



September 2022

COVID-19

CBP Acted to Mitigate Challenges Affecting Its Trade Operations

Why GAO Did This Study

CBP monitors, regulates, and facilitates the movement of commodities through U.S. ports. The agency staffs 328 U.S. ports, where goods are imported and exported by truck, rail, plane, and ocean vessel. In fiscal year 2021, CBP processed 36.9 million import shipments and collected approximately \$93.8 billion in duties, taxes, and other fees, including user fees for inspections at U.S. ports.

The CARES Act includes a provision for GAO to conduct monitoring and oversight of the federal response to the pandemic. For this report, GAO (1) analyzed general trends in U.S. international trade since the pandemic's onset, (2) identified steps CBP took to respond to challenges stemming from the pandemic, and (3) determined the extent to which the pandemic has affected CBP's processing and release of import shipments and other operations at U.S. ports.

GAO reviewed CBP documents and analyzed data on overall trends in international trade at U.S. ports. GAO also interviewed private sector representatives and officials at CBP headquarters and at five ports. GAO selected these ports based on geographic diversity, trade levels, and shipment methods.

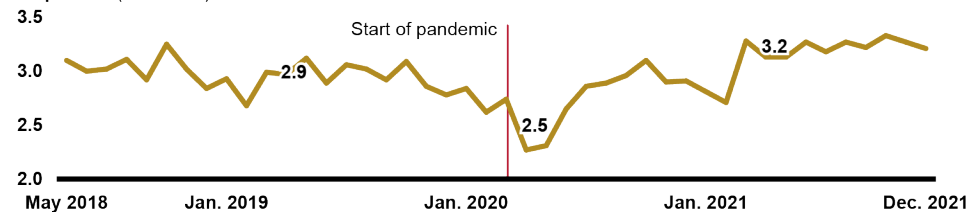
COVID-19

CBP Acted to Mitigate Challenges Affecting Its Trade Operations

What GAO Found

The COVID-19 pandemic caused a shift in U.S. international trade trends. In particular, an initial decline in imports occurred at the pandemic's onset in March 2020, followed by a steep resurgence several months later. According to CBP officials, this resurgence resulted in part from increased e-commerce shipments, as more consumers shopped from home, and increased demand for products such as masks. These increases contributed to a rise in the cost of shipping goods to the U.S., as charges for shipping containers rose. Importers responded to some of these shifts by transitioning from ocean vessel to air freight because of air freight's faster shipping times and lower rates.

Numbers of Import Shipments Processed by CBP, May 2018–Dec. 2021
Shipments (in millions)



Source: GAO analysis of U.S. Customs and Border Protection data. | GAO-22-105034

U.S. Customs and Border Protection (CBP) took a number of steps to respond to challenges stemming from the pandemic. For example, to minimize staff exposure to COVID-19, the agency implemented social distancing, staggered shifts, allowed telework, and required the use of personal protective equipment (PPE), according to agency officials. To maintain continuity of operations, CBP used workplace flexibilities to mitigate staff absences and adapted inspection procedures to account for increased telework. CBP also took steps, including reducing overtime and nonessential travel, to help address steep declines in revenue from user fees, such as fees for inspections of commercial vessels and trucks at U.S. ports. In addition, the agency created the COVID-19 Cargo Resolution Team to facilitate imports and support the U.S. supply of PPE and other COVID-19-related products.

The pandemic has not noticeably affected the timeliness of CBP's processing and release of import shipments, but it has slowed other operations at U.S. ports. In the months before and after the pandemic's onset, CBP processed and released about 97 percent of shipments within 24 hours after they arrived at U.S. ports or after the importers filed required entry documents. The agency uses these documents to calculate taxes, duties, and fees for the imported goods. However, since the pandemic's onset, more importers have filed entry documents on or after, rather than before, their shipments' arrival. According to CBP officials, this has affected certain non-CBP operations. For example, the officials said that because of increased congestion at U.S. ports—with many ships waiting weeks to offload—importers often file the documents and pay any duties and fees only after their goods have been offloaded. Since the ports use the entry documents to schedule non-CBP operations such as offloading and moving of cargo, the later filings of these documents have sometimes slowed such operations, according to CBP officials.

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Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBP	U.S. Customs and Border Protection
CCRT	COVID-19 Cargo Resolution Team
CEE	Centers of Excellence and Expertise
FEMA	Federal Emergency Management Agency
FY	fiscal year
HTS	Harmonized Tariff Schedule of the United States
OFO	Office of Field Operations
PPE	personal protective equipment
USITC	U.S. International Trade Commission

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September 19, 2022

Congressional Committees

The COVID-19 pandemic has affected nearly all aspects of international commerce, including cross-border trade. For example, labor shortages and port congestion led to a severe shortage of available shipping containers, and freight rates reached historic highs in 2021, according to the United Nations Conference on Trade and Development.¹ The container shortage contributed to worldwide supply chain disruptions, with far-reaching consequences for businesses, consumers, and economies.²

The Department of Homeland Security’s U.S. Customs and Border Protection (CBP) monitors, regulates, and facilitates the movement of imported and exported commodities through U.S. ports of entry.³ International trade is a critical component of the U.S. economy. For example, in 2021, imports of goods amounted to approximately \$2.9 trillion and exports amounted to about \$1.8 trillion—nearly 13 percent and 8 percent of U.S. gross domestic product, respectively.⁴

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes a provision for us to monitor and report on the federal response to the pandemic.⁵ In this report, we (1) examine general trends in U.S.

¹United Nations Conference on Trade and Development, *Container Shipping in Times of COVID-19: Why Freight Rates have Surged, and Implications for Policymakers*, Policy Brief No. 84 (Geneva: April 2021), 84.

²U.S. International Trade Commission, “The Impact of the COVID-19 Pandemic on Freight Transportation Services and U.S. Merchandise Imports” in *Shifts in U.S. Merchandise Trade, 2020*, Publication 5239 (Nov. 2021), accessed Mar. 1, 2020, https://www.usitc.gov/research_and_analysis/tradeshifts/2020/special_topic.html.

³At U.S. ports of entry, CBP officers or employees are assigned to review shipments, clear travelers, collect duties, and enforce U.S. import and export laws and regulations. Elsewhere in this report, we refer to ports of entry as ports.

⁴Bureau of Economic Analysis, *U.S. International Trade in Goods and Services*, December 2021.

⁵Pub. L. No. 116-136, § 19010(b), 134 Stat. 281, 580 (Mar. 27, 2020). All of GAO’s reports related to the COVID-19 pandemic are available on GAO’s website at <https://www.gao.gov/coronavirus>.

international trade since the pandemic's onset in March 2020,⁶ (2) identify steps CBP has taken to mitigate challenges associated with administering imports and exports since the pandemic began, and (3) determine the extent to which the pandemic has affected CBP's processing and release of import shipments and other operations at U.S. ports.

To examine general trends in U.S. international trade since the pandemic's onset, we analyzed U.S. Census Bureau⁷ and CBP trade data for May 2018 through December 2021.⁸ To assess the reliability of these data, we reviewed relevant documentation, interviewed knowledgeable CBP officials, and conducted electronic data testing. We determined that the data were sufficiently reliable for our purposes of analyzing international trade trends during the pandemic and selecting a nongeneralizable sample of ports for further review.

To identify steps CBP has taken to mitigate challenges associated with administering imports and exports since the pandemic's onset, we gathered and analyzed data on CBP's collection of user fees as reported in its fiscal year (FY) 2023 Congressional Budget Justification.⁹ We interviewed CBP budget officials about these fees and found the data sufficiently reliable for the purpose of summarizing certain user fee collections in FYs 2017 through 2021. In addition, we spoke with CBP officials in Washington, D.C., and with CBP staff and trade community representatives at five U.S. ports. We selected this nongeneralizable

⁶For the purposes of this report, we date the pandemic's onset to March 11, 2020, when the World Health Organization declared the COVID-19 outbreak to be a global pandemic.

⁷We used publicly available data from the U.S. Census Bureau to characterize trends in trade for May 2018 through December 2021—a period spanning an equal number of months before and after the pandemic's onset—to obtain a balanced view of changes in international trade trends. Our analysis included the value of trade associated with products needed to prevent and address COVID-19 infection, the total value of import and export shipments to the United States, and the cost of importing by various modes of transportation.

⁸We reviewed U.S. Customs and Border Protection (CBP) trade data for May 2018 through December 2021, including the number of import shipments processed at U.S. ports and the number of de minimis shipments (i.e., shipments valued at \$800 or less). De minimis shipments are those that CBP may admit free of duty and any tax imposed on or by reason of importation for which the aggregate fair retail value in the country of shipment of articles imported by one person on one day does not exceed \$800. See 19 U.S.C. § 1321(a)(2)(C) and 19 C.F.R. § 10.151.

⁹In this report, "imports" and "exports" refer to imports and exports of goods.

sample of ports by using criteria such as geographic location, port type (sea, land, or air), and trade value.

To determine whether the pandemic has affected CBP's processing and release of imported shipments or certain other operations at U.S. ports, we reviewed and analyzed CBP data on processing and release of imported shipments from May 2018 through December 2021.¹⁰ To assess the reliability of these data, we reviewed relevant documentation, spoke with knowledgeable CBP officials, and conducted electronic testing of data. We determined that the data were sufficiently reliable for our purpose of analyzing the timing of importers' filing of certain customs documents and the amount of time CBP took to process and release import shipments. In addition, we interviewed CBP officials and trade community representatives at the five selected ports.

See appendix I for further information about our scope and methodology.

We conducted this performance audit from April 2021 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

As the primary agency involved in monitoring, regulating, and facilitating the flow of goods through U.S. ports of entry, CBP reviews import shipments to determine whether they should be inspected for compliance with U.S. laws and regulations. CBP's process for reviewing, inspecting, and releasing shipments to importers occurs in three phases: pre-entry, entry, and post-entry.¹¹

¹⁰We reviewed CBP trade data for May 2018 through December 2021, including the total number of shipments for which importers submitted required entry documentation on or after the shipments' arrival and the percentage of import shipments that CBP processed and released within 24 hours.

¹¹CBP contributes to facilitating both imports and exports, but the majority of its trade facilitation and enforcement work focuses on imports to the United States, according to CBP officials. Depending on the type of product being imported, other U.S. federal agencies may also have roles in examining shipments and taking enforcement actions. For instance, the U.S. Fish and Wildlife Service examines selected imports that fall within its jurisdiction.

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- **Pre-entry.** CBP collects advance information about shippers, importers, and cargo to evaluate shipments for potential import security and trade enforcement risks.¹² Before a shipment's departure from its point of origin, the carrier generally must electronically submit a manifest¹³ in CBP's Automated Commercial Environment.¹⁴ For shipments imported by sea, importers are also generally required to submit an importer security filing.¹⁵ This information feeds into CBP's Automated Targeting System, which screens the shipment information against intelligence from CBP's National Targeting Center and other intelligence and law enforcement databases. The Automated Targeting System assigns each shipment a risk-based score. CBP reviews the submitted documents and the shipment's risk score to determine whether to release or inspect the cargo on its arrival.
 - **Entry.** According to CBP officials, the agency reviews all shipments entering the United States to determine whether an inspection is necessary. If the importer has submitted documentation known as an entry filing, CBP either releases the cargo to the importer or pulls the cargo for inspection.¹⁶ CBP inspections determine whether legal or regulatory violations have occurred. If an inspection identifies no violations, CBP releases the shipment to the importer. If the importer has not submitted an entry filing, CBP holds the cargo in bonded warehouses until the importer submits the entry filing or CBP seizes the abandoned cargo, according to CBP officials.

