



**United States Consumer Product  
Safety Commission**  
Office of Import Surveillance

---

**CPSC e-Commerce Assessment Report**

November 2019

*This report was prepared by CPSC staff, and has not been reviewed or approved by, and may not reflect the views of, the Commission.*

The U.S. Consumer Product Safety Commission (CPSC) Office of Import Surveillance (EXIS) conducted the e-Commerce Assessment through the contract support of Grant Thornton LLP.

# Table of Contents

Executive Summary	1
1. The Evolving Import Environment and its Impact on CPSC	5
1.1. The Evolving Import Environment	6
1.2. Relevance of e-Commerce to EXIS's Current Capabilities	9
1.3. Operational Impacts of e-Commerce	10
1.4. Data and Targeting Systems	11
1.5. Legal Authority	12
2. Quantifying e-Commerce and its Impact	13
2.1. Advance Import Data	13
2.2. <i>De Minimis</i> e-Commerce Volume and Location	14
3. E-Commerce Stakeholder Engagement	16
3.1. U.S. Government Agency Stakeholder Assessment	16
3.2. Foreign Government Agency Stakeholder Assessment	18
3.3. Industry Stakeholder Assessment	19
Conclusion	21
Appendix A: Acronyms	23
Appendix B: CPSC e-Commerce Assessment Hyperlinks	24

## Executive Summary

Shopping online has become routine for people in the United States and around the world. Consumers can purchase items easily, directly from overseas manufacturers, retailers, and other consumers, which has resulted in a tremendous rise in low-value, direct-to-buyer<sup>1</sup> shipments. The CPSC, responsible for protecting the American public from the unreasonable risk of injury and death from consumer products, is assessing this evolving business environment and adjusting to e-Commerce as an influential driver in U.S. annual consumption.

CPSC’s EXIS conducted this e-Commerce Assessment to forecast e-Commerce trends, understand the agency’s current capabilities relative to e-Commerce, and identify other stakeholder practices (including U.S. government agencies, foreign governments, and industry). The results will provide the agency with a foundational understanding that sets the stage for CPSC’s long-term planning to address e-Commerce challenges.

The value of e-Commerce shipments<sup>2</sup> under the CPSC’s jurisdiction entering the United States is growing steadily<sup>3</sup>. As illustrated in Figure 1, the value of e-Commerce shipments CPSC regulates is estimated to reach \$415 billion by Calendar Year 2023 (CY 2023), representing almost 38 percent of the total value of imports under the agency’s jurisdiction.

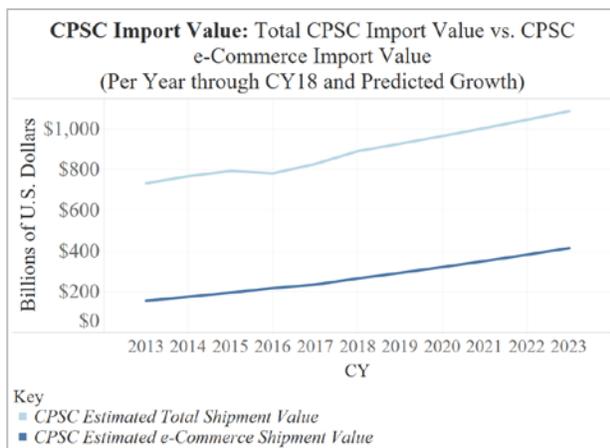


Figure 1: Import Value under CPSC’s Jurisdiction

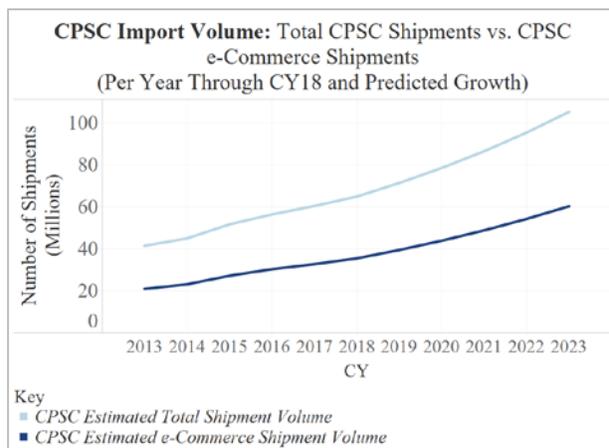


Figure 2: Import Volume under CPSC’s Jurisdiction

The rapid rise of e-Commerce introduces new challenges to EXIS, which is responsible for identifying and examining high-risk imported products. CPSC’s ability to stop unsafe shipments in the e-Commerce environment is limited, in part, due to the sheer volume of low-value shipments, as well as the locations where they arrive. This assessment estimates that 65 million shipments under CPSC’s jurisdiction entered the United States in CY 2018. Of that, an estimated 36 million shipments were e-Commerce purchases, as illustrated in Figure 2. That number is expected to rise to 60 million by CY 2023, approximately 57 percent of the total volume of imports under CPSC’s jurisdiction. The value and volume estimates listed above do not account for e-Commerce that arrives via international mail. Available data did not allow EXIS to determine the number of international mail e-Commerce shipments arriving under its jurisdiction; however,

<sup>1</sup> “Direct-to-buyer” accounts for e-Commerce transactions such as Business-to-Consumer, Business-to-Business, and Consumer-to-Consumer.

<sup>2</sup> For the purpose of this Assessment, the number of “shipments” has been calculated based on the number of [House Bills of Lading](#) filed with U.S. Customs and Border Protection (CBP) for shipments at or under \$800 plus the number of [filed Entries](#) for shipments over \$800. A House Bill of Lading is a proof of receipt of goods from the shipper issued by the carrier. It is submitted by trade participants such as carriers, freight forwarders, agents, or consolidators, and contains commercial shipment level data. An Entry is necessary for CBP to assess duties, collect statistics, and determine whether legal requirements have been met.

<sup>3</sup> See Section 2.2 for Methodology in calculating estimates

U.S. Customs and Border Protection (CBP) estimates that 475 million total mail shipments arrived in the United States in 2018.

### ***What Is e-Commerce?***

EXIS considers e-Commerce to be any shipment imported into the United States that was or is intended to be purchased online. EXIS further delineates e-Commerce using two functional categories based on legislative developments that impact how the U.S. government collects data on imported shipments: (1) Low-Value Direct-to-Buyer e-Commerce Shipments, referred to here as ***de minimis* e-Commerce**, and (2) High-Value e-Commerce Shipments, referred to here as **High-Value e-Commerce**.

