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# Executive Summary

- The Automated Commercial Environment (ACE) is a multi-year project to modernize the business processes essential to securing U.S. borders, speeding the flow of legitimate shipments, and targeting illicit goods.

- ACE modernizes and enhances trade processing with features that will consolidate and automate border processing and will replace the current system, the Automated Commercial System (ACS).

- The SAFE Port Act of 2006 directed that all agencies requiring documentation for clearing or licensing the importation and exportation of cargo participate in an interagency initiative to establish a single portal system known as the International Trade Data System (ITDS). ACE is the backbone for ITDS and will ultimately become the single window for all trade and government agencies involved in importing and exporting, improving efficiency and security. It will facilitate collection and distribution of standard electronic import and export data required by all Federal agencies participating in ITDS.

- ACE has been underway for over 10 years and has deployed key functionality such as the Secure Data Portal, Periodic Monthly Statement, electronic manifest and entry summary processing (including post summary corrections). The transition of all rail and sea carriers to ACE e-Manifest: Rail and Sea (also known as M1) was completed on September 28, 2012. CBP is conducting a successful pilot test of Simplified Entry capabilities, the first phase of Cargo Release in ACE, in the air mode of transportation. The pilot is currently operational at 13 ports and continues to be expanded.

- In 2012, the program went into its planned operations and maintenance phase, but much functionality remains to be deployed. CBP recognizes that incorporating additional functionality into ACE is necessary to achieve broad participation. Therefore, CBP is committed to working with ACE stakeholders to develop business cases for remaining functionality in order to secure the additional funding needed to implement remaining functionality.

- Current program priorities include Cargo Release, which includes key International Trade Data System initiatives, entry summary edits, resolution of critical system fixes and export processing.

- For the development of future capabilities, CBP is re-orienting its development team and processes to an Agile development methodology, to produce smaller pieces of functionality more frequently, resulting in a more flexible, user-focused development process.

- DHS is very supportive of the move toward Agile-like development and is working closely with CBP on these planning efforts, with the goal of piloting this new Agile development methodology in the near term.

# ACE Overview and Business Case

- Resulting from the requirements set forth by the Customs Modernization Act of 1993 and the needs identified by CBP leadership and the ACE user community, the goals of the ACE Program are outlined in the ACE Mission Statement:

  **"U.S. Customs and Border Protection is modernizing the business processes essential to securing U.S. borders, speeding the flow of legitimate shipments and targeting illicit goods that require scrutiny. The key technology driver of this activity will be the development and deployment of the Automated Commercial Environment (ACE). Through efficient and timely collection of international trade information, ACE will:**

  o *Form the one system that provides a single window for CBP to manage and oversee the import/export requirements of the international business community and other U.S. government agencies.*

  o *Integrate seamlessly import data, custodial revenue management and enforcement systems to provide end to end visibility of the entire trade cycle.*

  o *Facilitate CBP modernization potential by replacing existing legacy systems used to manage imports/exports with a modern, integrated, account-based system that will provide enhanced decision-making tools, more reliable information and improved information sharing.*

  o *Reduce government and private sector costs through the elimination of unnecessary paperwork, enabling e-processing of manifests, entry and other trade documentation.*

  o *Provide the framework for all U.S. government agencies involved in security, economic and safety missions to leverage advanced risk assessment information and automated targeting systems."*

- The benefits from ACE are derived from the system's support of CBP's mission critical activities associated with Security, Health & Safety, Trade Facilitation, and Revenue Collection.
- ACE serves three sets of core stakeholders: the internal CBP users, Partner Government Agencies (PGAs), and the trade community.
- Leveraging the Automated Targeting System, ACE facilitates the automated screening and targeting of inbound and outbound cargo across the borders of the United States. The system provides for the collection of additional trade information to segregate high risk cargo while facilitating lawful entry of trade that is considered low risk.
- The SAFE Port Act of 2006 requires that all "agencies that require documentation for clearing or licensing the importation and exportation of cargo" participate in the International Trade Data System (ITDS).
- ACE is the backbone for ITDS and will ultimately become the "single window" through which the international trade community will electronically provide all information needed by federal agencies for the import and export of cargo.

