

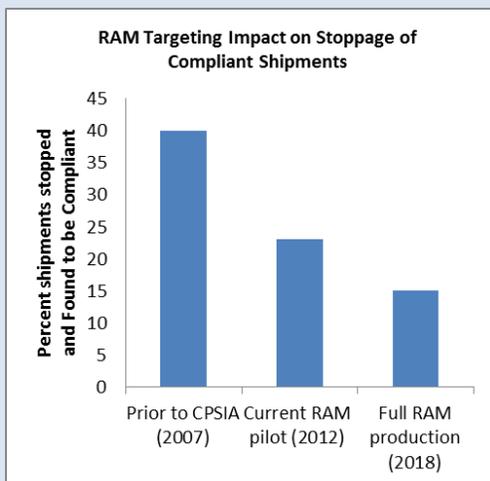


## IMPORT SURVEILLANCE PROOF-OF-CONCEPT PILOT PROTECTING THE PUBLIC AND SUPPORTING COMPLIANT TRADE

**Consumer Product Import Problem:** American consumers run a higher risk of injury and death, and domestic manufacturers are at a competitive disadvantage due, in part, to product imports entering the United States that do not comply with federal safety standards or intellectual property laws. Each day in 2011, nearly \$3.8 billion worth of products under the U.S. Consumer Product Safety Commission’s jurisdiction entered the United States at 327 U.S. ports. Four out of five product recalls in the United States involve an imported product.

**Status Quo:** To monitor consumer product import compliance, the CPSC currently has 20 federal inspectors colocated with U.S. Customs and Border Protection (CBP) at 15 major U.S. ports. With this small workforce, the CPSC was limited to inspecting approximately 18,000 products in FY 2012.

**Limited Proof-of-Concept Pilot Program—Risk Assessment Methodology:** The Consumer Product Safety Improvement Act of 2008 directed the CPSC to create a Risk Assessment Methodology (RAM) to identify products imported into the United States that are most likely to violate consumer product safety statutes and regulations and contain defects. As a part of this effort, a pilot RAM targeting system has been implemented. The pilot system uses existing data collected by U.S. Customs and Border Protection (CBP) and then integrates that data with CPSC surveillance systems. High-risk imports are targeted based on a predetermined rule set and stopped at the port for inspection. If a violation is found, the shipment is denied entry into the United States, resolving a public safety concern before the product enters the marketplace. The intent of the pilot program is to make a modest investment to gather and analyze data for fiscal years 2012 to 2014, to ascertain whether this risk-based approach results in increased effectiveness in our import enforcement efforts.



**Initial Results:** Use of the RAM system was initiated in October 2011, at seven U.S. ports where CPSC staff is colocated with CBP. It was expanded to 15 ports in April 2012. Results of the pilot program have been positive. In 2012, 3.6 million potentially hazardous consumer products were stopped from entering commerce, more than twenty times the products identified by CPSC five years ago (FY2007, 0.17M). In 2007, approximately 40 percent of the shipments stopped by CPSC for further testing were ultimately determined to be compliant. Since the introduction of the RAM pilot CPSC has seen a 17% percent reduction in the amount of compliant cargo held. This improvement occurred while increasing the number of shipments detained at the port by 190%. This increase in productivity is a direct result of the visibility that the RAM

provides to colocated investigators performing risk-based targeting. In addition to providing details about the types of products and parties involved in an importation, the RAM analyzes each shipment's risk, based on criteria developed by the CPSC.

**Threshold Pilot Success Criteria:** The CPSC has established four threshold criteria to gauge the success of the pilot program. Achieving these levels of performance in FY 2014 would constitute significant improvement over the pre-pilot baseline.

**Goal 1: Improve import surveillance targeting**

**effectiveness Measure:** Sample yield per 100 import entries (FY 2013 Target = 26, FY 2014 Target = 30)

**Goal 2: Facilitate legitimate trade**

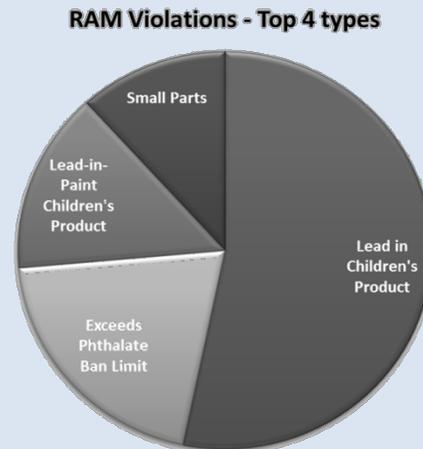
**Measure:** Percentage of import shipments cleared within 1 business day (FY 2013 Target = establish baseline, FY 2014 Target is TBD)

**Goal 3: Improve working effectiveness with U.S. Customs and Border Protection (CBP) to harness existing federal port resources in the interdiction of noncompliant consumer product imports**

**Measure:** Percentage of CPSC import entry hold requests acted on by CBP (FY 2013 Target = establish baseline, FY 2014 Target is TBD)

**Goal 4: Protect U.S. intellectual property consistent with the CPSC's safety mission**

**Measure:** Establish an ITDS/RAM rule set to target intellectual property violations where a health and safety hazard is suspected in consumer product imports (implement in FY 2014)



### Early Success Stories

*Investigators in San Francisco targeted and examined a shipment of hair dryers. The hair dryers lacked the immersion protection plug, a violation that increases the risk of serious injury or death when the product is used near water. The hair dryers were seized by CBP.*

*Investigators in Newark inspected a target shipment of toy doll sets where the doll was suspected to contain banned phthalates, as the importer had a previous violation for phthalates. The shipment was seized by CBP after it was determined to contain such phthalates.*

*The pilot program has also identified several Intellectual Property Rights (IPR) violations that have been referred to CBP for action. Investigators in Savannah targeted and examined a shipment of jewelry. While the shipment was compliant with CPSC regulations, the exam revealed items containing the U.S. Marine Corps Emblem. The importer did not have the authority to use the emblem, and the products were seized.*

*In a February 26, 2013 letter to U.S. Consumer Product Safety Commission Chairman Inez Tenenbaum, the Toy Industry Association (TIA) commended "the CPSC team, homeland security, and other agencies involved in enforcement activities at the ports and in the marketplace," to stop unsafe or counterfeit toys from entering the United States. TIA offered its continued assistance as the CPSC and other government agencies develop and refine procedures at the ports.*

### **Next Steps**

The limited proof-of-concept pilot is currently funded within the CPSC baseline, and no additional funds are being requested in this budget. The CPSC intends to collect data through fiscal year 2014 to refine how the RAM approach materially improves program performance relative to the status quo import interdiction approaches. These pilot results will inform future budget requests for the CPSC and our stakeholders. For the full staff report, go to: [www.cpsc.gov/cpsc/pub/pubs/reports/cpsia222.pdf](http://www.cpsc.gov/cpsc/pub/pubs/reports/cpsia222.pdf).