¹²See CBP, *CBP Trade Strategy: Fiscal Years 2009-2013* (Washington, D.C.: 2009).

¹³When required, importers and carriers must provide a manifest that documents the names and addresses of shippers and consignees; detailed descriptions of the goods being imported; information about the carrier; and information about the day, time, and port of arrival. Specific filing requirements differ, depending on a number of criteria, including the mode of entry (air, land, or sea) or the country of origin of the goods. See 19 C.F.R. Parts 4, 122-123.

¹⁴CBP's Automated Commercial Environment is a system through which the trade community reports imports and exports and the government determines imports' admissibility.

¹⁵Importer security filings require information such as the shipment's country of origin, manufacturer, and seller and must be submitted to CBP no later than 24 hours before the cargo is loaded on a vessel destined for the United States. 19 C.F.R. § 149.2.

¹⁶Submission of an entry filing—CBP Form 3461—initiates the cargo release process and is typically required before CBP can release cargo. Generally, when entry documentation is required, an importer may submit an entry filing before, on, or after the shipment's arrival. 19 C.F.R. §§ 142.2 and 142.3.

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- **Post-entry.** Within 10 working days after the time of entry, importers generally must file an entry summary and deposit estimated duties if these requirements have not been met.¹⁷ CBP uses the entry summary to calculate customs duties and make an initial assessment of taxes, fees, and duties owed.¹⁸ The agency may conduct a follow-up review of the entry summary to verify the importer's compliance with trade laws and estimates of import taxes, fees, and duties.

International Trade Trends Shifted after Onset of Pandemic

Imports Initially Declined before Surpassing Prepandemic Levels

After the pandemic's onset in March 2020, the number of U.S. import shipments declined for several months before rebounding to exceed prepandemic levels. According to CBP officials, country-wide shutdowns, first in Asia and then in the United States, caused this drop in the number of import shipments in the initial months of the pandemic. Import shipments began to increase as countries reopened, and e-commerce activity and consumer demand increased exponentially in mid-2020. In September 2020, the number of import shipments largely began to exceed the number before the pandemic.

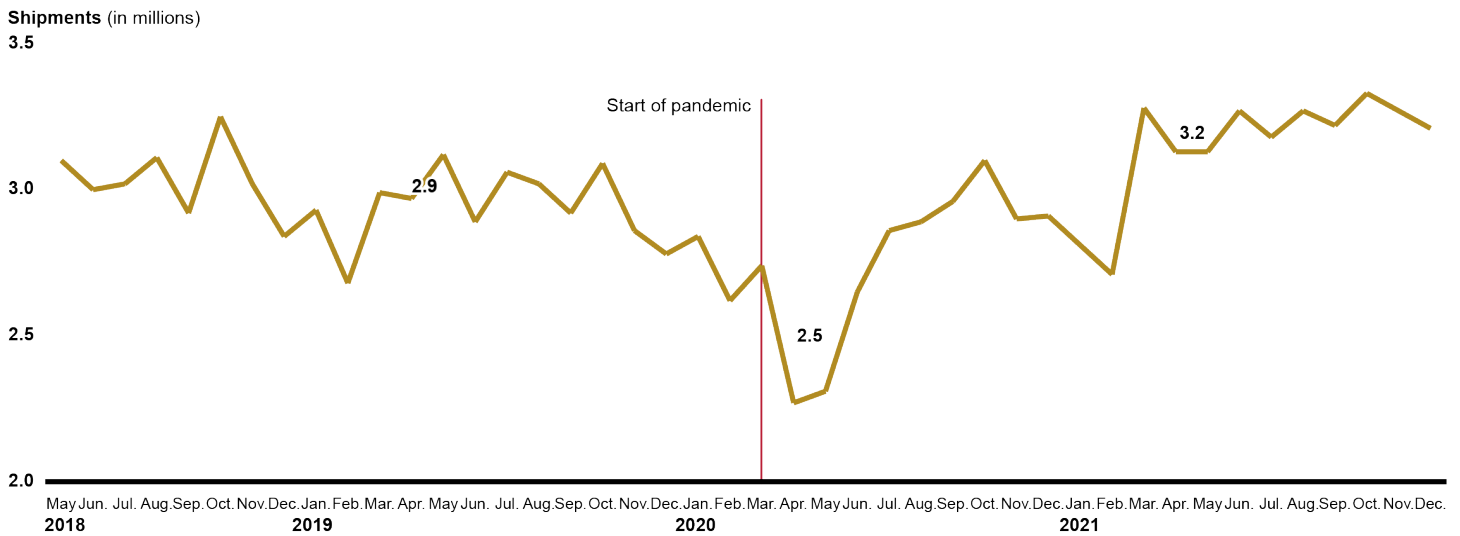
CBP trade data show that at the beginning of the pandemic, from March 2020 through June 2020, CBP processed a total of 10 million import shipments—20 percent fewer than the 12 million it processed over the same period in 2019. A year later, from March 2021 through June 2021, CBP processed a total of 13 million import shipments—7 percent and 28 percent more, respectively, than the number processed during the same months in 2019 and 2020. In December 2021, CBP processed 15 percent more import shipments than it processed in December 2019.

Figure 1 shows the total number of import shipments CBP processed each month from May 2018 through December 2021.

¹⁷If an importer is not required to, or chooses not to, file an entry summary at the time of entry, the importer must file the entry summary, with estimated duties attached, within 10 working days after the time of entry. 19 C.F.R. § 142.12. See also 19 C.F.R. § 141.68 regarding time of entry.

¹⁸An entry summary consists of CBP Form 7501.

Figure 1: Total Monthly Number of Import Shipments Processed by CBP, May 2018–Dec. 2021



Source: GAO analysis of U.S. Customs and Border Protection data. | GAO-22-105034

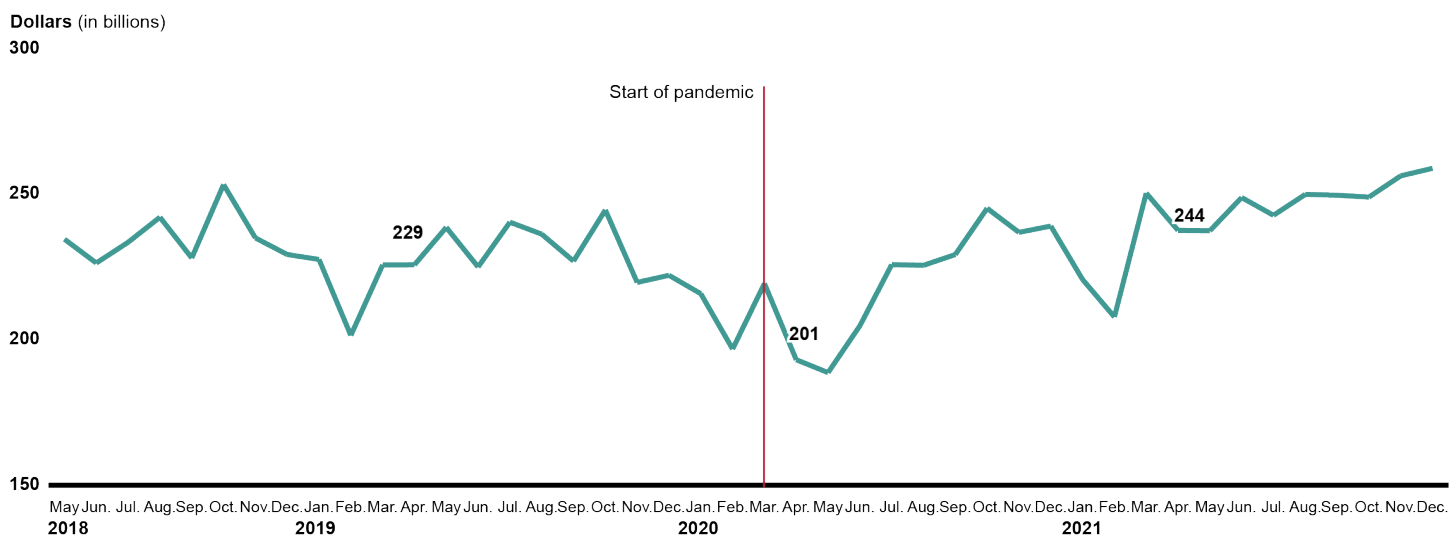
Note: Numbers of shipments shown represent those for which CBP processed an entry filing (CBP Form 3461). An entry filing provides information about a shipment from an overseas supplier to an importer in the United States, including country of origin, product information, entry date, quantity being imported, and dollar value.

Census Bureau trade statistics show that the total monthly value of import shipments also declined at the pandemic’s onset before surpassing prepandemic levels.¹⁹ According to CBP officials, the total monthly value of all goods imported to the United States (i.e., import value) declined after the pandemic’s onset, when factories and countries shut down, then resurged as online shopping and demand for personal protective equipment (PPE) increased. Census trade data show that from March 2020 through August 2020, monthly import values remained below their prepandemic levels. Beginning in September 2020, total monthly import values began to exceed those in the same month of the year before the pandemic’s onset. For instance, in September 2020, the total import value was 1 percent higher than in September 2019; in December 2021, the total import value was 17 percent higher than in December 2019.

¹⁹We express import values in U.S. dollars to characterize trends in import volume and to establish trends in a single unit of measure. Since the unit of measure for volume (e.g., kilogram or quantity) may differ across products, using quantity to accurately portray trends in import volume is not feasible. We have adjusted all import values for inflation, using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics.

Figure 2 shows the total monthly value of imported goods from May 2018 through December 2021.

Figure 2: Total Monthly Value of Imported Goods, May 2018–Dec. 2021



Source: GAO analysis of Census trade statistics. | GAO-22-105034

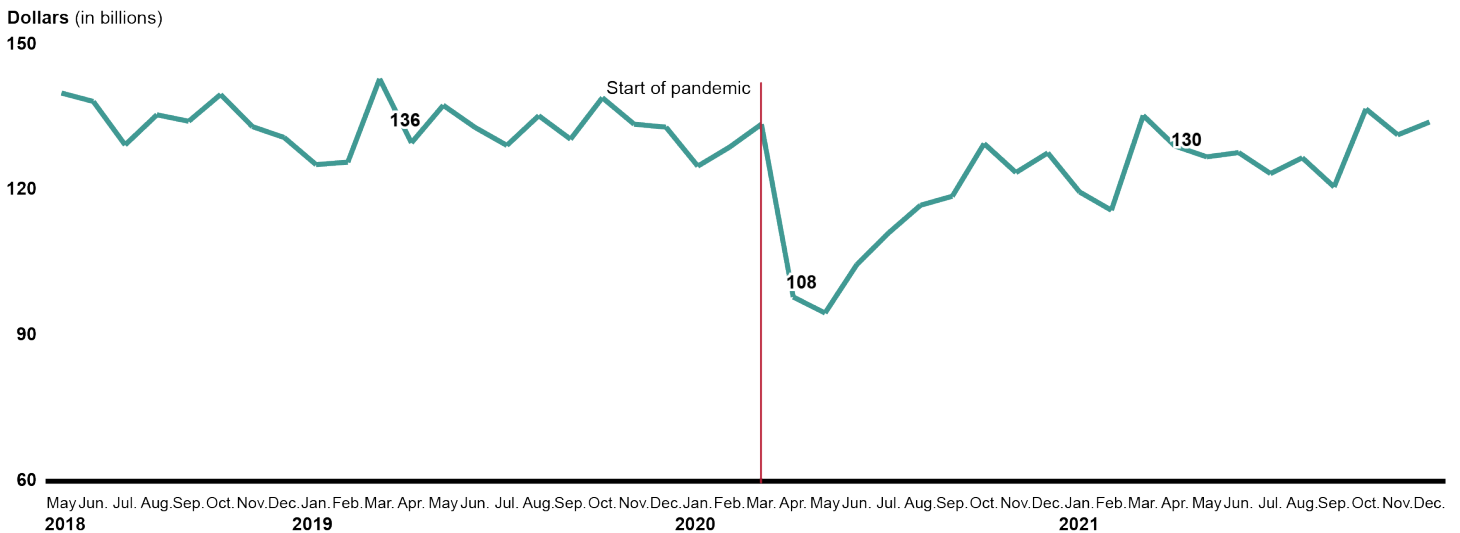
Note: The Census Bureau's import data contain information about the total monthly value of all imported shipments that cleared U.S. customs. Census cannot reliably account for shipments valued below \$2,000; therefore, to improve the coverage, timeliness, and relevance of its trade statistics for international goods, Census uses statistical methodologies to account for imported shipments valued at less than \$2,000. We have adjusted all import values for inflation, using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics.