# ACE Deployed Capabilities

- **ACE Secure Data Portal** (October 2003) – a web-based capability providing a single, centralized on-line access point to connect CBP, the trade community and government agencies involved in importing goods into the U.S.
  - More than 20,000 trade user accounts
  - Provides access to over 125 customizable reports facilitating access to CBP manifest, cargo, entry summary, finance and compliance data
- **Periodic Monthly Statement** (June 2004) – simplifies the payment and collection of duties and fees and promotes account-based operations. Allows users to consolidate payments on a monthly basis rather than day-to-day basis.
  - An average of $1.6B collected monthly
  - Allows duty payments on the 15th working date of the month following release, providing significant cash flow benefits to trade users
  - Currently 68% of duties and fees are paid via Periodic Monthly Statements.
- **e-Manifest: Truck** (February 2007) – enables carriers to submit electronic truck manifests to CBP prior to a truck's arrival at the land border crossing.
  - Primary processing time approximately 30 percent faster nationwide than paper manifests
  - Processing an average of 190,000 trucks nationally per week
- **ACE Entry Summaries** (June 2009) - ACE participants can file entry summaries in ACE for Consumption, Informal and Antidumping/Countervailing Duty (AD/CVD) entries (entry types 01, 03, and 11.) These three entry types account for nearly 99 percent of all entry summaries.
  - Entry Summary filing in ACE grew from 3% to nearly 19% during fiscal year 2012.
  - 117 filers/approved trade entities authorized to file ACE entry summaries.
  - 2,772,252 ACE entry summaries have been filed since the capabilities were first introduced.
  - In October 2012, CBP deployed functionality that allows Remote Location Filing for AD/CVD entries filed in ACE.
- **Post-Summary Corrections** (October 2010) – automates the ability to submit corrections to ACE entry summaries and streamlines the acceptance process
  - More than 5,000 Post-Summary Corrections have been filed since capabilities were first introduced.
- **Importer Security Filing (ISF)** (January 2009) - enhances CBP's ability to identify high risk shipments by requiring additional information related to shipments. The link from ACE Portal to ISF Portal, which was delivered July 2011, allows:
  - ISF progress reports for importers, filers, and sureties
  - ISF transaction filing capability for very low volume importers (limited to 12 filings per year)
- **e-Manifest: Rail and Sea (M1)** (April 2012) - provides a consolidated view of rail and sea shipment manifest and entry data at the bill of lading or container level to facilitate the identification of shipments that may pose a risk and expedite the pre-arrival processing of legitimate cargo.
  - On September 29, 2012, ACE became the only CBP-approved Electronic Data Interchange (EDI) for submitting rail and sea manifests.
  - CBP is on track to decommission legacy rail/sea manifest processing by end of calendar year 2012.
- **Cargo Release/Simplified Entry (SE)** (May 2012) – streamlines the data required to obtain release of products for cargo, eliminating the current entry (CBP Form 3461) for transactions in the SE pilot.
  - The Cargo Release/SE pilot began in May 2012 in the air mode of transportation.
  - As of October 18, approximately 27,400 SEs have been successfully filed for 580 importers of record.
- **Partner Government Agency (PGA) Interoperability** (September 2011) - enables CBP to share data, documents, and events of interest with PGAs in an automated manner.

- **Document Image System (DIS)** (April 2012) – allows trade members to electronically supply documentation needed during the cargo release process to CBP and other Federal agencies.

# ACE Program Priorities

- CBP recognizes that additional core functionality in ACE must be delivered to achieve broad trade community participation. CBP has established the following near-term priorities for ACE:
  - Cargo Release
    - Simplified Entry is the first phase of Cargo Release being developed in ACE; CBP will continue to build upon the success of Simplified Entry to achieve full Cargo Release capability.
    - The key ITDS initiatives, including the PGA Message Set, Document Image System and PGA Interoperability web-services will be incorporated into Cargo Release.
  - Entry Summary Edits
    - New edits in ACE will provide safeguards to facilitate the filing of accurate data based on the edits available in the legacy environment.
  - Critical fixes for deployed ACE functionality based on CBP and trade stakeholder feedback.
    - Critical fixes fall into primary categories of: e-Manifest Truck, Reports, Forms and other Entry Summary-related fixes, CBP/ ACE Inbox (impacts CBP users only) and Validation Activities (impacts CBP users only).
  - Export functionality in support of the President's National Export Initiative (NEI)
- The table below depicts planned ACE capabilities and their status. Capabilities shown in **bold red** represent program priorities. Capabilities shown in blue remain to be delivered.