***De minimis* e-Commerce:** *De minimis* e-Commerce is comprised primarily of small, direct-to-buyer shipments, the volume of which is growing rapidly. With the implementation of the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA), the U.S. government increased the *de minimis* value exemption from duties for imported shipments from \$200 to \$800, meaning shipments valued at or less than \$800 may enter the United States with minimal data requirements. Because the government does not require a traditional Entry filing<sup>4</sup> for *de minimis* e-Commerce, the risk associated with these shipments is largely unknown. Consequently, CPSC and other U.S. government agencies are challenged when attempting to risk-assess and interdict this significant segment of incoming shipments. **Due to this data gap, *de minimis* e-Commerce is the focus of this Assessment.**

### ***De minimis* e-Commerce**

- Shipments valued ≤ \$800
- Volume is growing rapidly
- No CBP entry required
- Risk is largely unknown

**High-Value e-Commerce:** EXIS defines the second category of e-Commerce shipments as imports valued above \$800. These shipments often arrive in the United States as containerized cargo, purchased by large online retailers and platforms, which will later be sold domestically via e-Commerce (*i.e.*, goods not purchased yet by the end consumer). The import process for High-Value e-Commerce does not differ significantly from the process for traditional imports, where an Entry filing with CBP enables the government to assess risk through data provided by the importer. CPSC developed a risk assessment methodology, which includes an internal targeting system that leverages CBP Entry data. For this reason, this category of shipments is not the *primary* focus of the Assessment.

### ***What is EXIS's concern when it comes to e-Commerce?***

EXIS's current staffing model is focused on optimizing resources in the traditional import environment, with a concentration on larger commercial shipments; and the model was not designed to address *de minimis* shipments. Because importers are not required to submit a traditional Entry filing for *de minimis* e-Commerce, EXIS currently has limited data available to identify and risk-assess these parcels. Furthermore, growing numbers of these shipments are entering the United States through express courier and international mail facilities (IMFs),<sup>5</sup> where CPSC does not have staff.

---

<sup>4</sup> Entry filing refers to the process of collecting data from the trade industry that enables CBP to assess duties, collect statistics, and determine whether other legal requirements have been met.

<sup>5</sup> An express courier facility is a specialized facility approved by a U.S. port for the examination and release of express courier shipments. An international mail facility is a U.S. Postal Service sorting facility where mail enters the United States from abroad.

### ***What are EXIS's current capabilities to monitor e-Commerce shipments?***

EXIS executes its critical mission of targeting and inspecting high-risk shipments using three key tools:

- **Co-location with CBP:** At select ports with the highest volumes of consumer products, EXIS strategically placed CPSC investigators to work alongside CBP staff. Co-location is critical to CPSC's success in interdicting non-compliant products before they reach the hands of consumers. This side-by-side interaction at the ports allows staff from both agencies to coordinate efforts daily.
- **International Trade Data System/Risk Assessment Methodology (ITDS/RAM):** The ITDS/RAM is a CPSC targeting system developed to risk-assess shipments based on Entry data filed by importers with CBP. CPSC has invested in incremental system improvements focused on this traditional import environment since first deploying it in 2011.
- **Commercial Targeting and Analysis Center (CTAC):** CPSC currently has an employee stationed at CBP's CTAC in Washington, D.C. CTAC facilitates information-sharing and leverages the collective resources of a dozen participating government agencies to prevent, deter, interdict, and investigate violations of U.S. health and safety laws. CPSC's CTAC representative uses CBP systems to target shipments of consumer products at ports nationwide.

These tools, although capable in the traditional import environment for which they were designed, do not allow CPSC to effectively target *de minimis* e-Commerce shipments. Although the anticipated growth of this category alone poses operational challenges, the differences in importation methods, data requirements, and other issues introduce factors that EXIS was neither designed for, nor does it have the resources to address.

### ***What are EXIS's challenges related to e-Commerce?***

This assessment concentrated on three primary challenges that e-Commerce presents to EXIS:

- **Resource Constraints:** Most *de minimis* e-Commerce enters the country via express courier and IMFs. EXIS currently has a very limited presence at some express courier locations and no staff at IMFs.
- **Data Limitations:** A large number of low-value shipments enter the country daily. However, EXIS cannot risk-assess and target them through the ITDS/RAM because the system only receives Entry data, which is not filed for *de minimis* e-Commerce. To review and target *de minimis* e-Commerce, EXIS would need access to real-time manifest<sup>6</sup> data, which is required of all shipments regardless of value, and the ability to risk-assess such data. CBP has targeting systems that include manifest data, but it is unknown whether CPSC will be able to use the systems effectively with current staffing and operating constraints. Furthermore, due to the lack of specificity of manifest data, and the timing of its availability, it will be challenging for CPSC to develop an accurate targeting methodology based on this dataset alone.
- **Legal Authority:** e-Commerce has significantly changed the global supply chain in recent years, resulting in new roles that are not all explicitly addressed in current consumer product safety laws. Current statutes can make it difficult to identify the responsibility of new parties in the supply chain, and determine the extent that these entities are, or should be, held accountable for importing non-compliant products.

---

<sup>6</sup> A manifest record refers to data required by CBP regarding cargo on a ship, aircraft, or vehicle; is generally submitted by the carrier; and specifies the nature and quantity of the cargo and its physical aspects, such as gross weight. When the cargo is transported by several different companies on the same vessel/vehicle, there will usually be separate Bills of Lading for each company, but a single consolidated manifest.

***What has EXIS concluded from its e-Commerce Assessment?***

Through this Assessment, EXIS identified the current trends and challenges that e-Commerce has introduced to CPSC, other U.S. government agencies, foreign governments, and industry. It also documented CPSC’s key gaps in staffing, available import data, and legal authority that prompted the agency to explore how to adapt operations to this evolving business environment and global supply chain. EXIS also established opportunities for continued collaboration so that U.S. government agencies, foreign governments, and the private sector can work together to address this complex issue. Finally, the Assessment resulted in initial recommendations for CPSC to explore as it pursues long-term planning. These recommendations are summarized in Figure 3 and are detailed further in the **Conclusion** of this report.