Exports Also Declined before Rebounding to Prepandemic Levels

The total monthly value of U.S. exports also dipped significantly after the pandemic's onset before rebounding and surpassing prepandemic export levels late in 2021.²⁰ The United States exported \$430 billion of goods from March 2020 through June 2020—26 percent less than the \$543 billion of goods exported over the same period in 2019. One year later, the United States exported \$519 billion of goods from March 2021 through June 2021—4 percent more than the value of goods exported over the same period in 2019. In December 2021, U.S. exports were 1 percent higher than in December 2019.

Figure 3 shows total monthly value of U.S. exports from May 2018 through December 2021.

Figure 3: Total Monthly Value of U.S. Exports, May 2018–Dec. 2021



Source: GAO analysis of Census trade statistics. | GAO-22-105034

Note: The Census Bureau's import data contain information about the total monthly value of all shipments exported from the United States. Census cannot reliably account for shipments valued below \$2,500; therefore, to improve the coverage, timeliness, and relevance of its trade statistics for international goods, Census uses statistical methodologies to account for exported shipments valued at less than \$2,500. We have adjusted all export values for inflation, using December 2021 as the base month and using monthly export price indices from the Bureau of Labor Statistics.

²⁰We express export values in U.S. dollars to characterize trends in export volume and to establish trends in a single unit of measure. Since the unit of measure for volume (e.g., kilogram or quantity) may differ across products, using quantity to accurately portray trends in export volume is not feasible. We have adjusted all export values for inflation, using December 2021 as the base month and using monthly export price indices from the Bureau of Labor Statistics.

Import Shipments Valued at \$800 or Less Have Risen Sharply since Pandemic's Onset

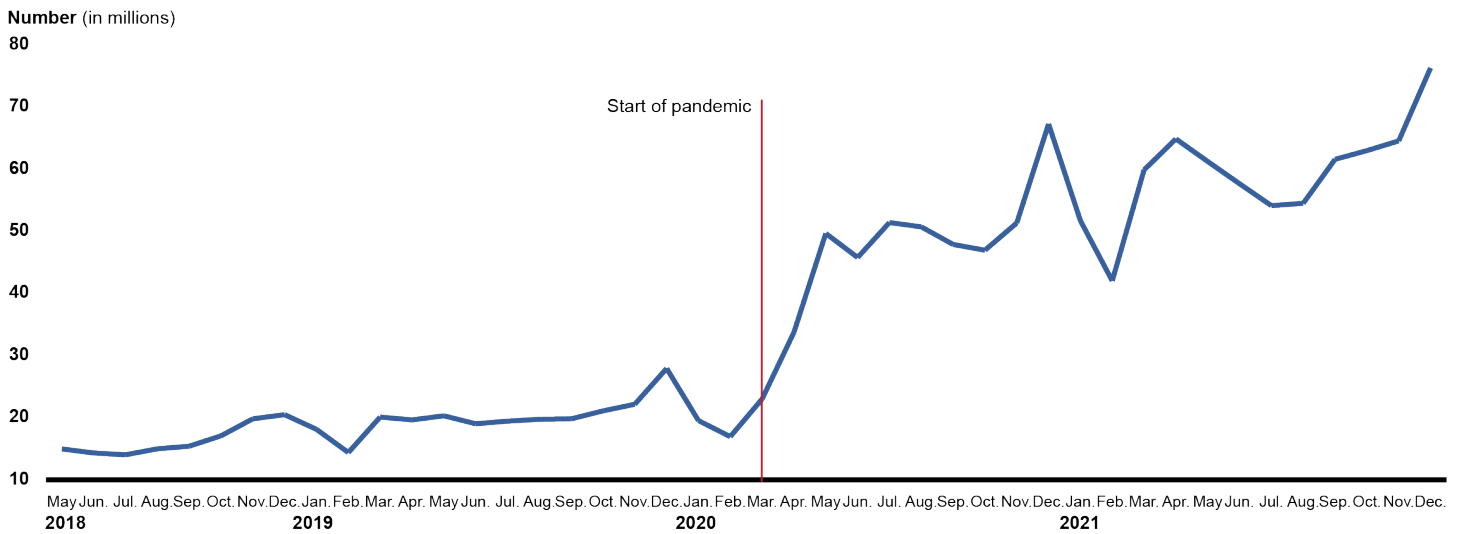
According to CBP data, the total monthly number of de minimis imports (i.e., shipments with a value of \$800 or less that are processed at U.S. ports and imported by one person on 1 day) has risen since the pandemic's onset.²¹ From May 2018 through February 2020—before the pandemic's onset—month-to-month growth in the number of de minimis imports averaged roughly 2 percent; from March 2020 through December 2021—after the pandemic's onset—month-to-month growth in these shipments averaged over 8 percent.

CBP data show that the number of de minimis imports more than doubled, from 23 million to more than 51 million, from March through July 2020 and rose by another 50 percent, from 51 million to 76 million, from July 2020 through December 2021. From December 2019 through December 2021, the number of de minimis imports increased by 173 percent.

Figure 4 shows the total number of de minimis import shipments CBP processed each month from May 2018 through December 2021.

²¹According to CBP officials, the volume of de minimis shipments (also known as Section 321 shipments) began increasing before the pandemic largely as a result of an increase in the de minimis value from \$200 to \$800 under the Trade Facilitation and Trade Enforcement Act of 2015. Pub. L. No. 114-125, § 901(c), 130 Stat. 223 (Feb. 24, 2016). This section amended section 321(a)(2)(C) of the Tariff Act of 1930, which is codified as amended at 19 U.S.C. § 1321(a)(2)(C).

Figure 4: Total Monthly Number of U.S. Import Shipments Valued at \$800 or Less, May 2018–Dec. 2021



Source: GAO analysis of U.S. Customs and Border Protection data. | GAO-22-105034

Note: We calculated the numbers shown by counting all shipments with bills of lading for less than or equal to \$800 for each month.

Several CBP officials we spoke with attributed the rise in de minimis imports to an increase in e-commerce during the pandemic. For example, according to the officials, Los Angeles International Airport, which processes 40 percent of all U.S. de minimis import shipments, processed an exponentially greater number of de minimis shipments after the pandemic's onset. The officials told us that the airport processed 7 million e-commerce shipments in FY 2019, 54 million in FY 2020, and 144 million in FY 2021. As of December 2021, the port's e-commerce totals for FY 2022 had already surpassed the totals for FY 2021. CBP officials said that e-commerce now accounts for the vast majority of shipments entering the United States.

Imports of Products to Prevent or Address COVID-19 Infection Increased

The pandemic triggered an increase in the volume and value of imports of products used to prevent, diagnose, or treat COVID-19 infection, such as PPE, testing kits, and ventilators.²² The total monthly value of such imports averaged \$12.5 billion from May 2018 through February 2020, rising to an average of \$16.6 billion from March 2020 through December 2021.²³ Imports of COVID-19-related products accounted for 5 percent of overall import value from May 2018 through February 2020 and 7 percent from March 2020 through December 2021.²⁴

Imports of PPE drove the surge in COVID-19-related imports in the pandemic's initial months.²⁵ The total monthly value of PPE imports increased by roughly 540 percent, from \$832 million in February 2020 to \$5.3 billion in June 2020. PPE imports accounted for 7 percent of the value of all COVID-19-related imports from May 2018 through February 2020, increasing to 16 percent from March 2020 through December 2021. Figure 5 shows the total monthly value of COVID-19-related imports from May 2018 through December 2021.

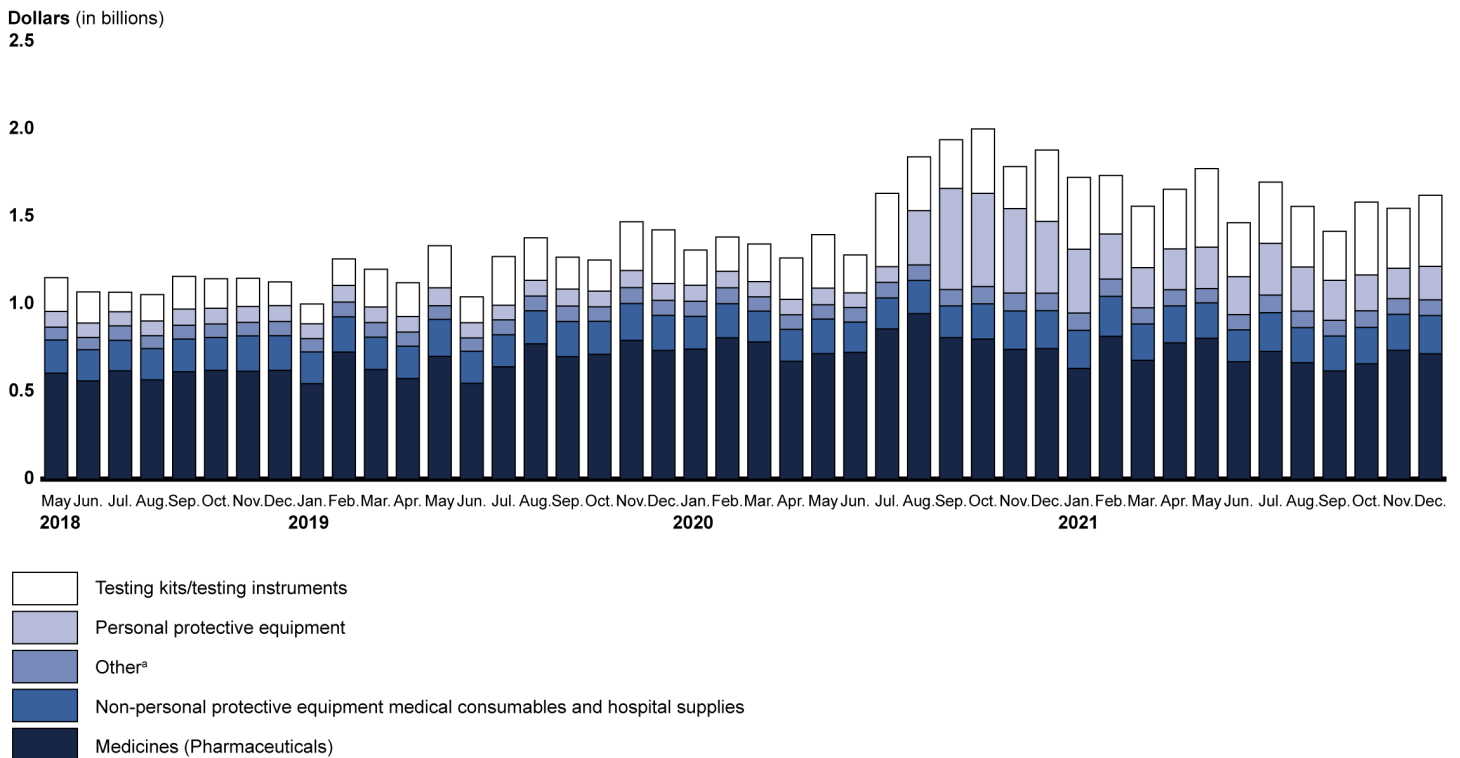
²²For more information about factors influencing import trends in various types of COVID-19-related products, see U.S. International Trade Commission, *COVID-19 Related Goods: The U.S. Industry, Market, Trade and Supply Chain Challenges*, Investigation No. 332-580 (December 2020).