| Category | Priority | Functionality | Status |
|---|---|---|---|
| **Manifest** | **1** | ACE e-Manifest: Rail and Sea (M1) | Complete |
| | | Air Manifest | Not yet planned |
| | | Integration of Multi-Modal Manifest | Not yet planned |
| | | Vessel Management System | Not yet planned |
| **Cargo Release** | **2A** | **Cargo Release/Simplified Entry Pilot Phase 1** | **In progress** |
| | 2B | Document Image System | Deployed |
| | **2C** | **PGA Message Set** | **In progress** |
| | **2D** | **Complete PGA Interoperability** | **Deployed** |
| | **2E** | **Future phases to build upon delivered functionality for ultimate full delivery of cargo release** | **In progress** |
| **Entry Summary** | **3** | **Entry Summary Edits** | **In progress (planning)** |
| | | Remaining Entry Summary types and processing | Not yet planned |
| | | Mail Entry Writing System | Not yet planned |
| | | Importer Activity Summary Statement/Simplified Summary | Not yet planned |
| | | Drawback | Not yet planned |
| | | Reconciliation | Not yet planned |
| | | Protest | Not yet planned |
| | | Entry liquidation | Not yet planned |
| **Operations and Maintenance** | **4** | **Priority system fixes (Problem Reports)** [1] | **In progress** |
| | | Ongoing fixes and enhancements to deployed functionality | In progress |
| **Exports** | **5** | **Exports** | **In progress** |
| Finance | | Integration of all financial capabilities within ACE | Not yet planned |

[1] "Priority Fixes" refers to Problem Reports related to Reports; e-Manifest: Truck; ACE Inbox; Validation Activities; Forms and other Entry Summary related fixes.

# New ACE Development Strategy

For the development of future capabilities, CBP is re-orienting its development team and processes to an Agile development methodology, to produce smaller pieces of functionality more frequently, resulting in a more flexible, user-focused development process. CBP is pursuing the implementation of an Agile development approach aggressively, drawing upon the expertise of experienced coaches, lessons learned from other agencies and tools to support technical work. Recent efforts, such as Cargo Release/Simplified Entry, were developed using an Agile-like development approach with great success. Based on this success, CBP is working very closely with DHS to make the switch and implement Agile development across the ACE program. This effort includes: resource planning and training, restructuring teams, and updating key program cost and schedule plans so that CBP and its stakeholders have a clear picture of the investment required to achieve the vision of ACE.

- CBP's Agile-like development model has some key differences with the approach historically used on the ACE program:
  - The Agile-like development approach requires more collaboration with stakeholders during the development and deployment phases and as capabilities are piloted. A primary intent of the Customs Support Network (CSN) is to provide dedicated operational SME input into ACE development. Likewise, Agile-like development provides the best approach to ensure timely deployment of ACE program priorities and future program development efforts.
  - Agile-like releases are smaller, and delivered more rapidly, bringing needed functionality to users more quickly that has been possible in the past.
  - Rather than delivering large suites of capabilities, Agile-like releases build off one another incrementally until all functionality has been delivered.

- Agile and agile-like development methodologies are being used throughout Government and industry and provide numerous benefits and advantages:
  - More accurate cost projections as shorter term estimates are used to price smaller releases;
  - More flexibility to trade off priorities for future releases;
  - More rapid delivery of capabilities to stakeholders;
  - Incremental development allows for incremental funding, which is easier to accommodate in the current economic climate.

CBP's plans and development approach will address priorities identified by internal system users, as well as key stakeholders such as the trade community and other government agencies. Together, we are looking to achieve an automated "single window" system that supports a competitive global economy, efficient trade processing, collection of federal revenue and safe and secure trade flows. DHS is very supportive of the move toward Agile-like development and is working closely with CBP on these planning efforts, with the goal of piloting this new Agile development methodology in the near term.