<b><i>Topic</i></b>	<b><i>Insight</i></b>	<b><i>Initial Recommendation</i></b>
<b>Staffing</b>	CPSC’s port presence has remained relatively constant, despite the growth of U.S. imports, including e-Commerce.	EXIS should explore locating staff at express courier and IMFs, where the majority of <i>de minimis</i> shipments are processed.
<b>Data</b>	The <i>de minimis</i> increase from \$200 to \$800 allows more shipments to enter the United States with minimal data requirements.	CPSC should consider requiring additional data elements before import, which would allow the agency to assess risk better and target incoming shipments through coordination with CBP.
	The need for manifest data access and manifest-based targeting is critical for EXIS’s operations in the e-Commerce environment.	EXIS should explore opportunities to leverage manifest data to support targeting of <i>de minimis</i> e-Commerce.
	Protecting Intellectual Property Rights (IPR) is a priority for government and industry, and there is a recognized overlap between IPR infringements and consumer product safety violations.	CPSC should work closely with CBP to leverage IPR seizure data to target products that may have both IPR and consumer safety violations.
<b>Legal Authority</b>	CPSC’s current laws may not have been written to anticipate e-Commerce and the global supply chain’s growing complexity and numerous participants.	CPSC should review current laws to determine whether authority exists over parties in the e-Commerce supply chain. The agency should also develop business cases for possible statutory and/or regulatory changes to place legal responsibility on parties in the e-Commerce supply chain importing non-compliant and hazardous products.

Figure 3: CPSC e-Commerce Initial Recommendations

## 1. The Evolving Import Environment and its Impact on CPSC

The CPSC is an independent federal regulatory agency charged with safeguarding the public from unreasonable risks of injury and death from consumer products through education, safety standards activities, regulation, and enforcement. The Consumer Product Safety Act of 1972 (CPSA) established the agency, defined “consumer products,” and outlined CPSC’s jurisdiction. Since its inception, CPSC has worked to ensure the safety of consumer products, such as toys, cribs, power tools, and household chemicals, and has contributed to the decline in death rates and injuries associated with consumer products for more than 40 years.

In 2007, CPSC recalled 20 million toys, mostly manufactured in China and many with lead paint violations, in what became known as the “Year of the Recall.” In 2008, Congress passed the Consumer Product Safety Improvement Act (CPSIA), which increased CPSC’s authority by expanding consumer protection legislation on children’s products. Additionally, CPSIA Section 222 mandated that CPSC develop a Risk Assessment Methodology to identify consumer product imports likely to violate the CPSA and other statutes enforced by CPSC. Also in 2008, CPSC established what became EXIS, charged with ensuring the safety of products entering the country through our ports. EXIS piloted a targeting system in 2011, called the International Trade Data System/Risk Assessment Methodology (ITDS/RAM), to identify potentially non-compliant products being imported into the United States, allowing EXIS staff co-located with CBP at the ports to select shipments for examination. In 2017, CPSC transitioned to the ITDS/RAM 2.0 system, which provides analytic and performance reports to aid staff in modifying and refining risk assessment and targeting rules.

To enforce CPSC’s statutes and regulations, EXIS employs its resources in two primary ways: (1) co-location of EXIS staff at ports; and (2) participation in the CBP-led Commercial Targeting and Analysis Center (CTAC). EXIS port staff are stationed across the United States at select ports and work side-by-side with CBP personnel, targeting potentially non-compliant and hazardous imports and interdicting shipments for examination. EXIS port staff become specialists in their respective ports’ operations with deep knowledge regarding the most frequent types of importers, nuances of the modes of transportation at their location, most commonly imported commodities, and other port-specific complexities. EXIS port staff also use their expertise to support local targeting activities.

Through CPSC’s participation in CTAC, EXIS implements nationwide programs using CBP’s targeting systems. CPSC and CBP staff stop high-risk shipments at the port for examination. The key characteristics of local targeting and CTAC targeting are described in Figure 4.

<b>EXIS Port Staff Local Targeting</b>	<b>Commercial Targeting and Analysis Center (CTAC)</b>
<ul style="list-style-type: none"> <li>• Employs ITDS/RAM using Entry data from CBP</li> <li>• Selects high-risk Entries to examine based on ITDS/RAM risk scores</li> <li>• Requests shipment holds from CBP</li> <li>• Collaborates with CBP port personnel to develop local targeting programs</li> </ul>	<ul style="list-style-type: none"> <li>• Uses CBP's targeting systems to place direct shipment holds</li> <li>• Targets shipments and informs EXIS port staff of high-risk products arriving at their port</li> <li>• Targeting programs can apply at all ports of entry</li> <li>• Coordinates with other government agencies on import safety issues</li> </ul>

Figure 4: Two Main Types of EXIS Targeting

<b>Key Findings from Evolving Import Environment</b>	<ul style="list-style-type: none"> <li>▪ More demand for easy access to consumer products and faster delivery times has increased the use of e-Commerce.</li> <li>▪ The quadrupling of the <i>de minimis</i> threshold value for imports, the maximum claimed shipment value for which importers are not required to pay duties<sup>7</sup> or file associated Entry data, has increased the volume of small packages entering the United States.</li> <li>▪ EXIS has limited ability to monitor <i>de minimis</i> e-Commerce as its primary targeting system, the ITDS/RAM, is well-suited for higher-value shipments, but was not designed to target <i>de minimis</i> e-Commerce.</li> <li>▪ EXIS is seeking access to CBP’s manifest-based systems as a first step in exploring the usefulness of other data to support e-Commerce risk assessment.</li> <li>▪ CPSC’s current laws are not designed for the global supply chain’s growing complexity and numerous players, many of whom operate solely in e-Commerce.</li> </ul>
--	--

Figure 5: Section 1 Analysis Summary

### 1.1. The Evolving Import Environment

EXIS was created to focus primarily on large containerized shipments entering in the traditional import environment. How consumer products enter the United States has changed dramatically since EXIS was established, and the growth of e-Commerce introduced additional complexities and challenges. Specific e-Commerce market forces, combined with the passage of the Trade Facilitation and Trade Enforcement Act (TFTEA), which raised the *de minimis* threshold, have contributed to this evolving import environment.

**Emerging e-Commerce Supply Chains Validated by Industry:** Contrasting e-Commerce supply chains with traditional brick-and-mortar supply chains helps EXIS understand how the e-Commerce environment impacts its operations. EXIS assessed how e-Commerce participants are potentially impacting its targeting operations and generated findings confirmed through industry engagement.