²³U.S. Census Bureau trade statistics—a widely used source analyzing U.S. international trade—do not contain precise data on import values of COVID-19-related products. As a result, we estimated the import value of all product types and categories within those types, using Harmonized Tariff Schedule of the United States (HTS) statistical reporting numbers and associated product groupings listed by the U.S. International Trade Commission (USITC). See U.S. International Trade Commission, *COVID-19 Related Goods: U.S. Imports and Tariffs*, Investigation No. 332-576, USITC Publication 5073 (Washington, D.C.: June 2020). For more information about factors influencing import trends in various types of COVID-19-related products, see U.S. International Trade Commission, *COVID-19 Related Goods: The U.S. Industry, Market, Trade and Supply Chain Challenges*, Investigation No. 332-580 (December 2020).

²⁴See [GAO-22-105397](#) for more information.

²⁵For the purposes of this report, we refer to products used to prevent, diagnose, or treat COVID-19 infection as COVID-19-related products.

Figure 5: Total Monthly Value of U.S. COVID-19-Related Imports, May 2018–Dec. 2021



Source: GAO analysis of Census trade statistics. | GAO-22-105034

Notes: U.S. Census Bureau trade statistics—a widely used source of analysis of U.S. international trade—do not contain precise data on the import value of COVID-19-related products. As a result, we estimated the import value for all product types and categories within those types, using Harmonized Tariff Schedule of the United States (HTS) statistical reporting numbers and associated product groupings listed by the U.S. International Trade Commission (USITC). See U.S. International Trade Commission, COVID-19 Related Goods: U.S. Imports and Tariffs, Investigation No. 332-576, USITC Publication 5073 (Washington, D.C.: June 2020).

Product categories that USITC identified as COVID-19 related refer only to the subset of goods considered to be COVID-19 related in each HTS-10 statistical reporting number. Furthermore, revisions to the HTS on July 1, 2020; January 1, 2021; and July 1, 2021, provided several new HTS-10 statistical reporting numbers that more narrowly defined some COVID-19-related product categories.

To study the import value of these products throughout and before the COVID-19 pandemic, we identified product categories that had changed since June 2020 and mapped them back to their original statistical reporting number in USITC Publication 5073 to provide a consistent time-series of monthly trade in these products. Therefore, the values shown overestimate the imports of products directly relevant to COVID-19 response; nevertheless, these values are useful for tracking import value trends for such products throughout and before the start of the COVID-19 pandemic.

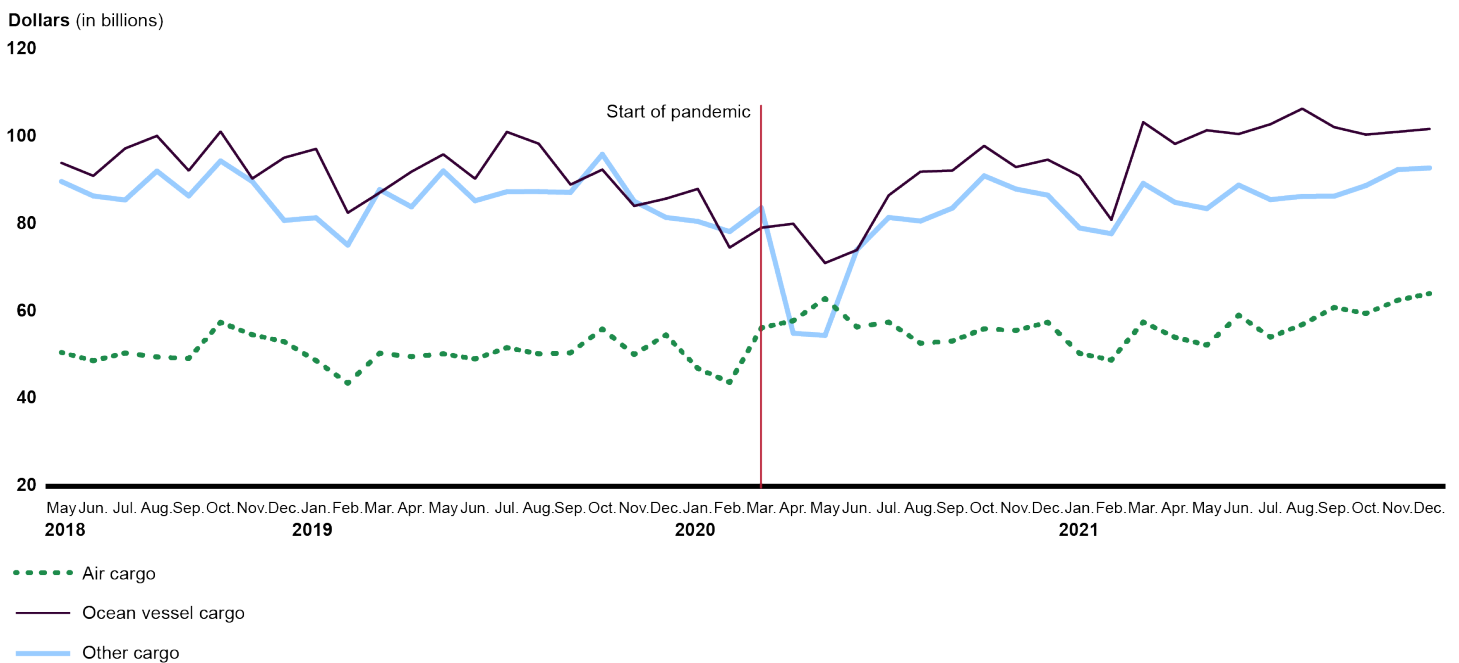
We have adjusted all import values for inflation, using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics.

*Examples of products included in the “Other” category include hospital beds and wheelchairs.

Imports Shifted from Ocean Vessel and Other Means to Air Cargo Early in Pandemic

Our review of Census trade statistics showed that the total monthly value of U.S. imports arriving by ocean vessel and other means, such as rail or truck, dropped immediately after the pandemic's onset, while the total monthly value of imports arriving by air cargo increased slightly (see fig. 6). In February 2020, 22 percent of imports' total value arrived by air cargo, while 78 percent arrived by ocean vessel or other means. By May 2020, 33 percent of imports' total value arrived by air cargo. The average monthly value of products imported by air cargo rose from \$50 billion for the period from May 2018 through February 2020 to \$57 billion for the period from March 2020 through December 2021.

Figure 6: Total Monthly Value of U.S. Imports, by Mode of Transportation, May 2018–Dec. 2021



Source: GAO Analysis of Census Trade Statistics. | GAO-22-105034

Note: The Census Bureau's import data contain information about the total monthly value of all imported shipments that cleared U.S. customs. Census cannot reliably account for shipments valued below \$2,000; therefore, to improve the coverage, timeliness, and relevance of its trade statistics for international goods, Census uses statistical methodologies to account for imported shipments valued at less than \$2,000. We have adjusted all import values for inflation, using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics. We calculated import value for "other cargo" by subtracting the value of imports by ocean vessel cargo and air cargo from total import value.

Despite initial challenges in acquiring COVID-19-related products by air, a majority of such products were imported by air cargo instead of ocean vessel in the pandemic's early months. According to the U.S. International

Trade Commission (USITC), the shortage of passenger flights made it difficult to acquire COVID-19-related products through air cargo in the first days of the pandemic.²⁶ However, airlines responded to the shortage by increasing the number of dedicated air freighters to offset the decline in passenger cargo, and some airlines removed seating in passenger planes to create more space for cargo transport.²⁷ According to CBP officials, some importers of COVID-19-related products also shifted from ocean freight to air cargo early in the pandemic to take advantage of empty passenger planes and ad hoc flights.²⁸

In addition, the Federal Emergency Management Agency's (FEMA) Project Airbridge—an effort to expedite imports of critical supplies—began chartering air freighter flights from overseas, expanding importers' options for acquiring COVID-19-related products by air cargo.²⁹ According to FEMA, from March 29 through June 18, 2020, the agency completed 249 flights through Project Airbridge facilitating imports of nearly 1.5 million N-95 masks, more than 2.5 million face shields, and 937 million gloves.

Significant increases in maritime shipping costs also contributed to the rise in imports via air cargo. According to knowledgeable industry representatives, an increase in the price of ocean containers—from \$5,000 to \$25,000 per container in some cases—had a large influence on importers' transitioning from ocean vessel to air cargo. The price of air cargo also rose, but more moderately.

U.S. imports of COVID-19-related products by air cargo averaged \$8.3 billion monthly from May 2018 through February 2020. This amount increased to \$12.8 billion for the period from March through June 2020

²⁶U.S. International Trade Commission, "The Impact of the COVID-19 Pandemic on Freight Transportation Services and U.S. Merchandise Imports," accessed June 27, 2022, https://www.usitc.gov/research_and_analysis/tradeshifts/2020/special_topic.html.

²⁷Air cargo can arrive in the hold, or "belly," of a passenger plane (known as belly cargo) or as dedicated air freight on a flight whose sole purpose is to deliver cargo.

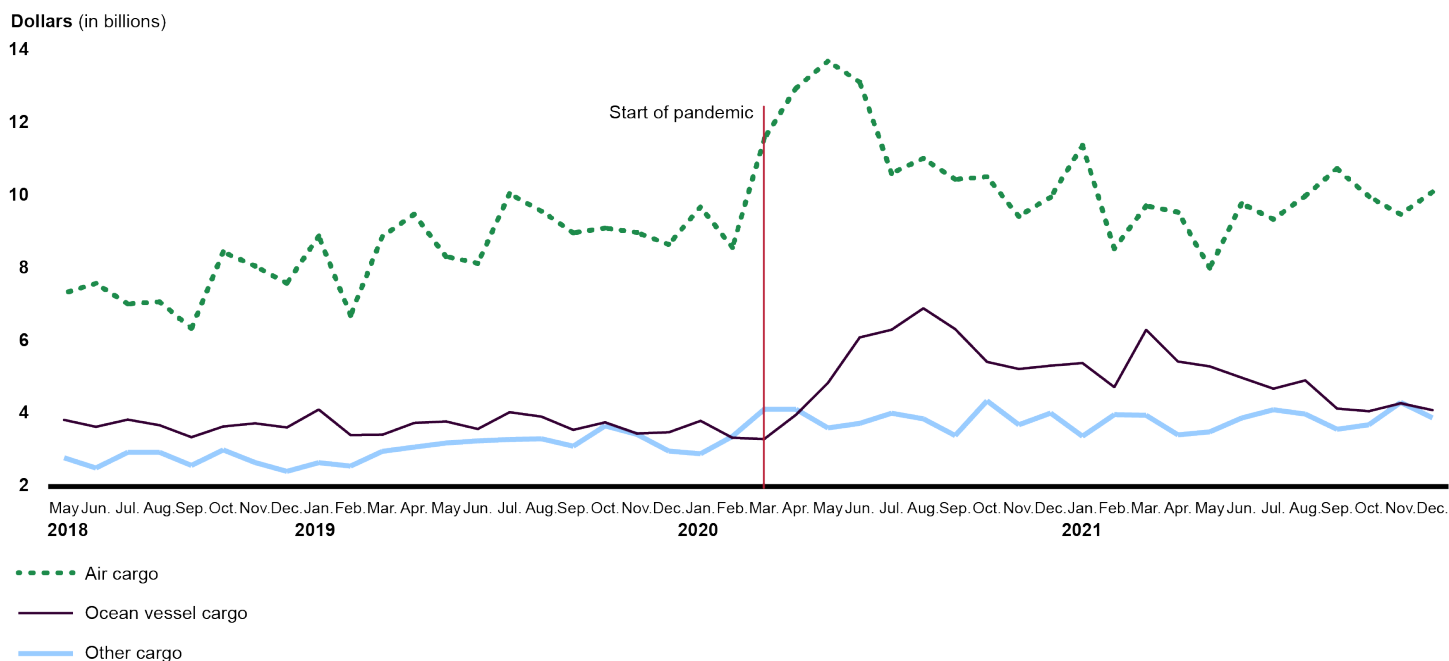
²⁸Ad hoc flights are nonscheduled flights on aircraft leased by logistics companies that contract with shippers.