# e-Manifest: Rail and Sea (M1)

- On September 29, 2012, ACE became the only CBP-approved EDI for transmitting required advance information for rail and sea cargo to CBP.
- e-Manifest: Rail and Sea provides capabilities that incorporate existing rail and sea functionality as well as new functionality and benefits. ACE e-Manifest: Rail and Sea brings CBP and the trade community closer to multi-modal manifest processing in which all modes of transportation (sea, rail, air and truck) will use the ACE environment.
- e-Manifest: Rail and Sea improves cargo security, expedites cargo processing and promotes trade facilitation through faster and easier access to data, improved communications, greater flexibility and time savings. Specifically, e-Manifest: Rail and Sea provides a consolidated view of rail and sea shipment manifest and entry data at the bill of lading or container level to facilitate the identification of shipments that may pose a risk and expedite the pre-arrival processing of legitimate cargo.
- New capabilities provided by ACE e-Manifest: Rail and Sea include:
  - Enables CBP to place and remove holds at the conveyance, container and master bill level;
  - Informs carriers which Partner Government Agency (PGA) has held their merchandise;
  - Extends Broker Download to the sea environment;
  - Increases number of possible Secondary Notify Parties to 25;
  - Allows carriers to create list of trade partners who are authorized to use their type two custodial bond through the ACE Portal, i.e. In-Bond Authorization;
  - Allows carriers to create and maintain sea conveyance information through the ACE Portal;
  - Sends a status notification of disposition code "95" to Carriers and subsequent Secondary Notify Parties such as Port Authorities when a Paperless Master Inbond (IT, T&E, IE) has been deleted by the carrier;
  - Provides 12 new reports for rail and sea carriers, seven new reports for brokers and two for importers;
  - Allows filers to create and maintain rail line release Entry Banks through the ACE Portal.
- The transition to M1 has highlighted a necessary policy change that CBP has implemented to gain greater control over in-bond shipments. This now requires that the full in-bond shipment be arrived at its destination before CBP will allow a subsequent in-bond movement.
  - Effective September 29, 2012, subsequent in-bonds may not be transmitted until the previous in-bond is completely arrived. If a subsequent in-bond is transmitted in ACE prior to the previous in-bond's complete arrival, ACE will generate an error message.
  - To prevent this situation, carriers and in-bond filers need to work together to come to agreement on a solution that allows for the freight to move when necessary.
  - This issue is causing difficulty for some members of the trade community, as they have become accustomed to transmitting subsequent in-bond transactions after the arrival of the first container only. CBP has implemented this change due to the need to implement greater control over in-bond shipments, and is working with the trade on how to manage this modified requirement. FAQs on this issue have been posted to CBP.gov.
  - CBP will continue to look for ways to improve this process and is assessing the impact of this change in order to achieve better control over in-bonds while minimizing impact on trade movement. Now that ACE M1 is deployed, improvements are being identified and prioritized.
- CBP and the U.S. Coast Guard (USCG) successfully completed a joint pilot of M1 functionality in May 2012. The USCG became the first PGA to navigate ACE M1 in production during a series of operational trials piloted in Charleston, SC. The trials will result in better targeting capability of high risk cargo, improved communication to the trade community, and greater border security.
- CBP has begun decommissioning of legacy system rail and sea processing functionality, and is on track to complete the decommissioning by the end of the calendar year 2012.

# Cargo Release

- Modernization of the Cargo Release process through ACE will enhance the ability of CBP and Partner Government Agencies (PGAs) to evaluate the security, safety and compliance of imported products while also speeding the release of legitimate cargo into the commerce of the United States.
- ACE Cargo Release will provide the international trade community with a more automated and modern process that streamlines data requirements, removes paper and provides for expedited decisions by federal agencies for imports. As repeatedly advocated by the international trade community, modernization of Cargo Release through ACE is a critical priority and a lynchpin in the business community's participation in ACE.
- Full and integrated import processing through ACE is expected to significantly enhance business and government efficiencies, thereby promoting economic competitiveness for the international trade community. In addition, significant cost savings will result to CBP upon decommissioning of the legacy Automated Commercial System.