<i>e-Commerce Participant</i>	<i>Definition</i>
<b>Original Equipment Manufacturer (OEM)</b>	An OEM is an entity that produces components that are used in the production of a final product.
<b>Value Added Reseller (VAR)</b>	A VAR takes and manipulates OEM inputs to create a final product.
<b>Second Party Logistics (2PL) Provider</b>	A 2PL is an asset-based carrier contracted by Freight Forwarders or Third Party Logistics companies that bring products from their last point of manufacture to a distribution network.
<b>Last Mile Courier (LMC)</b>	An LMC transports products from distribution networks to end consumers or retail stores.
<b>Seller</b>	A seller is any entity responsible for selling products to consumers.
<b>Freight Forwarder / Third Party Logistics (3PL) Provider</b>	A 3PL is an entity that contracts with various 2PLs to bring products from their last point of manufacture to a distribution network.

Figure 6: e-Commerce Entities

<sup>7</sup> The Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) increased the *de minimis* threshold from \$200 to \$800. This legislation authorizes CBP to provide an administrative exemption to admit free-from-duty shipments of merchandise imported with an aggregate retail value of \$800 or less.

**Fundamentals of Supply Chain Processes:** Most consumer goods sold in the United States follow common steps when entering commerce, regardless of the type of retailer, or how the end customer purchased the product (Figure 7).

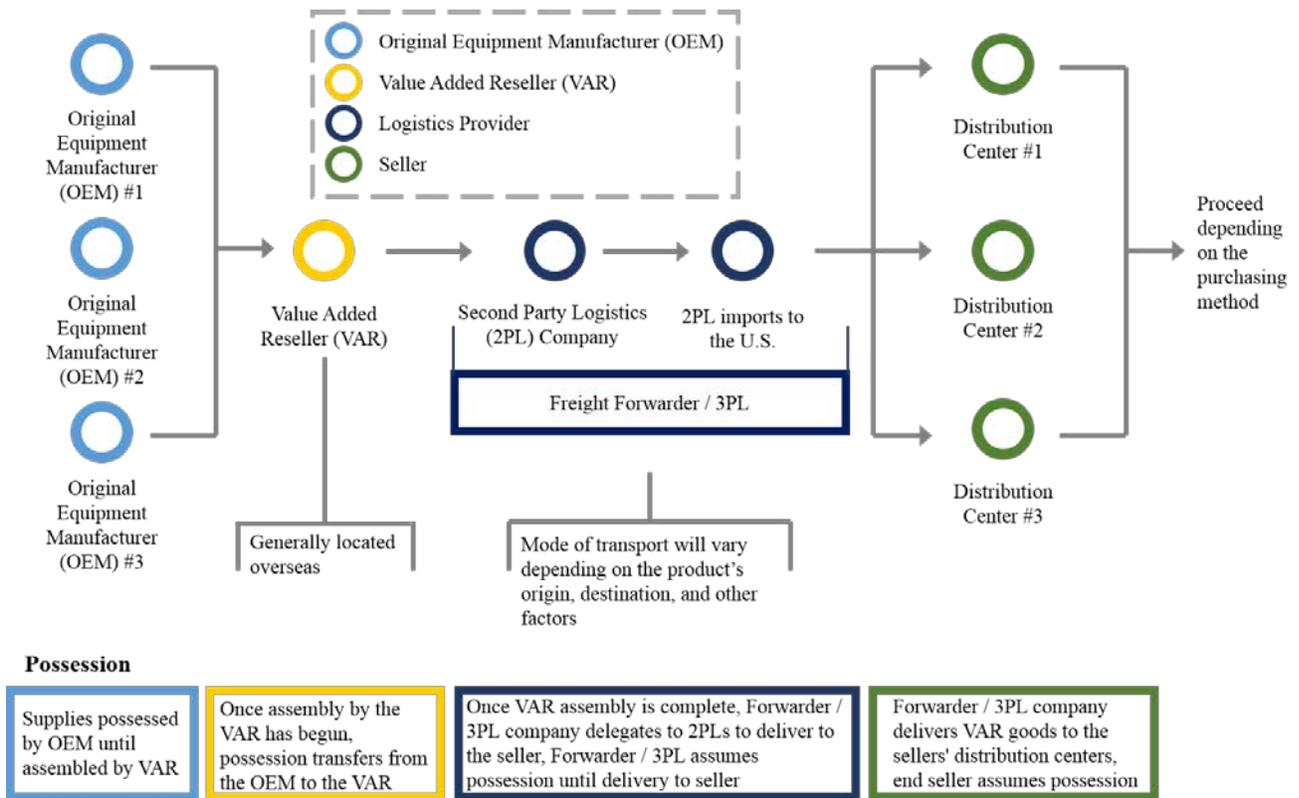


Figure 7: Fundamentals of Supply Chain Processes

- First, similar to the brick-and-mortar model, freight forwarders or 3PLs contract with a 2PL company that ships products from manufacturers (generally overseas) to the seller’s warehouse. The seller maintains inventory until an order comes through an e-Commerce site.
- Next, once an order is placed from an e-Commerce site, the seller creates a shipping label and packages the product for delivery.
- Finally, a last mile courier retrieves the product from the warehouse and transports it to the end customer.

**High-Value e-Commerce:** Pre-import processes are similar among brick-and-mortar retailers and High-Value e-Commerce, while post-import processes often vary. High-Value e-Commerce generally follows the pathway depicted in Figure 8 and is imported largely through seaports. Because High-Value e-Commerce is valued above the \$800 *de minimis* threshold, importers file Entry data, which is risk-scored by CPSC’s ITDS/RAM system for products under the agency’s jurisdiction. The time lapse between Entry filing and arrival at the port allows EXIS to target, interdict, and inspect these shipments in a manner similar to imports by traditional brick-and-mortar retailers.