²⁹Project Airbridge was a joint public-private sector effort led by FEMA. According to CBP officials, PPE shipments imported by ocean vessel can take weeks, while shipments by air take only hours. The project began in March 2020 and ended in June 2020.

before declining to \$9.9 billion for the period from July 2020 through December 2021.

Figure 7 shows the total monthly value of COVID-19-related products imported by air cargo, ocean vessel, and other modes of transportation from May 2018 through December 2021.

Figure 7: Total Monthly Value of U.S. COVID-19-Related Imports, by Mode of Transportation, May 2018–Dec. 2021



Source: GAO analysis of Census trade statistics. | GAO-22-105034

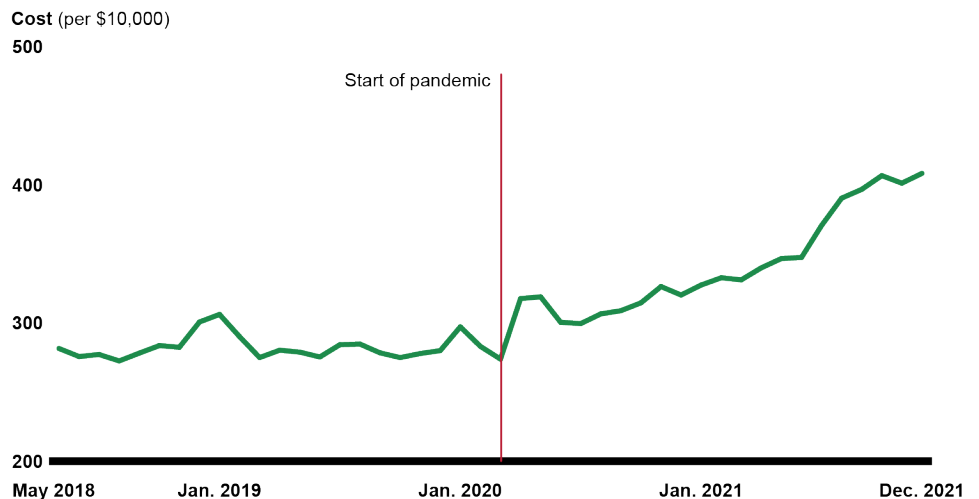
Note: The Census Bureau’s import data contain information about the total monthly value of all imported shipments that cleared U.S. customs. Census cannot reliably account for shipments valued below \$2,000; therefore, to improve the coverage, timeliness, and relevance of its trade statistics for international goods, Census uses statistical methodologies to account for imported shipments valued at less than \$2,000. We have adjusted all import values for inflation, using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics. We calculated import values for “other cargo” by subtracting the value of imports via ocean vessel cargo and air cargo from total import values.

Higher Shipping Costs Drove Up Overall Import Costs

During the pandemic, higher shipping costs led to an increase in overall import costs.³⁰ Our analysis of Census Bureau trade data found that importers' shipping costs averaged \$283 per \$10,000 of goods imported from May 2018 through February 2020. From March 2020 through December 2021, average shipping costs increased by 20 percent, to \$340 per \$10,000 dollars imported. Import charges per \$10,000 of goods remained stable from May 2018 through February 2020 but increased by 49 percent from March 2020 through December 2021.

According to CBP officials, the initial increase in shipping costs was directly related to the high volumes of PPE coming into the United States. For example, because customers were willing to pay higher prices for PPE, shipping companies began to charge higher prices, which in turn drove overall import costs higher. As figure 8 shows, import costs increased steadily through December 2021.

Figure 8: Monthly U.S. Import Costs, Jan. 2018–Dec. 2021



Source: GAO analysis of Census trade statistics. | GAO-22-105034

Notes: The Census Bureau's import data contain information about total monthly import charges paid for all imported shipments that cleared U.S. customs. Census cannot reliably account for shipments valued below \$2,000; therefore, to improve the coverage, timeliness, and relevance of its trade

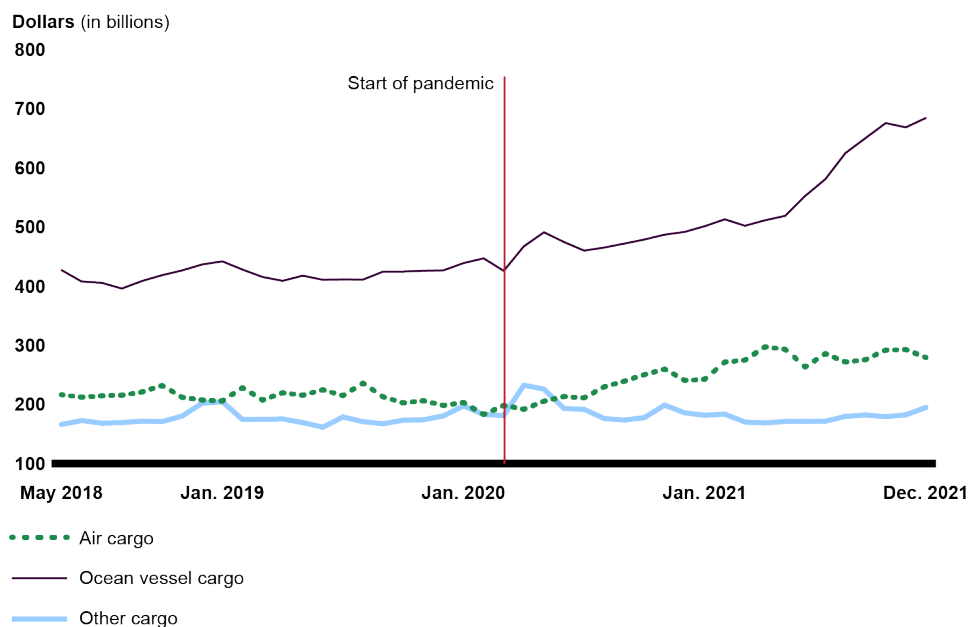
³⁰These import costs represent freight, insurance, and other charges (excluding U.S. import duties) incurred in loading the goods on the carrier at the port of export and unloading the goods from the carrier at the first U.S. port. For overland shipments originating in Canada or Mexico, import costs include freight, insurance, and all other charges, costs, and expenses incurred in bringing the goods from the point of origin (i.e., where the shipment of goods begins its journey to the United States) in Canada or Mexico to the first U.S. port.

statistics for international goods, Census uses statistical methodologies to account for imported shipments valued at less than \$2,000. We have adjusted all import costs for inflation, using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics.

The import costs shown represent the aggregate of all freight, insurance, and other charges (excluding U.S. import duties) incurred in loading the goods on the carrier at the foreign port of export and unloading the goods from the carrier at the first U.S. port of entry. For overland shipments originating in Canada or Mexico, import costs include freight, insurance, and all other charges, costs, and expenses incurred in bringing the goods from the point of origin in Canada or Mexico to the first U.S. port of entry.

According to an analysis by the USITC, shipping costs for ocean vessels began to rise in June 2020 because of recovering consumer demand for goods as well as container shortages.³¹ As figure 9 shows, increased shipping costs for air cargo and ocean vessels drove the increase in overall shipping costs after the pandemic began.

Figure 9: U.S. Import Shipping Costs, by Mode of Transportation, May 2018–Dec. 2021



Source: GAO analysis of census trade statistics. | GAO-22-105034

Notes: The Census Bureau’s import data contain information about total monthly shipping costs paid for all imported shipments into the United States. Census cannot reliably account for shipments valued below \$2,000; therefore, to improve the coverage, timeliness, and relevance of its trade statistics for international goods, Census implements statistical methodologies to account for imported shipments valued at less than \$2,000. We have adjusted all shipping costs for inflation,

³¹U.S. International Trade Commission, “The Impact of the COVID-19 Pandemic on Freight Transportation Services and U.S. Merchandise Imports.”

using December 2021 as the base month and using monthly import price indices from the Bureau of Labor Statistics. We calculated shipping costs for other cargo by subtracting import costs for shipments via vessel cargo and air cargo from total import costs. Shipping costs include freight, insurance, and other charges, excluding duties.

According to the Federal Reserve of St. Louis, the average global market price of shipping a 40-foot container increased from about \$1,330 in the first week of February 2020 to about \$11,100 in the second week of September 2021. In the beginning of 2022, the average price of shipping a container of goods across the Pacific Ocean was eight to nine times higher than the average price before the pandemic, according to Freightos, a digital booking platform for international shipping. Shipping rates across the Pacific Ocean declined by 30 percent in May 2022 (to an average of \$10,672 per container) but remained roughly 35 percent higher than shipping rates in early summer 2021, according to Freightos.

The increase in the cost of shipping containers caused the costs of ocean shipping to rise more sharply than the costs of shipping by alternative modes of transportation. From May 2018 through December 2021, average monthly charges per \$10,000 of goods imported by ocean vessel rose by 26 percent, from \$421 for May 2018 through February 2020 to \$532 for March 2020 through December 2021, according to Census trade data. In contrast, average monthly charges per \$10,000 of goods imported by air cargo rose by 19 percent, from \$213 for May 2018 through February 2020 to \$253 for March 2020 through December 2021. For imports by other means, including rail and truck, average monthly charges per \$10,000 of goods rose by 5 percent, from \$175 for May 2018 through February 2020 to \$185 for March 2020 through December 2021.