**Simplified Entry (SE)** is the first phase of Cargo Release being developed in ACE; CBP will continue to build upon the success of simplified entry to achieve full Cargo Release capability.

- The Cargo Release/Simplified Entry project resulted from the work of the Simplified Process joint industry-CBP Workgroup which was established in April 2011 with the goal of formulating viable solutions that are mutually beneficial and diminish the administrative burden related to importing into the U.S.
    - Cargo Release/Simplified Entry will streamline the data required to obtain release of products for cargo, eliminating the current entry (CBP Form 3461) for those transactions in the pilot.
    - CBP announced via a Federal Register notice on November 9, 2011 a plan to conduct a test of a simplified entry capability. The test includes functionality specific to the filing of entry data for formal and informal consumption entries in the air transportation mode only.
    - As of October 18, 2012, approximately 27,500 Simplified Entries have been successfully filed for 580 importers of record at 13 pilot ports.
    - By the end of FY 2012 CBP had expanded Cargo Release/Simplified Entry to the ports of Seattle, San Francisco, Oakland, Los Angeles, Dallas/Ft. Worth, Houston, Miami, Florida; Newark, New York/JFK, and Boston.
    - Plans are underway to expand the pilot to airports in Memphis, Anchorage, and Detroit.
    - CBP began the pilot with nine initial filers:
        - A.N. Deringer, Inc.;
        - Expeditors;
        - FedEx Trade Networks;
        - Janel Group of New York;
        - Kuehne & Nagel, Inc.;
        - Page & Jones, Inc.;
        - FH Kaysing;
        - UPS; and
        - Livingston International.
    - On August 14, 2012 CBP published Federal Register Notice 77 FR 48527 to open the pilot to additional participants. As a result, CBP selected 11 additional filers to participate in the Cargo Release/SE pilot:
        - Alliance Customs Clearance Inc;
        - Barthco International Inc. OHL-International;
        - CEVA Logistics;

- o CSI Weiss-Rohlig USA, Inc.;
- o Damco Customs Services;
- o DHL US;
- o Future Forwarding;
- o NEC Corporation of America (NECAM);
- o UTC Overseas;
- o Scarbrough International, Ltd.; and
- o Schenker, Inc.
- ▪ CBP is working to add new functionality to the pilot including incorporation of the PGA Message Set, the Simplified Entry Transaction Set, Single Transaction Bonds, automated corrections and deletions, the Document Image System, and Remote Location Filing.
- ▪ The delivery of Cargo Release/Simplified Entry was accomplished within a year from the initial discussions of this functionality and is the result of a successful government/industry partnership.

**ITDS Initiatives** were established towards achieving the vision of ACE as the "single window" for the trade community. These three key ITDS initiatives will automate and enhance interaction between Trade Partners, CBP, and Partner Government Agencies (PGA) by facilitating electronic collection, processing, sharing, and review of trade data and documents required by Federal Agencies during the cargo importation and release process. The initiatives are expected to significantly increase efficiency and reduce costs over the manual, paper-based interactions that have been in place.

- **Document Image System (DIS)** – allows trade members to electronically supply documentation needed during the cargo release process to CBP and other Federal agencies.
  - ▪ DIS monthly releases have continuously enhanced features and functionality. The set of documents supported in DIS also continues to expand as more PGAs participate in the program.
  - ▪ A Federal Register Notice was published on April 6, 2012 that authorized initiation of a pilot, allowing the trade to transmit documents in XML format.
  - ▪ For the purposes of PGA forms, invoices, and packing lists that are associated to ACE entry summaries certified for cargo release, the trade may submit the required documentation without a prior request by CBP or the PGA.
  - ▪ PGAs including the Environmental Protection Agency (EPA) and National Marine Fisheries Services (NMFS) have agreed to participate in the CBP pilot test of DIS capabilities.