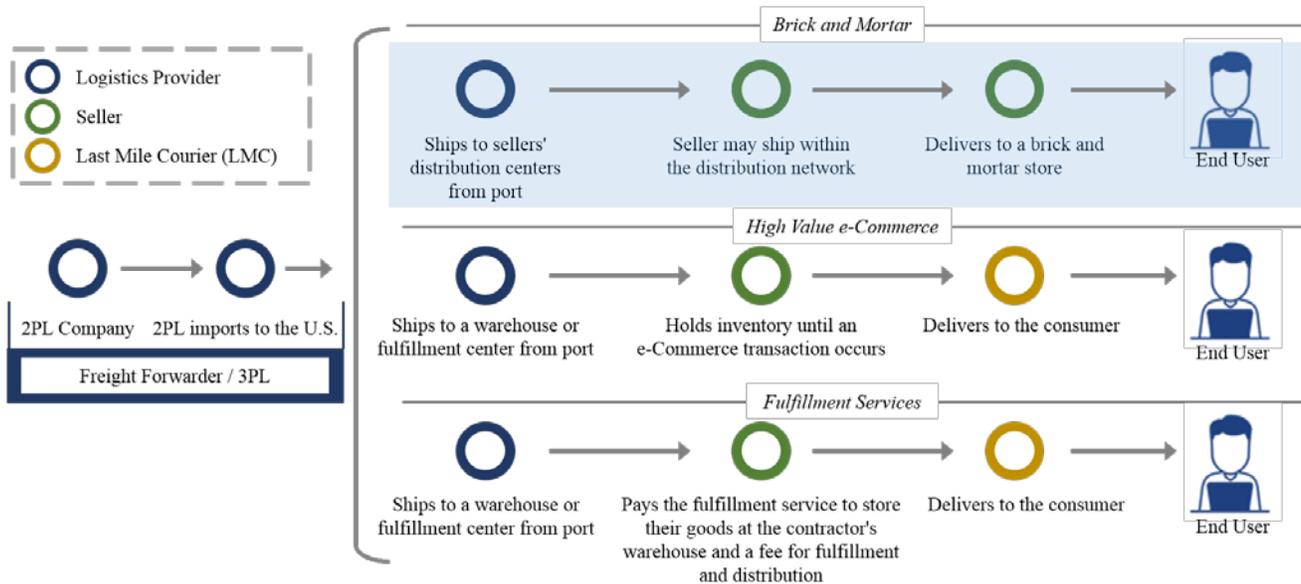


Figure 8: Overview of Different Purchasing Methods

**Express Courier:** Consumer demand for small, niche products has accelerated, partly due to the rise in express courier availability. The decrease in both e-Commerce shipping window timeframes and the cost to transport goods by air has driven online sellers to leverage express couriers. E-Commerce sellers who cannot feasibly fill a shipping container can still access nationwide distribution networks through express couriers who are willing to, and specialize in, distributing smaller packages.

Industry noted concern that express couriers provide a conduit for the import of potentially violative products for which they do not have first-hand knowledge. Furthermore, some industry stakeholders indicated that due to the small size of their shipments, *de minimis* e-Commerce sellers can disperse the risk of having their products interdicted by various border management agencies by sending multiple shipments to different ports.

**The Resale Market:** A resale transaction occurs when entities purchase products with the intent to resell at a higher price. Industry expressed concern with product integrity as a result of the growth of the resale market fueled by the rise of e-Commerce platforms. Many e-Commerce resale transactions occur as a result of differences in pricing. During e-Commerce transactions, the product may be intentionally or unintentionally altered from the time the original seller receives the shipment to the time it is delivered to the end customer. A reseller may not have the same product integrity procedures as the original manufacturer or retailer, and consumers often are unaware of the exact party from whom they are buying the product.

EXIS identified and considered the following effects due to the technological modernization of retail caused by e-Commerce:

- **Shifts in Responsibility:** Online platforms introduce new ways to provide goods to consumers. They have redefined the traditional retail business model by electronically matching buyers and sellers of consumer products; whereas, brick-and-mortar retailers make bulk inventory purchases and work to sell products themselves. This change challenges EXIS's ability to assign responsibility for violative products, as online platforms can be viewed as independent parties in a transaction.
- **Faster Delivery Times:** As consumer preference causes e-Commerce sellers to minimize delivery times, many sellers leverage express couriers (*e.g.*, FedEx, DHL, and UPS) and air cargo for delivery of their products. EXIS has a very limited presence at express courier facilities<sup>8</sup> and air cargo environments, and no staff at IMFs. Each mode of transportation has different timing requirements to file manifest and Entry data (detailed in Section 1.4). The few EXIS port staff in these modes of transport have less time to target, inspect, and interdict shipments.
- ***De minimis* Shipment Volume:** Consumers are purchasing an increasing volume of products online. This growth of *de minimis* e-Commerce continues, due to the combination of traditional retailers offering an online presence, the rise of online platforms, and the proliferation of consumer-to-consumer transactions (*i.e.*, where one consumer sells goods to another consumer online, often through a third-party platform).

**TFTEA:** Quadrupling the *de minimis* threshold for imports increased the number of shipments for which duties and Entry data are not required. The ITDS/RAM currently does not receive manifest data, without which CPSC relies on CBP and their targeting systems to monitor these shipments. Additional study is needed to determine how including manifest data in the ITDS/RAM could support e-Commerce enforcement.

*De minimis* e-Commerce generally enters the United States at different ports than high-value shipments. FY 2018 manifest data indicate that the top ports where *de minimis* shipments arrive are airports and express courier facilities; whereas, higher-value shipments mostly enter via seaports (see Figure 10 on page 10). EXIS established its staffing model before e-Commerce fully emerged as a market force. Therefore, staffing is concentrated at ports associated with high-value shipments, hindering import surveillance in e-Commerce environments.

## 1.2. Relevance of e-Commerce to EXIS's Current Capabilities

As part of this Assessment, EXIS identified the gaps e-Commerce has introduced and its impacts on import enforcement. EXIS evaluated its current import surveillance capabilities relative to the following functional areas: Operations; Data and Targeting Systems; and Legal Authorities.

This assessment estimates that in 2023, 55 million<sup>9</sup> *de minimis* e-Commerce shipments under CPSC's jurisdiction will enter the country. To continue safeguarding the American public, EXIS must adapt to the new e-Commerce import landscape (see Figure 9).

---

<sup>8</sup> An express courier facility is a separate or shared specialized facility approved by a U.S. port for the examination and release of express courier shipments.

<sup>9</sup> Note that the volume estimates in this report do not account for e-Commerce that arrives via international mail. CBP estimates that 475 million total mail shipments arrived in the United States in 2018. Available data, however, did not allow EXIS to estimate the number of international mail e-Commerce shipments arriving under its jurisdiction.