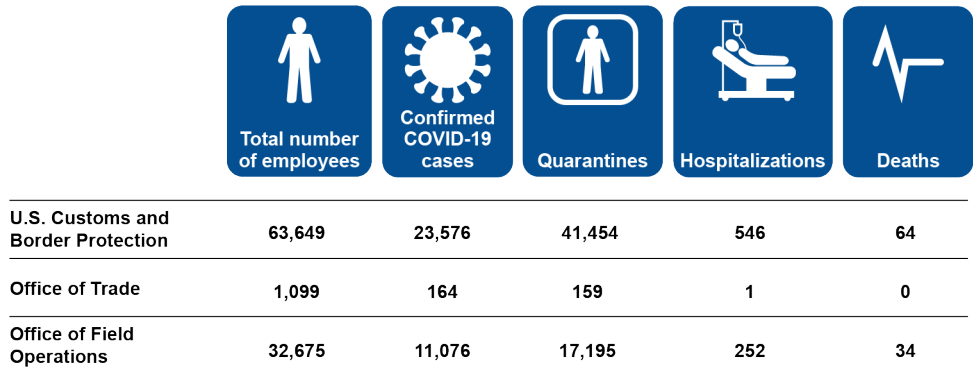
CBP Took Various Actions to Address Challenges Stemming from the Pandemic

CBP Acted to Help Mitigate Staffs' Risk of COVID-19 Exposure

According to CBP officials, CBP has taken several actions to limit its employees' exposure to COVID-19. As frontline workers, CBP officers have performed public-facing duties throughout the pandemic, and some have contracted COVID-19 (see fig. 10). According to CBP officials, CBP instituted a variety of changes to mitigate staffs' risk of exposure, including social distancing, mandatory PPE requirements, staggered shifts, alternative work schedules, and teleworking. CBP also authorized

weather and safety leave to reduce the number of individuals in a given location, according to CBP officials.³²

Figure 10: COVID-19 Cases, Quarantines, Hospitalizations, and Deaths in CBP’s Office of Trade and Office of Field Operations, March 2020–March 2022



Source: GAO analysis of U.S. Customs and Border Protection data. | GAO-22-105034

Note: The Office of Trade facilitates legitimate trade, enforces law, and protects the national economy to ensure consumer safety and create a level playing field for U.S. businesses. The Office of Field Operations conducts inspections and enforces immigration and customs laws at U.S. ports.

In addition, CBP modified certain processes and procedures to prevent the spread of COVID-19. For example, at the Port of Laredo, CBP limited person-to-person contact between truck drivers and staff by expanding the use of available technologies, such as by requiring truckers to use CBP’s preexisting online payment system instead of cash, according to officials. As of January 2022, the port was conducting virtually no cash transactions, according to officials.

CBP Acted to Maintain Continuity of Operations

CBP Took Steps to Ensure Adequate Staffing

To address COVID-19-related staff absences, CBP used flexible work policies, including overtime, temporary staff assignments, telework, and temporary or permanent reallocation of staff. For example, officials at ports said they were able to use 29-day temporary duty assignments and overtime to compensate for staff shortages. CBP also offered maximum telework to staff whose duties could be performed while teleworking, according to CBP officials. Uniformed officers with public-facing duties

³²Weather and safety leave allows executive agencies to approve paid leave if certain conditions prevent their employees from safely performing work at an approved location. See 5 U.S.C. § 6329c.

continued to work in person, while nonessential ununiformed officers worked remotely.

In addition, according to CBP officials, relatively low passenger volumes during the pandemic allowed the agency to reallocate officers from passenger processing to cargo processing to meet the heightened demand created by the increase in e-commerce shipments. Officials at one port also told us that CBP added permanent positions to cargo services during the FY 2021 annual job bid cycle. According to officials and private sector representatives, employee absences related to COVID-19 had not significantly affected operations, as job sites had adjusted to meet staffing needs.

CBP worked with private sector warehouse operators to address staffing shortages that affected its operations, particularly those related to timely delivery, presentation, and removal of cargo for inspection. According to CBP officials, the Port of Los Angeles had a backlog of containers in May and June 2020 due to warehouse staffing issues. These officials reported that warehouse operators had reduced their staff when cargo drastically declined at the beginning of the pandemic, which led to a lack of available staff when cargo volumes increased after a few months. According to CBP officials, CBP met with the warehouse operators to remind them of their contractual commitments and the necessity of appropriate staffing to meet CBP's needs, and the issue was resolved within 3 to 4 weeks.

CBP Adapted Inspection Operations to Address Increased Telework

CBP port officials told us that when import and entry specialists from CBP's Centers of Excellence and Expertise (CEE) started working remotely, CBP uniformed officers had to assume some of those specialists' duties.³³ Before the pandemic, import specialists often participated in on-site inspections of certain products under their purview (i.e., medical supplies, electronics, and machinery) or other targeted inspections. To accommodate the specialists' expanded telework and physical absence, uniformed CBP officers sent photographs, scanned documents, and took other steps to facilitate the specialists' inspections, according to CBP officials.

Working remotely with CEE specialists and other government agencies' staff was effective, according to port officials, but made inspections more

³³In FY 2017, CBP officially established 10 CEEs to increase uniformity of practices across ports, facilitate the timely resolution of trade compliance issues nationwide, and further strengthen critical agency knowledge on key industry practices.

CBP Took Steps to Maintain Communication during Pandemic

complex and caused some minor delays.³⁴ For example, at one of the five ports where we conducted interviews, CBP officials said that requesting CEE staff to perform on-site inspections often required discussion with a CEE supervisor and sometimes led to delays. To enhance CBP port officials' ability to conduct inspections, CEE specialists held trainings for CBP officers—for example, teaching them to identify certain counterfeit products. CEE specialists also sent images and descriptions of counterfeit products to all ports for their awareness.

Like many other federal agencies, CBP shifted from conducting in-person meetings to using virtual meeting platforms to preserve internal and external communications during the pandemic.

For internal communications, CBP switched to Microsoft Teams for meetings and communications. Officials noted that they came to appreciate it as a communication tool.

For external communications, CBP began using virtual meeting platforms, such as Zoom or Microsoft Teams, to maintain ongoing communications with the trade community and provide updates on the status of CBP operations. According to CBP officials, CBP has used virtual platforms for meetings with brokers associations, freight forwarders, trucking associations, and other stakeholders as well as for tours and seminars. CBP personnel at the Port of Laredo told us that they had performed a number of in-person visits and briefings prior to the outbreak but transitioned to using virtual platforms for such activities after the pandemic's onset. Officials said that although this may have limited access for some participants, Laredo's online engagements often had wider participation from groups previously unable to attend face-to-face meetings. Such groups included Mexican government officials and industry and trade association representatives as well as representatives of Detroit automakers such as General Motors.

In addition, CBP established a page on its public website to provide trade announcements and advisories related to its operations and the pandemic. CBP also announced changes in its operations through a

³⁴Other government agencies working with port officials included the Food and Drug Administration, Environmental Protection Agency, and U.S. Department of Agriculture. In a report that we expect to issue in fall 2022, we will examine the Consumer Products Safety Commission's withdrawal of port inspectors in response to the pandemic.

series of Cargo Systems Messaging Service messages.³⁵ For example, the agency issued messages recommending that importers use its automated systems to the fullest extent possible to minimize virus exposure and maintain trade activities. Further, CBP issued public bulletins conveying pandemic-related information to the trade community. For example, officials at the Port of Los Angeles released a bulletin regarding upcoming WebEx seminars, which, according to the officials, would inform the trade community about changes in trade facilitation and enforcement due to the pandemic, among other topics.

CBP officials and private sector representatives told us that CBP communications were consistently maintained and transitioned well to virtual platforms during the pandemic. For example, CBP officials we spoke with said CBP headquarters did a good job of communicating with them, despite some early confusion as information about COVID-19 was initially changing rapidly. Private sector representatives said CBP was very responsive to inquiries, proactive in sharing information, and helpful in bringing together multiple stakeholders.

CBP Took Steps to Offset Loss of Revenue from User Fees

CBP has taken steps to address dramatic decreases in user fees collected from airline passengers and other inspection fees, which help fund associated CBP salaries and operations.³⁶ A senior CBP official testified to Congress that user fees provide significant support for port operations and fund about 40 percent of CBP's Office of Field Operations (OFO) salaries.³⁷

In the 3 years before the pandemic, CBP's collections of user fees for inspections of, among other things, commercial vessels and vehicles—known as customs user fees—averaged about \$552 million a year. In FYs 2017 through 2019, these fees covered about 78 percent of eligible CBP expenses, according to CBP data. In contrast, CBP collections of these fees in FYs 2020 and 2021 amounted to around \$426 and \$145 million,

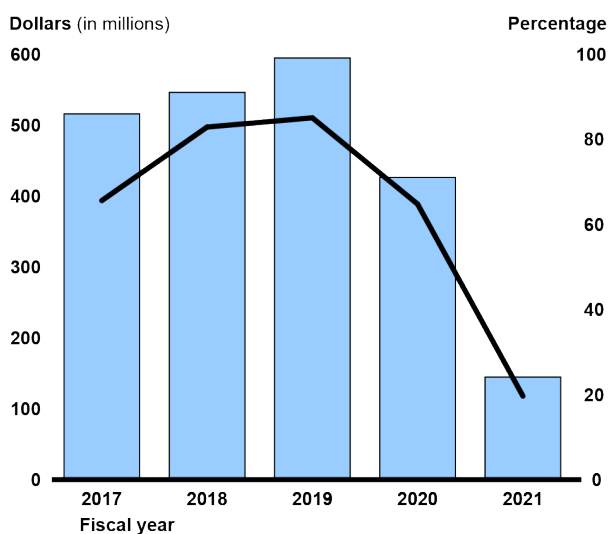
³⁵According to CBP, the Cargo Systems Messaging Service is one of its methods of communicating news and updates to trade partners regarding its automated systems.

³⁶CBP is authorized to use certain user fee revenues as reimbursement for certain inspection activities it performs at ports and for associated costs. These fees include the immigration inspection user fee, the agricultural quarantine inspection fee, and other customs user fees collected pursuant to 19 U.S.C. § 58c.

³⁷OFO maintains border security and facilitates lawful trade and travel at U.S. ports.

respectively—about 65 percent of eligible expenses in FY 2020 and 20 percent in FY 2021, according to CBP data (see fig. 11).

Figure 11: CBP’s Historical Collections of Customs User Fees and Percentages of Its Eligible Expenses Covered by These Fees, Fiscal Years 2017–2021



Source: GAO analysis of U.S. Customs and Border Protection (CBP) data. | GAO-22-105034

Note: The customs user fees shown are fees authorized under 19 U.S.C. § 58c. CBP collects these fees as reimbursement for its inspections of commercial vessels, commercial vehicles (trucks), rail cars, private aircraft and vessels, barges and other bulk carriers, air and sea passengers, cruise vessel passengers, ferry passengers, and dutiable mail. CBP also collects user fees for broker permits.

To help address this shortfall, Congress, through the Consolidated Appropriations Act, 2021, provided CBP’s OFO with \$840 million for necessary expenses related to customs and immigration inspection and pre-inspection services at, or in support of, ports. According to the act, these funds were provided to offset the loss of fees for certain customs services and other user fees as a result of the COVID-19 pandemic.³⁸ According to CBP officials, the FY 2021 appropriation offset the majority of the lost user fees. To cover the remainder of the loss, the agency reduced overtime and nonessential travel, used carryover fees paid from FY 2019, and delayed the entry dates of new employees, according to CBP officials.

³⁸Pub. L. No. 116-260, Div. F, Title V, § 541, 134 Stat. 1477 (Dec. 27, 2020). These funds remained available until September 30, 2021.

OFO officials told us that as of April 2022, the agency estimated the shortfall in user fees would be around \$669 million for FY 2022. Through the Consolidated Appropriations Act, 2022, Congress provided \$650 million for the same purposes as in the 2021 act.³⁹ The officials said that CBP would likely use the mechanisms that it used for FY 2021—with the exception of carryover funds and delayed hiring—to cover the \$19 million shortfall.