- **PGA Interoperability** – enables CBP to share information, documents, and events of interest with PGAs in an automated manner. It essentially allows CBP and PGA systems to talk to one another, which allows PGAs greater access to the data they need and increases information sharing and collaboration between CBP and PGAs.
  - ▪ The Food Safety Inspection Service (FSIS), Consumer Product Safety Commission (CPSC), and U.S. Coast Guard (USCG) are successfully receiving automated production entry and entry summary data directly from CBP.
  - ▪ Additional interoperability strategies and automated information exchange capabilities continue to be developed in collaboration between CBP and various PGAs.
  - ▪ CBP is in the process of bringing several more PGAs into the interoperability environment, including:
    - o Agricultural Marketing Service (AMS);
    - o Animal and Plant Health Inspection Service (APHIS).
    - o Army Corps of Engineers;
    - o Alcohol and Tobacco Tax and Trade Bureau (TTB);
    - o Department of Transportation (DOT);
    - o Environmental Protection Agency (EPA);
    - o Food and Drug Administration (FDA);
    - o Internal Revenue Service (IRS);

- o   National Marine Fisheries Service (NMFS); and
- o   U.S. Census Bureau.


- **PGA Message Set** – introduces a well-defined, harmonized set of data to be collected electronically from international traders by CBP on behalf of PGAs. This initiative automates the collection, processing and sharing of information required by PGAs, and will replace the myriad of paper forms currently submitted to several individual Federal Agencies by the trade community during the cargo importation process.
    - Allows Trade to have a CBP managed 'single automated window' for data submission required by all Federal Agencies during the cargo importation and review process.
    - The PGA Message Set is planned to be delivered as part of a subsequent phase of the Cargo Release/Simplified Entry pilot.

**ACE Cargo Release:  Inventory of Key Process Improvements**

| | |
|---|---|
| Single Window for Imports | • Single, harmonized set of data for government validation of import requirements and automation of paper processes for over 40 government agencies<br>• Enabling of new communications among government agencies, and between government agencies and international trade community<br>• Ability of authorized agencies to hold imported shipments of concern and coordinate as appropriate with other agencies<br>• Tracking for government agencies that do not have hold authority<br>• Increased targeting potential due to broader data set<br>• Integration of CBP Agriculture Specialist processing and recordation with both APHIS system and ACE for smoother transactions<br>• One stop shop for international trade community to submit all government-required import data<br>• Upgraded electronic status notifications to international trade community<br>   ▪ Identification of which government agency has pending requirement on their cargo<br>   ▪ Single, coordinated release of the cargo, representative of all involved government agencies, to carrier and broker |
| Continued Flow of Trade During Emergencies | • Efficient and streamlined transfer of cargo processing to an open port during emergency port events/closures<br>• Elimination of requirement that international trade community resubmit data when cargo transfers to open port, resulting in continued flow of trade with minimal impact to international trade community<br>• Maintenance of CBP and PGA holds on imported cargo |
| Automated Updates to Previously Filed Import Data | • Ability for international trade community to electronically submit requests for corrections, deletions and cancellations of their import data<br>• Ability for CBP to access and act upon changes immediately<br>• Automated, efficient and uniform processing of changes<br>   ▪ Elimination of paper processing |
| Enhanced Tracking of Non-Compliant Cargo to Government Custody | • Capability for agencies to automatically request that imported cargo that is non-compliant be returned to government custody ("redelivered")<br>• Government visibility to cargo until the resolution of all CBP and PGA concerns<br>• Capability for CBP to manage redelivery requests and prepare for shipments that will be destroyed or seized |
| Enhanced Entry Processing for CBP Officers | • Enabling of CBP Officers to make quicker and better informed decisions on disposition of imported cargo<br>• Synchronized data throughout lifecycle of imported cargo shipment<br>• Ability for the international trade community to partition import data to accommodate the release of freight when some merchandise in the shipment was seized/detained |
| Single Transaction Bond | • Ability for bond filers to submit bond data electronically, in lieu of filing paper bonds<br>• Real-time verification of bond sufficiency<br>• Automatic system rejection of cargo shipments with insufficient bonds<br>• Foundation for continuous bond capability in ACE |
| Manufacturer's ID | • Establishment of parent child relationship based on MID<br>• Streamlining of current process under which multiple IDs created for single entity<br>• Enhancement of record maintenance |
| Workflow | • Tailored in-boxes for specified CBP teams to facilitate electronic routing of work<br>• Efficient routing and review by appropriate parties |

