

International Trade Alert

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U.S. Customs Announces Major Changes in Wake of Sequestration Budget Cuts

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With sequestration cuts now in effect, U.S. Customs and Border Protection (CBP) Deputy Commissioner David Aguilar issued guidance over the weekend about CBP's revised operations. Like many other government agencies, CBP will be required to significantly reduce expenses during the remainder of 2013. In preparation for operating under sequestration, CBP has redirected resources toward only its most critical, core functions, and has discontinued or postponed certain important but less critical activities in an effort to reduce budget expenditures.

CBP has announced the sequestration cuts will be made equally across the agency, with no preference by port of arrival. The first, immediate cuts will reduce overtime beginning March 1, and personnel furloughs may begin in mid-April. It is estimated that CBP must reduce its work hours by the equivalent of over 5,000 border patrol agents and the equivalent of over 2,750 CBP officers.

Sequestration will significantly impact service levels in CBP's cargo operations. CBP estimates that there may be delays up to several hours at land border crossings, significant daily back-ups for truck shipments at land border ports, passenger processing times may increase by about 50 percent, and there may be up to an additional five days added to cargo inspections at ocean ports of entry. CBP further notes that there could be some eventual delays in providing advice and rulings, as well as an impact on strategic initiatives such as the Automated Commercial Environment (ACE) and the rollout of the Centers of Excellence and Expertise (CEE).

CBP issued the following advice for importers as it continues to manage the effects of sequestration:

- **Pre-filing Entry Data** – CBP strongly advises pre-filing an entry so that it, and other federal agencies, have an opportunity to conduct risk assessments and resolve outstanding issues before the cargo arrives in the U.S.
- **Perishable Commodities** – CBP will continue to process perishable commodities as a top cargo priority.
- **Other Government Agencies** – CBP will work with its partner government agencies that have oversight responsibilities for import and export shipments to minimize the disruption caused by sequestration.
- **CBP Partnership Programs** – At this time, there are no plans to eliminate or reduce trade facilitation benefits for CBP trusted trader participants. Customs-Trade Partnership Against Terrorism (C-TPAT) members will continue to receive priority (“front-of-the-line”) treatment for examinations. Moreover, C-TPAT companies are 4-6 times less likely to undergo an inspection. During the first 30 days of the sequestration (March 1-30) CBP expects minimal delays. However, once the furloughs commence, delays will impact shipments for trusted partners that have been designated for examination.

Going forward, CBP maintains no individual ports would actually close and that the agency would not take shortcuts on security and safety. CBP will be reaching out to advise affected parties of any changes in their operations and procedures.

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