CBP Acted to Support Importers and the U.S. Supply of COVID-19-Related Products

CBP Postponed Duty Payments by Importers Facing Financial Challenges

CBP took action to accommodate some of the financial challenges importers faced as a result of the pandemic. On April 20, 2020, the Secretary of the Treasury and CBP postponed for 90 days the deadline to pay the deposit of certain estimated duties, taxes, and fees for importers experiencing a significant financial hardship due to COVID-19.⁴⁰

To expedite its provision of temporary financial relief to importers, CBP did not require them to submit documentation establishing their eligibility for duty deferment, according to CBP officials. Rather, according to officials, CBP relied on importers' comprehension of the conditions of the duty postponement, which it communicated through its Cargo Systems Messaging Service, the FAQs on CBP.gov, and repeated contacts with the trade community. According to officials, CBP also relied on the importers' obligation to exercise reasonable care, as stated in Section 484 of the Tariff Act of 1930.⁴¹ According to CBP officials, as of November 2021, 2,921 importers (roughly 1 percent of all importers) had taken advantage of the 2020 duty postponement. CBP officials said that

³⁹Pub. L. No. 117-103, Div. F, Title V, § 542, 136 Stat. 344 (Mar. 15, 2022).

⁴⁰This temporary postponement applied only to entries or withdrawals from warehouses, for consumption, that were made on or after March 1, 2020, and no later than April 30, 2020, by importers of record with a significant financial hardship. An importer was considered to have significant financial hardship if the importer's operation was fully or partially suspended during March 2020 or April 2020 as a result of orders from a governmental authority limiting commerce, travel, or group meetings because of COVID-19 and if, as a consequence of such suspension, the importer's gross receipts for March 13 through 31, 2020, or April 2020 were less than 60 percent of its gross receipts for the comparable period in 2019.

⁴¹19 U.S.C. § 1484(a).

CBP Created Team to Assist Importers and Facilitate Imports of COVID-19-Related Products

this resulted in the postponement of \$579 million—4 percent of CBP’s total revenue for that period—of estimated duties, taxes, and fees.

In March 2020, CBP formed the COVID-19 Cargo Resolution Team (CCRT) to mitigate challenges related to the importation of PPE and other COVID-19-related products. Such challenges included coordinating with other government agencies and tracking large PPE shipments to state and local governments. For example, according to officials, the CCRT coordinated with various Pennsylvania government offices, U.S. senators, and the Port of Philadelphia regarding the importation of PPE from China.

The CCRT also provided guidance to the importing community at large—including the influx of new importers and nontraditional importers such as state and local governments—on topics such as dutiable imports, the entry process, and the clearance process. In addition to outlining requirements for typical importing, the guidance listed importing requirements for corporations, private individuals, and foreign governments donating goods imported for relief efforts in response to COVID-19.

The CCRT provided guidance in part through CBP’s COVID-19 Relief Imports web portal, which it established to take and direct all cargo inquiries related to importing medical supplies to fight the spread of the virus. The portal allows users to review pertinent information and submit direct inquiries to the CCRT. As of January 2022, the CCRT had received more than 3,600 inquiries about topics such as PPE duties, importation, and classification as well as requests for information about cargo holds and guidance on facilitating imports and exports.

The CCRT also helped facilitate and track shipments of COVID-19-related products. According to CBP, immediately after the CCRT’s establishment, the team began tracking critical medical supply shipments from overseas that FEMA’s Project Airbridge was airlifting to expedite delivery. According to one CBP official, the CCRT worked with FEMA on a daily basis to alert ports that shipments of these critical medical supplies were arriving. Overall, the CCRT helped expedite the arrival and clearance of 418 Project Airbridge flights as well as an additional 62 flights for other FEMA procurements. According to CBP port officials, the CCRT was a useful initiative to address challenges related to PPE distribution. As a result of this coordinated effort, personnel were able to prepare for the immediate release of high-priority cargo.

CBP Helped Identify and Intercept Certain Exports of COVID-19-Related Products

To ensure adequate supplies of products such as PPE to meet U.S. needs during the pandemic, CBP worked with FEMA to prevent the export of such products without FEMA's approval.⁴² In addition, CBP worked with the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Department of Health and Human Services to identify goods that CBP should prevent from being exported, according to CBP officials.

CBP used the Automated Export System—a nationwide system operational at all ports and for all methods of transportation—to review over 20 million export cases, applying automated targeting rules or manual review.⁴³ As a result of that review, CBP presented almost 200 shipments to FEMA's Export Cargo Review Working group, which then determined whether each shipment should be redirected to U.S. commerce, purchased for the national stockpile, or cleared for export. CBP reported that it returned only 13 of those shipments to the U.S. supply. Port officials we spoke with said they did not experience any significant challenges in implementing FEMA's Temporary Final Rule.

CBP Interdicted Counterfeit or Unauthorized Imports of COVID-19-Related Products

In carrying out its standard operations, CBP targeted and seized counterfeit, unapproved, or otherwise substandard COVID-19-related products. For example, CBP officials at the Port of Cincinnati, Ohio, intercepted a shipment of "bathroom accessories" from South Korea that they determined to be facemasks improperly branded with Food and Drug Administration markings and labeling. In another example, CBP officials at the DHL cargo facility in Philadelphia seized 100 COVID-19 rapid test kits that were not authorized for emergency use in the United States.

From March 2020 through February 2022, CBP recorded 3,467 seizures of COVID-19-related products, totaling more than 50 million items (see table 1).

⁴²In April 2020, FEMA issued a Temporary Final Rule allocating certain scarce or threatened materials for domestic use and prohibiting their exportation from the United States without FEMA's explicit approval while the rule remained in effect. The rule was extended on December 31, 2020, and was in effect until June 30, 2021.

⁴³According to CBP, the Automated Export System—a joint venture between CBP, several other federal agencies, and the export trade community—is the central point through which export shipment data required by the agencies is submitted electronically to CBP.

Table 1: CBP Seizures of COVID-19-Related Products, March 2020–Feb. 2022

Product	Number of seizures	Number of items seized
Masks	1,140	49,171,859
Hand sanitizers	43	579,353
Lianhua qingwen ^a	209	228,780
COVID-19 test kits	426	183,798
“Virus Shut Out” lanyards ^b	107	76,375
Antibody test kits	48	51,257
Hydroxychloroquine tablets	228	36,462
Vaccination cards	1,003	29,555
Chloroquine tablets	95	19,535
Azithromycin tablets	163	12,532
Respirator/ventilator	5	3,595
Total	3,467	50,393,101

Source: U.S. Customs and Border Protection (CBP). | GAO-22-105034

Note: CBP determined that these products were COVID-19 related.

^aTraditional Chinese medicine used to treat COVID-19 and other illnesses.

^bDevices purported to protect wearers from COVID-19 that the Environmental Protection Agency determined were illegal.

Pandemic Has Not Noticeably Affected Timeliness of CBP’s Import Processing and Release

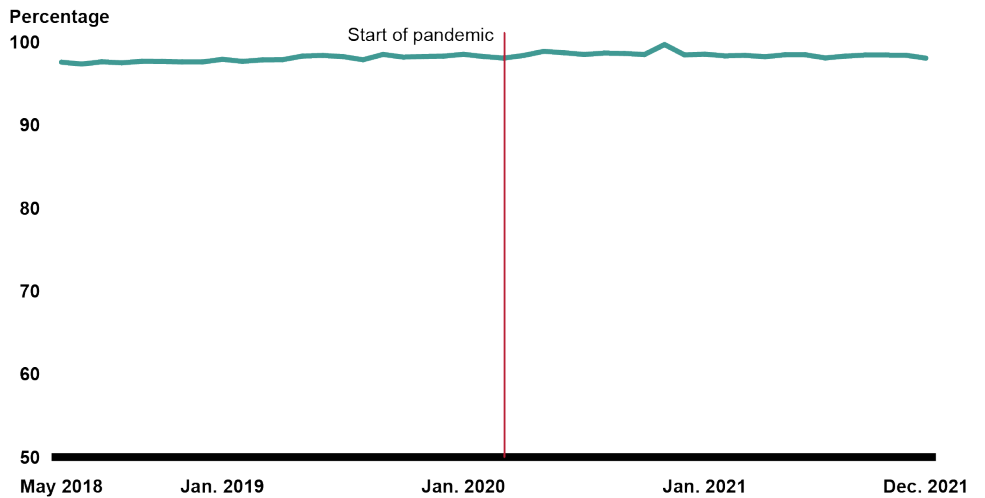
CBP’s Processing and Release Times Remained Stable after Pandemic’s Onset

Our review of CBP data found that the time the agency took to process and release shipments did not change after the onset of the COVID-19 pandemic. According to officials, CBP cannot release a shipment into U.S. commerce until the importer has submitted the entry filing in the agency’s Automated Commercial Environment system before, on, or after the shipment’s arrival.⁴⁴

⁴⁴According to CBP regulations, importers of goods for which entry documentation is required may generally submit the entry filing before, on, or within 15 days after their shipment’s arrival. 19 C.F.R. § 142.2.

As figure 13 shows, our review of CBP data found that both before and after the pandemic’s March 2020 onset, CBP released more than 97 percent of shipments within 24 hours after their arrival at U.S. ports (if the entry filing had already been submitted) or after submission of the entry filing (if submitted on or after the shipment’s arrival).⁴⁵ According to CBP officials, nearly all imports to the United States are released automatically.

Figure 12: Percentages of Shipments CBP Processed and Released within 24 Hours after Their Arrival at U.S. Ports or after Importers’ Submission of Entry Filing on or after Arrival, May 2018–Dec. 2021



Source: GAO analysis of U.S. Customs and Border Protection (CBP) data. | GAO-22-105034

Note: Submission of an entry filing—CBP Form 3461—initiates CBP’s cargo release process and is typically required before CBP can release cargo. Generally, when entry documentation is required, an importer may submit an entry filing before, on, or after the shipment’s arrival. 19 C.F.R. §§ 142.2. and 142.3.

⁴⁵For shipments whose importers submitted the entry filing before arrival, we calculated processing time as the period between the shipment’s arrival and its release. For shipments for which entry filing was submitted on or after arrival, we calculated processing time as the period between submission of the entry filing and release of the shipment.