<i>EXIS's Capability Area</i>	<i>e-Commerce Challenges</i>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• <i>De minimis</i> e-Commerce primarily enters through express courier and IMFs.</li> <li>• EXIS has a limited presence at ports where most <i>de minimis</i> e-Commerce enters the country.</li> <li>• EXIS does not have the capability to examine large numbers of <i>de minimis</i> e-Commerce shipments at current co-located ports.</li> </ul>
<b>Data and Targeting Systems</b>	<ul style="list-style-type: none"> <li>• There has been a significant increase in <i>de minimis</i> imports in recent years.</li> <li>• CPSC currently has limited access to information associated with <i>de minimis</i> e-Commerce shipments as they are cleared off manifest data.</li> </ul>
<b>Legal Authority</b>	<ul style="list-style-type: none"> <li>• Complex supply chains make it difficult to discern a responsible party for enforcement purposes.</li> <li>• Consumers may unknowingly purchase substandard or counterfeit goods offered by a foreign vendor that do not meet product safety standards.</li> <li>• Foreign suppliers shipping products directly to U.S. consumers may not be familiar with CPSC requirements.</li> <li>• CPSC has limited ability to take enforcement action against foreign vendors who violate CPSC safety standards.</li> </ul>

Figure 9: EXIS's e-Commerce Capabilities and Associated Challenges

### 1.3. Operational Impacts of e-Commerce

**De Minimis e-Commerce Locations:** Using extracts of manifest data, EXIS matched *de minimis* shipments to the ports where they entered the United States, and compared this data to co-located ports.<sup>10</sup> EXIS staff performs their duties at multiple examination warehouses associated with one or more ports in a given geographic area. Therefore, the location of *de minimis* e-Commerce imports was analyzed at a city level. EXIS refers to a cluster of distinct ports located near each other as a “port area” (see Figure 10).



Figure 10: Top 10 Cities for *De Minimis* Shipments (CY 2018)

**Enforcement Process:** Currently, CPSC’s process for determining compliance of a consumer product does not account for differences in shipments’ size (number of units) or value. It is not cost-effective for staff to process packages of low-value or volume using existing enforcement process. EXIS is currently exploring options to streamline enforcement on *de minimis* e-Commerce shipments to maximize available resources.

**The Multi-Pack High-Value e-Commerce Issue:** EXIS staff have found that some High-Value e-Commerce shipments are comprised of multiple individually packaged products within shipping containers. These individual packages are often pre-addressed and, if a product within the container is targeted by EXIS for inspection, port staff may have to open hundreds of packages to determine which contains the targeted product.

<sup>10</sup> Due to the minimal data requirements of *de minimis* shipments, EXIS is unable to confirm with certainty what percentage of *de minimis* shipments are e-Commerce. EXIS believes that a large portion of *de minimis* shipments are e-Commerce, as detailed in Section 2.

### 1.4. Data and Targeting Systems

Currently, EXIS targets shipments when Entry data are available through two systems: (1) the ITDS/RAM for local targeting, and (2) CBP systems for national targeting at CTAC. Data availability and staffing limitations do not allow EXIS to address and target *de minimis* e-Commerce because Entry is not filed for these shipments. CPSC and CBP have agreements that allow CPSC access to manifest data via CBP-administered systems. These agreements will enable EXIS to begin evaluating manifest data's usefulness for EXIS's e-Commerce risk assessment.

Data submission timing requirements for airports and land border crossings, where *de minimis* e-Commerce normally is transported, are significantly shorter than shipments arriving via a seaport (see Figure 11). In the case of an air, truck, or rail shipment, the short window between data availability and the shipment's release leaves EXIS port staff little time to target and determine whether an examination is needed. The limited time for targeting, coupled with the growth in *de minimis* shipments, reinforces EXIS's need for real-time manifest data access.

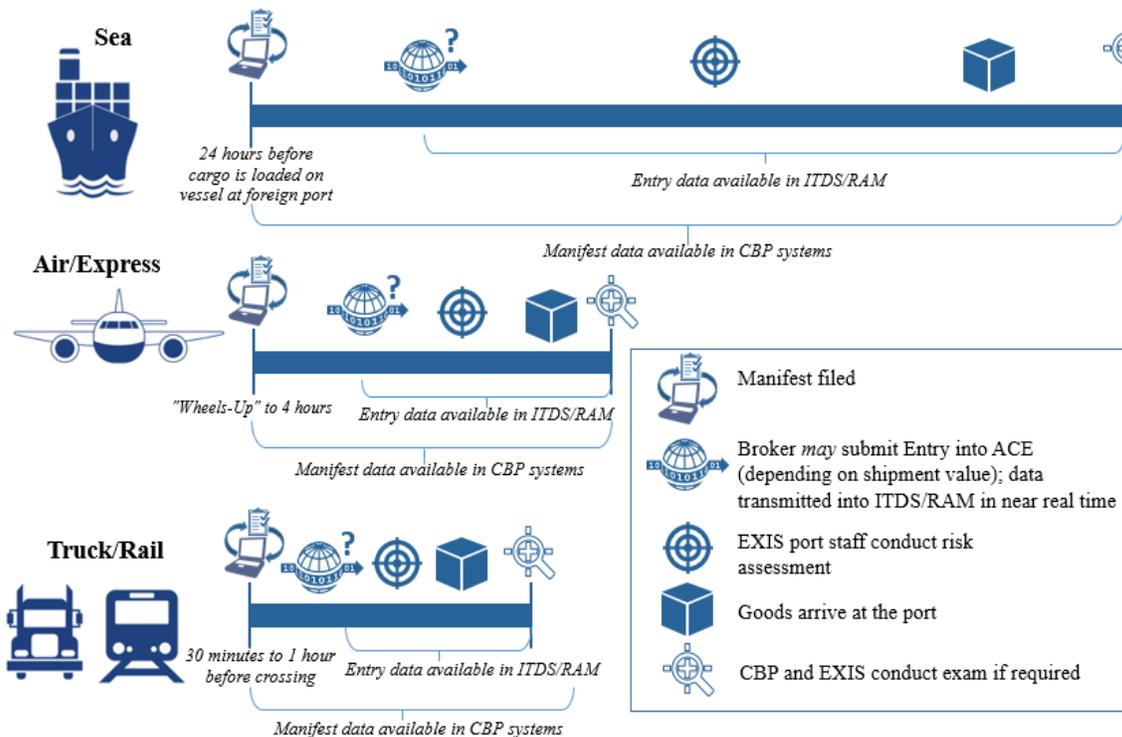


Figure 11: Shipment Timeline for EXIS Targeting Based on Mode of Transportation

Although the lack of manifest data poses an immediate challenge to EXIS in targeting *de minimis* e-Commerce, a comprehensive evaluation of the new systems' capabilities, implementation plans, and strategies is still necessary. Without access to CBP's manifest-based data systems, the true operational benefits of acquiring and incorporating them into EXIS's current operations are unknown.