# Exports

- CBP is planning to establish ACE as the single processing platform for all export manifest and commodity transactions. This is in keeping with the President's National Export Initiative (NEI) and the Export Control Reform Initiative. Current plans call for the development of an automated export manifest system for all modes. This will involve coordination with the Bureau of the Census and other PGAs involved in export licensing and commodity transactions.
- The automated export processing system will focus on the three ITDS initiatives under way at this time to: 1) develop a standard data set document for export transactions; 2) develop the capability to accept document images to support manifest, commodity, or licensed export filings; and 3) develop functionality for an Interoperability Web Based System among CBP and PGAs.
- An Automated Export Manifest pilot using the Document Image System (DIS) capability began in late March 2012.
    - The pilot allows for emailed submission and automated processing of Export Manifests in the ocean mode of transportation – a process that has historically been entirely manual and paper-based.
    - CBP is receiving a near 100 percent success rate for the export manifests submitted as part of this pilot.
    - The pilot, initiated at 8 ports, was expanded to all seaports and opened to all ocean carriers in August and September 2012.

# ACE Budget/Financial Status

- The chart below represents the status of ACE appropriated funds as of September 30, 2012 (in $M):
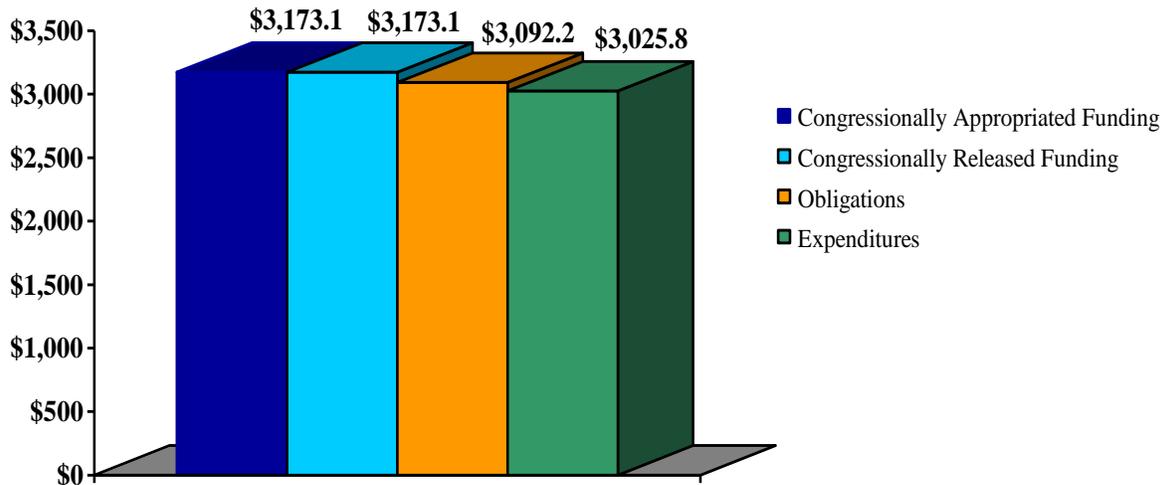


- In FY2012, the ACE program entered into the Operations & Maintenance phase with no funding for additional development.
- The program is using carry-over dollars for development work on the following initiatives:
  - Cargo Release/Simplified Entry (partially funded)
  - CBP ITDS Priorities – Document Image System, PGA Message Set, PGA Interoperability
  - Requirements efforts for Exports and to begin development of Export capabilities
- Unless future funding is available for continuous development of new capabilities, development work will cease.

# Frequently Asked Questions (FAQs)

## 1. *How does ACE help security?*

ACE is an enterprise-wide initiative that includes sweeping process and technology improvements across CBP. It touches nearly every CBP employee, as well as the trade community, partner government agencies and the traveling public. The ACE Program also brings this enterprise-wide approach to planning, defining, developing, and implementing new business processes, designed to increase national security through accurate, available data and promote seamless trade processing and collection of duties, taxes and fees. It is dramatically streamlining CBP processing of imports with automated administrative and formerly paper-based functions.