Port Congestion Has Led More Importers to Submit Entry Filings after Shipments' Arrival, Delaying Some Port Operations

Factors Contributing to Port Congestion during Pandemic

A number of factors have contributed to port congestion during the COVID-19 pandemic, according to CBP officials and private sector representatives. For example:

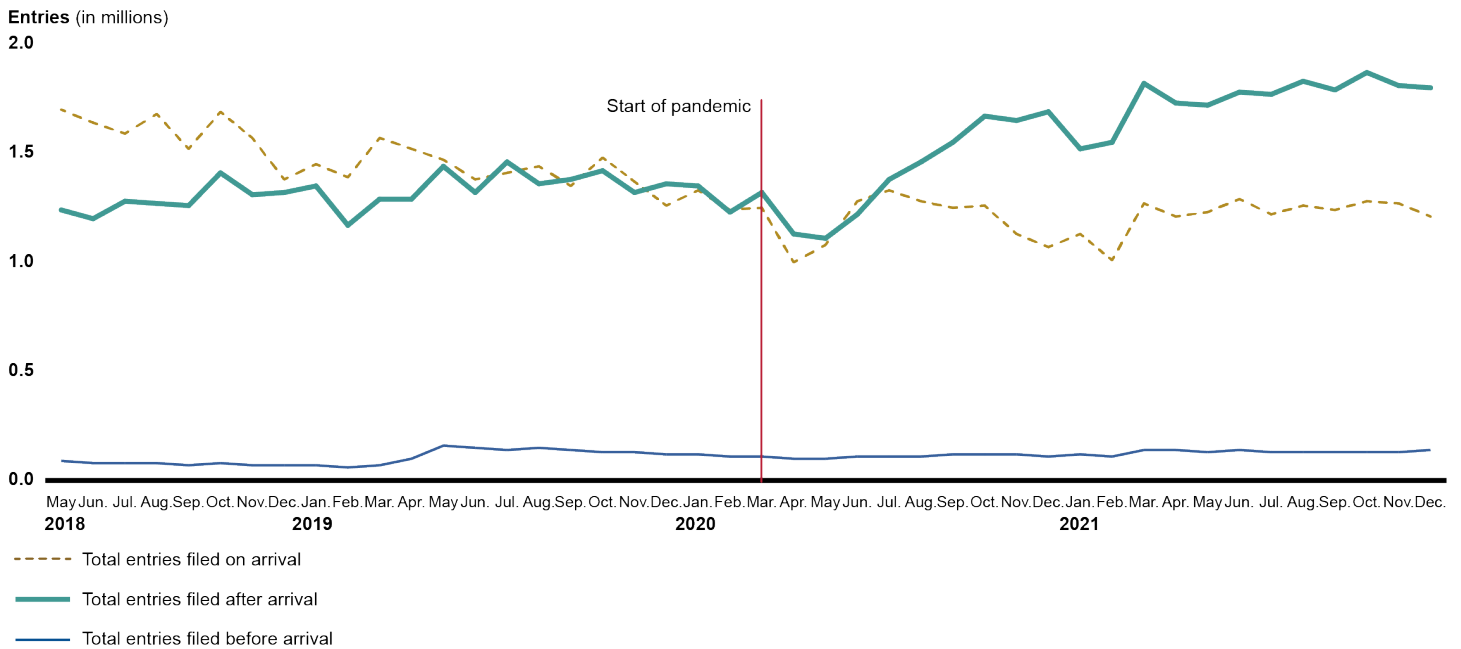
- Unavailability of truck drivers, longshoremen, and truck chassis to move shipments
- Larger numbers of shipments to certain ports
- Insufficient port capacity and infrastructure for increasingly larger vessels
- Infection of warehouse staff with COVID-19
- Stay-at-home orders for nonessential employees
- Incentives for carriers to leave shipments on docks to collect fees from importers while their shipments await pickup

Source: GAO interviews with U.S. Customs and Border Protection (CBP) officials and private sector representatives. | GAO-22-105034

According to CBP port officials, congestion at U.S. ports during the pandemic has caused uncertainty about when shipments will be offloaded, leading more importers to submit entry filings after their shipments arrive and slowing some non-CBP port operations. For example, at times during the pandemic, dozens of container ships have waited at anchor outside the Port of Los Angeles–Long Beach, some for several weeks, before offloading, according to CBP officials. CBP officials and private sector representatives we spoke with said that to postpone paying duties and fees on goods before they are offloaded, some importers may choose to submit their entry filings after their shipments arrive.

Our review of CBP data showed an increase in the total number of shipments for which an entry filing was submitted after arrival at a U.S. port in the months after the pandemic's onset (see fig. 12). On average, the percentage of entry filings submitted at least 1 day after the shipment's arrival rose from 46 percent in May 2018 through February 2020 to 55 percent in March 2020 through December 2021. In March 2020, 49 percent of all entries were filed at least one day after arrival, increasing to 57 percent in December 2021.

Figure 13: Total Number of Shipments for Which Importers Submitted Entry Filing before, on, and after Shipments' Arrival at U.S. Ports, May 2018–Dec. 2021



Source: GAO analysis of U.S. Customs and Border Protection data. | GAO-22-105034

Note: An importer submits an entry filing—CBP Form 3461—to initiate the cargo release process and is typically required before CBP can release cargo. Generally, when entry documentation is required, an importer may submit an entry filing before, on, or after the shipment's arrival. 19 C.F.R. §§ 142.2. and 142.3.

CBP officials and industry representatives told us that that the increase in submissions of entry filings after shipments' arrival may have affected some non-CBP port operations during the pandemic. Cargo offloading and transportation services at ports use information from CBP entry filings to schedule the staff and trucks necessary for offloading and moving cargo. When entry filings are submitted after shipments' arrival, offloading and transportation service providers at ports do not receive this information in advance and, as a result, may assign insufficient numbers of staff or trucks to move the cargo when it arrives.

Agency Comments

We provided a draft of this report to the Department of Homeland Security for review and comment. The department provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Homeland Security, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8612 or gianopoulosk@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Kimberly M. Gianopoulos
Director, International Affairs and Trade

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Appendix I: Objectives, Scope, and Methodology

In this report, we (1) examine general trends in U.S. international trade since the COVID-19 pandemic's onset in March 2020, (2) identify steps that U.S. Customs and Border Protection (CBP) has taken to mitigate challenges associated with administering imports and exports since the pandemic began, and (3) determine the extent to which the pandemic has affected CBP's processing and release of import shipments and other operations at U.S. ports.

To address these objectives, we selected a nongeneralizable sample of five ports of entry across the United States for virtual site visits: John F. Kennedy International Airport; Los Angeles International Airport; and the Ports of Laredo, Los Angeles, and Long Beach. Our criteria for selecting this sample included total import value, change in total import value before and after the pandemic, geographic diversity, and port type. In selecting the ports for our sample, we used Census Bureau trade statistics and CBP data to develop a list of the top 10 percent of ports, ranked by total import value, from September 2018 through August 2021.¹ We then narrowed that list to ports that experienced the greatest change in total import value from a selected period before the pandemic's onset (April 2019–February 2020) through a selected period after the pandemic's onset (April 2020–February 2021).² To make our final selections, we considered geographic diversity and port type. We selected ports representing the United States' east and west coasts and southern border as well as a range of port types (sea, land, and air).

To address our objectives, we also interviewed CBP officials and staff as well as trade community stakeholders. We interviewed officials in several CBP offices and bureaus in Washington, D.C., including the Office of Trade and the Office of Field Operations.³ We also interviewed personnel from CBP's Centers for Excellence and Expertise (CEE). In addition, we

¹The dimensions we considered included total import trade value, air import value, vessel import value, other import value, West region import value, Northeast region import value, South region import value, and Midwest region import value.

²We considered the ports with the greatest change in total import value to be the five ports where data on the value of imports processed showed the largest increase or decrease from the selected period before the pandemic's onset through the selected period following the onset. To more clearly compare any changes between the pre-pandemic and post-pandemic periods for the purposes of our selection, we excluded the month of March 2020.

³CBP's Office of Trade facilitates legitimate trade, enforces law, and protects the national economy to ensure consumer safety and create a level playing field for U.S. businesses. The Office of Field Operations maintains border security and facilitates lawful trade and travel at U.S. ports.

interviewed stakeholders from the trade community at each of the five selected ports, including brokers, freight forwarders, and other representatives of trade associations. While the views of CBP field officials and private sector stakeholders are not generalizable to all locations, they provided vital insight into the impact of the COVID-19 pandemic on the Office of Field Operations' and the ports' workforces as well as operational modifications undertaken throughout the pandemic.

To examine general trends in U.S. international trade since the pandemic's onset, we analyzed U.S. Census Bureau trade statistics on import and export values and import costs as well as CBP data on the number of entries CBP processed. Specifically, we used Census trade statistics and CBP data to analyze monthly de minimis shipment trends, import and export values, the total number of entries processed, import values of COVID-19-related products, and import value by mode of transportation for May 2018 through December 2021. We chose this period, representing an equal number of months before and after the pandemic's onset in March 2020, to obtain a balanced view of changes in international trade trends. Because our analysis showed considerable declines in imports and exports in the pandemic's initial months (March 2020–June 2020) followed by an established recovery in its later months (July 2020–December 2021), we report trends in the initial and later months to best characterize the general trends we observed.

To assess the reliability of the Census trade statistics regarding the total value of import and export shipments to the United States, the value of trade associated with products most needed to prevent and address COVID-19 infection, and import costs by mode of transportation from May 2018 to December 2021, we reviewed relevant documentation and conducted electronic data testing. We determined that these data were sufficiently reliable for our purposes of analyzing international trade trends during the pandemic. To assess the reliability of CBP data, including the number of import shipments processed into the United States and the number of de minimis shipments, we reviewed relevant documentation, interviewed knowledgeable CBP officials, and conducted electronic data testing. We determined that these data were sufficiently reliable for our purposes of analyzing international trade trends during the pandemic.

To examine the actions CBP took to respond to challenges associated with administering imports and exports since the pandemic began, we analyzed CBP data on employee COVID-19 cases from March 2020 through March 2022, including confirmed cases, hospitalizations, deaths due to COVID-19, and quarantined employees. We had collected these

data for a June 2021 report and updated them for our current report.⁴ The data are maintained in CBP's Workforce Incident Tracker, established in July 2020, according to CBP officials. To assess the reliability of CBP data on employee COVID-19 cases for our June 2021 report, we conducted electronic testing, reviewed documentation such as CBP guidance for entering data in the Workforce Incident Tracker, and interviewed relevant CBP headquarters officials involved in establishing the tracker and verifying case data. We found the data were sufficiently reliable to provide approximate summary data for COVID-19 cases, hospitalizations, and deaths among CBP's workforce as well as the approximate number of employees in quarantine status.

In addition, we gathered and analyzed data on CBP's collection of user fees as reported in its Congressional Budget Justifications. We also interviewed CBP budget officials to verify the reliability of these user fee amounts. Further, we examined key CBP policies and procedures established to reduce the spread of COVID-19, such as social distancing measures and the use of protective equipment. We also reviewed various pieces of legislation and regulations related to CBP's efforts to mitigate any challenges caused by the pandemic. Moreover, we reviewed documents and guidance related to CBP's COVID-19 Cargo Resolution Team (CCRT), such as guidance that the CCRT dispersed through the public facing COVID-19 Relief Imports web portal. Finally, we spoke with officials at CBP headquarters, the CEEs, and the five selected ports to obtain information about challenges that the agency had faced and how it had addressed them.

To determine the extent to which the pandemic affected CBP's processing and release of import shipments and certain other port operations, we analyzed CBP data for May 2018 through December 2021, showing the amount of time CBP took to clear a shipment after the importer filed entry documentation or arrived at a U.S. port. We also analyzed CBP data for May 2018 through December 2021, showing the timing of importers' submission of entry filings (i.e., before, on, or after their shipment's arrival in the United States) and changes in the timing of these submissions after the pandemic's onset. To assess the reliability of these data, which CBP had compiled and aggregated, we reviewed relevant documentation, interviewed knowledgeable CBP officials, and conducted electronic data testing. We also reviewed descriptive statistics

⁴See GAO, *Border Security: CBP's Response to COVID-19*, [GAO-21-431](#) (Washington, D.C.: June 14, 2021).

provided by CBP for variables relevant for analyzing processing times, as well as missing values, to assess the reliability of the data. We determined that these data were sufficiently reliable for our purposes of (1) analyzing the amount of time CBP took to process and release import shipments and (2) determining whether importers filed their import entries before or after their arrival at port. In addition, we asked officials at CBP headquarters and the five selected ports as well as private sector representatives at the ports about any effects of the pandemic on port operations.

We conducted this performance audit from April 2021 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov

Staff Acknowledgments

In addition to the contact named above, Christina Werth (Assistant Director), Mason Thorpe Calhoun (Analyst-in-Charge), Larissa Barrett, James Boohaker, Lilia Chaidez, Reid Lowe, Nisha Rai, Claudia Rodriguez, Brian Tremblay, Anna Watson, and Alexander Welsh made key contributions to this report.

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