic trade environment, and as part of our commitment to support small and microbusinesses, CBP officially established the E-Commerce and Small Business Branch within the Office of Trade in FY2017. E-Commerce is largely responsible for the increase in the volume of small shipments entering the U.S. stream of commerce. The branch is developing strategic goals and objectives to position CBP to better address the challenges in the e-commerce environment now and into the future.

The <u>Commercial Truck User Fee</u> program, allowing commercial trucks to prepay the single-crossing user fee online prior to arrival at a port of entry, deployed nationwide in FY2017. The pilot began in June 2016 at the Buffalo, Detroit and El Paso ports of entry. Paying the single-crossing user fee online prior to arriving at the border reduces fuel consumption and wait times. Removing the cash/credit card payment process from primary inspection enables CBP officers to process vehicles faster and decreases carbon emissions associated with heavy traffic.

In August, CBP and Mexico Customs (SAT) signed a Memorandum of Understanding regarding Unified Cargo Processing (UCP). The program allows for joint inspections (either inbound or outbound operations) by CBP personnel with foreign Customs personnel on U.S. soil. Instead of trucks carrying cargo making multiple stops, in both Mexico and the United States, UCP allows for a single streamlined inspection that reduces wait times significantly and enhances security. It also fosters information exchange on customs and security issues with SAT. UCP with SAT is operational at the Laredo (truck, air, and rail cargo), Rio Grande City (truck cargo), Nogales (truck and rail cargo), Douglas, (truck cargo), San Luis (truck cargo), and Calexico (truck cargo) ports of entry. Some trucking companies have reported reduced crossing times from 3 hours to as little as 30 minutes.

IV. Conclusion

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