Significant screening, targeting and border security capabilities have been implemented through the ACE Program. Leveraging the Automated Targeting System (ATS), the Intranet-based enforcement and decision support tool that is the cornerstone for all CBP's targeting efforts, ACE delivers innovative and emergent screening and targeting capability to identify high-risk cargo and crew based on advance information and strategic intelligence, allowing CBP, DHS and other law enforcement officials to pre-screen and evaluate entities early on, generally at the port of departure. With the ACE platform, CBP has the ability to initiate activities, foster collaboration among security analysts, and access past activity logs for additional intelligence. ACE has the potential to be integrated with DHS information systems and border security technology, bringing together critical security, public health, public safety, and environmental protection information through a common platform, enabling agencies to efficiently obtain trade and enforcement data across government.

The USDA, Food Safety and Inspection Service (FSIS) has reported that identification and control of illegal and ineligible agricultural products, which could potentially compromise public health, have increased as a result of access to international trade data found in ACE. With the initial access to ACE in 2006, FSIS, responsible for ensuring the safety of imported meat, poultry and egg products, intercepted 2.8 million pounds of ineligible product in fiscal year (FY) 2006, which was a significant increase from 97,000 pounds in FY 2005. In FY 2007, the trend of increased interceptions of ineligible product continued with over 2 million pounds of product identified and controlled and again in FY 2008 with 3.6 million pounds of product. ACE continues to be an invaluable tool utilized by FSIS. For FY 2009 through year-to-date 2012, a combined 5.5 million pounds represents the amount of product identified, controlled, brought back into compliance in accordance with U.S. requirements, or removed from U.S. commerce.

## 2. *How does ACE help the economy?*

Perhaps the best testament to how ACE helps the economy comes in the form of support from its users. Trade entities are experiencing direct benefits from ACE, as evidenced by feedback collected over time. Select representative quotes appear below:

- "This system makes it more secure to transfer goods. We can track what is in the shipment, where it is now, and where it is going. Drivers, no longer waiting a day for their shipment to arrive, can get on the road, and businesses are thrilled not to have to pay for their accommodations during layovers anymore. Fast delivery leads to fresher produce, which is the major import from the southern border, and quick arrival to markets leads to better business and buyer gratification." – Jose Santana, President, J.D. Transport

- "I use the reports feature extensively. It is extremely valuable to us. I am able to view the value for each of the Importer of Record numbers and the number of imports. The individual importers can see the number of compliance reviews by CBP and the compliance rate, including the reason for discrepancies, even down to the port level." Don Huber, Customs Manager, GE

- "If the cash flow advantage alone in not enough to entice importers to take advantage of the ACE Secure Data Portal, access to payment information and reporting tools is a signification bonus for importers who have no on-line access to import data stored within the Automated Commercial System (ACS)." Ronald Schoof, Global Trade Compliance Manager, Caterpillar Inc.
- "Drivers are saving on average three to four hours per day, per driver, which increases their overall earnings." Bart Smith, President, Olmstead Transportation
- "The e-Manifest process offers faster, more predictable processing of shipments. We've been processing e-Manifests with 100 percent success. The drivers really like the system and the time it saves them." Jevon Jamieson, ABF Freight System Inc.
- "We've benefited from ACE Periodic Payment, which streamlines the flow of goods by eliminating the need to pay duties and taxes on a transaction-by-transaction basis." Eric Dalby, Global Trade Services Specialist, Kellwood Global NY

### *3.  How has the program reformed to ensure better management going forward?*

CBP has implemented a number of basic organizational and governance changes to ensure the success of future ACE development projects. With the support of Homeland Security (DHS), these changes have been captured in an ACE Improvement Plan that was submitted to the Office of Management and Budget. CBP will:

- Focus on business needs through the ACE Business Office in the Office of International Trade;
- Define baseline needs through an enhanced business requirements process;
- Separate business and technical requirements from the design and build phases;
- Execute a new approach for the development of functionality—build in modular components, treating each piece of distinct functionality as a separate project for frequent delivery of smaller segments of functionality;
- Increase internal and external stakeholder engagement to include all levels of DHS and CBP leadership, all impacted CBP program offices, volunteer field personnel serving as ACE Ambassadors, and the Trade; and
- Conduct more effective oversight of contractors through greater internal controls and governance.