## 1.5. Legal Authority

CPSC must thoroughly evaluate its legal authority to understand the gaps caused by the growing volume of *de minimis* shipments and trade entities. The agency's authority is primarily supported through two laws, CPSA and CPSIA, which EXIS enforces along with several other statutes to conduct import surveillance. However, CPSC's current laws are not designed for the global supply chain's growing complexity and numerous players, many of whom operate solely in e-Commerce. To understand CPSC's ability to address *de minimis* e-Commerce, EXIS identified two current e-Commerce trends and assessed the application of the two laws.

**Shifts in Responsibility due to Technological Issues:** The emerging e-Commerce business models introduced additional supply chain participants. The CPSA's definitions of commerce participants are very broad and do not acknowledge various business models in which e-Commerce participants may facilitate sales. For example, online platforms have varying degrees of ownership for the products sold through their marketplaces.

Despite the significant legal implications presented by the new e-Commerce participants, the CPSA has not been amended to address them. Consequently, it is not clear what level of responsibility the CPSA places on e-Commerce supply chain participants. This reinforces the need to understand better and explore the varying responsibilities of all commerce participants, not just traditional actors like the Importer of Record or manufacturer.

**De Minimis e-Commerce Shipments without Entry Filed:** The CPSIA requires domestic manufacturers or importers to certify compliance of their product via a Children's Product Certificate (CPC) or a General Certificate of Conformity (GCC).<sup>11</sup> Under the current regulation, these documents must be made available to CPSC and CBP as soon as the product or shipment is available for inspection. In 2013, CPSC issued a notice of proposed rulemaking to clarify certification document requirements and mandate the electronic filing (e-Filing) of certificate data for imported products at the time of importation.

Through its work to assess the e-Filing of targeting/enforcement data,<sup>12</sup> EXIS documented the limitations of operating without a Partner Government Agency (PGA) Message Set<sup>13</sup> and identified data elements that it believes would enhance import targeting. The e-Filing Assessment's key findings offer a compelling case for EXIS to continue exploring opportunities to require additional data elements before import to risk-assess better and target *de minimis* e-Commerce.

CBP is currently piloting a program called "Entry Type 86," allowing certain health and safety agencies to receive via a PGA Message Set additional data elements on *de minimis* shipments. Because CPSC does not have additional data reporting requirements, EXIS anticipates that it will benefit little from the test and will continue to experience the data and targeting challenges described above.

---

<sup>11</sup> A CPC certifies that a children's product complies with applicable safety rules based on test results from a CPSC-accepted third party lab. A GCC certifies that a non-children's (general use) product complies with all applicable consumer safety rules.

<sup>12</sup> EXIS conducted the [CPSC e-Filing assessment](#) to support its objective to increase the CPSC's import targeting capabilities. The e-Filing Alpha pilot was a joint initiative between CPSC and CBP to test the electronic filing of targeting/enforcement data for certain imported products under CPSC's jurisdiction.

<sup>13</sup> A [PGA Message Set](#) is a data set and the means through which an importer can satisfy a government agency's specific reporting requirements in CBP systems.

## 2. Quantifying e-Commerce and its Impact

For this assessment, EXIS considered e-Commerce to be any shipment imported into the United States that was or is intended to be purchased online. EXIS further delineates e-Commerce using two functional categories based on legislative developments,<sup>14</sup> impacting how the U.S. government collects data on imported shipments: (1) *de minimis* e-Commerce, and (2) High-Value e-Commerce.

<b>Key Findings</b>	<ul style="list-style-type: none"> <li>• An estimated 32 million <i>de minimis</i> e-Commerce shipments under CPSC’s jurisdiction were imported in 2018, but were not subject to agency review due to current data limitations; this number is expected to grow to approximately 55 million shipments by 2023.<sup>15</sup></li> <li>• Available data provide little insight into the types of products being shipped, resulting in an unknown level of risk associated with <i>de minimis</i> e-Commerce.</li> <li>• Approximately 30 percent of Entries under CPSC’s jurisdiction in 2018 were High-Value e-Commerce, and this number is expected to grow to almost 38 percent by 2023.</li> </ul>
---------------------	--

Figure 12: Section 2 Analysis Summary

### 2.1. Advance Import Data

For shipments above \$800, CBP requires importers to provide data on products arriving in the United States, a process known as filing Entry. Entry data contain key information, including the importer of record; the shipment’s weight, origin, and value; as well as a 10-digit Harmonized Tariff Schedule (HTS)<sup>16</sup> code classifying the imported product. CBP uses HTS codes to apply tariffs on imported goods. Other U.S. government agencies also use the codes to define jurisdiction, which delineates the data they receive from CBP.

Figure 13 highlights the two sources of e-Commerce import data processed by CBP. EXIS performs risk assessment using Entry data and internal CPSC data sources to decide whether to target a shipment for examination. However, for shipments at or under the \$800 *de minimis* threshold, importers are not required to file Entry; these shipments can be evaluated only by manifest data filed by the carrier of the goods (*e.g.*, shipping line or air carrier). Because manifest data provide significantly less insight into the products being imported, it is difficult for CPSC and other U.S. government agencies to develop risk-assessment programs based upon this data.

 Entry Data	 Manifest Data
<ul style="list-style-type: none"> <li>• Required for imports valued &gt; \$800</li> <li>• 10-Digit HTS code</li> <li>• Formal Entry number</li> <li>• Official Importer of Record / responsible party</li> </ul>	<ul style="list-style-type: none"> <li>• Available for all imports</li> <li>• Brief narrative product description provided by shipper</li> <li>• Ultimate consignee name and address</li> </ul>

Figure 13: Entry vs. Manifest Data Targeting Comparison

CPSC has developed a Risk Assessment Methodology (RAM), which includes an internal ITDS/RAM targeting system that leverages Entry data provided by CBP in near real-time. CPSC is currently equipped to risk-assess High-Value e-Commerce through traditional Entry data, but has no data for *de minimis* e-Commerce.

<sup>14</sup> Legislative developments refers to the Trade Facilitation and Trade Enforcement Act (TFTEA) of 2015.

<sup>15</sup> Note that the volume estimates in this report do not account for e-Commerce that arrives via international mail. However, CBP estimates that 475 million total mail shipments arrived in the United States in 2018.

<sup>16</sup> The HTS is an internationally recognized system maintained by the U.S. International Trade Commission to classify most trade and provide applicable tariff rates for imports into the United States.

## 2.2. De Minimis e-Commerce Volume and Location

**Methodology and Key Assumptions:** In support of this effort, an analysis was conducted on an extract of manifest data for CY 2018 and U.S. import value data for the same period from the U.S. Census Bureau. This assessment estimated the total number of *de minimis* shipments imported into the United States since 2013, and mapped them to their associated ports by using yearly ratios of the total value of U.S. imports. Finally, this assessment determined a *likely* range of *de minimis* shipments under CPSC jurisdiction that are thought to be e-Commerce purchases.<sup>17</sup> The range is a combination of growth rates, either at the e-Commerce industry’s growth rate (approximately 15 percent)<sup>18</sup> or at the same rate as U.S. imports overall (approximately 2.4 percent).<sup>19</sup>

Because *de minimis* e-Commerce does not require associated Entry data, federal agencies working at import rely, in part, on manifest data to inform targeting for shipments valued below \$800. Currently, EXIS cannot risk-assess products shipped under the *de minimis* threshold because manifest data lack an HTS code or standardized product description, as well as identifiers for the importer and foreign manufacturer. For current risk assessment in the ITDS/RAM, EXIS defines CPSC’s jurisdiction through HTS codes.

**Location Challenges:** An analysis of CY 2018 manifest data shows where *de minimis* e-Commerce is entering the United States. EXIS considered city location instead of ports, because local staff could theoretically act on shipments at multiple express courier ports within the same city. The majority of cities with higher volumes of *de minimis* shipments are home to one or more express courier facilities (see Figure 14 above). The top five cities for *de minimis* shipments represent more than 75 percent of the total volume of *de minimis* shipments.<sup>20</sup>

**Operational Challenges:** The majority of *de minimis* shipments enter the United States at express courier and IMFs. In the air environment, the manifest is filed when the flight leaves the last airport before arrival

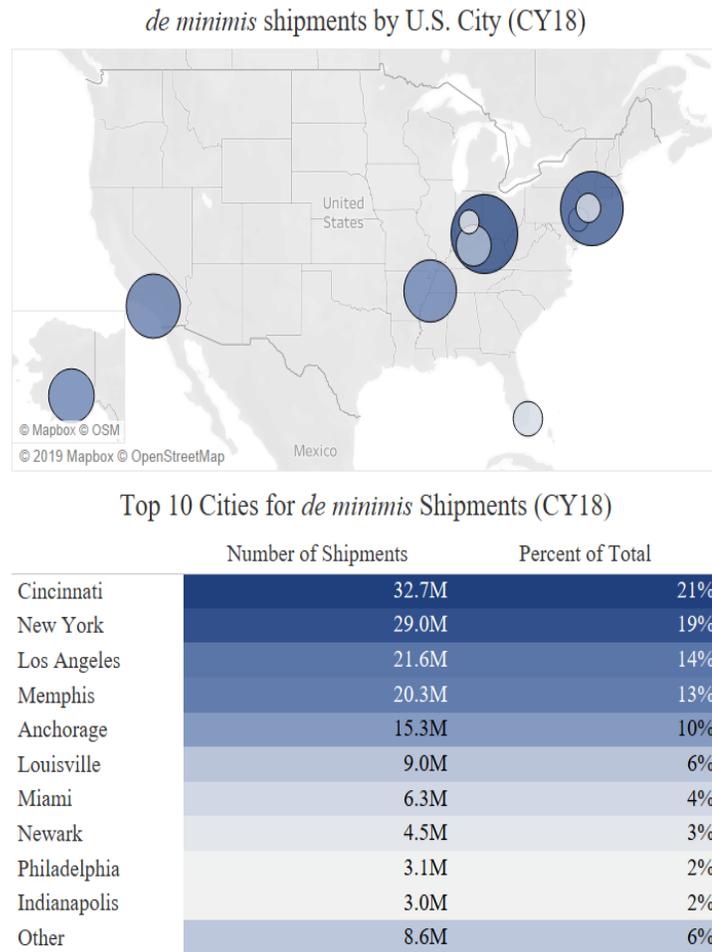


Figure 14: Top 10 Cities for *De Minimis* Shipments (CY 2018)

<sup>17</sup> EXIS assumed between 60 to 80 percent of the total *de minimis* shipments to be a *likely* range for *de minimis* e-Commerce to support its estimate.

<sup>18</sup> The e-Commerce industry’s growth rate is a five-year average growth rate of U.S. retailer e-Commerce revenue based on the [U.S. Census Bureau 2016 E-Stats Report](#).

<sup>19</sup> The overall U.S. import growth rate is a five-year average based on the [U.S. Census Bureau International Trade datasets](#).

<sup>20</sup> Note that the volume estimates in this report do not account for e-Commerce that arrives via international mail. However, CBP estimates that 475 million total mail shipments arrived in the United States in 2018.

in the United States, which can leave only a few hours for assessing risk and targeting. The window of time is even shorter for truck and rail crossings, which further limits EXIS’s ability to target and address imported products in those environments.

**Data Challenges:** The 10-digit HTS code classifies the imported product included on an associated Entry. HTS codes are not required for *de minimis* e-Commerce; therefore, these shipments are permitted to enter the United States based only on manifest data. Currently, EXIS’s access to manifest data is limited, so these shipments usually enter the country with no review by EXIS port staff. Even if EXIS acquires access to manifest data or manifest-based targeting systems, the lack of HTS codes will make it difficult to determine whether a product falls under CPSC’s jurisdiction. Although the manifest does include a product description, it is a non-standardized, “free text” field that can be ambiguous and inaccurate.

**CPSC Jurisdictional Impact:** As illustrated in Figure 15, \$886 billion in shipment value under the CPSC’s jurisdiction was imported in CY 2018. This number is expected to grow to more than \$1.1 trillion by 2023. This assessment estimates approximately 30 percent of this value, or \$260 billion, constitutes e-Commerce purchases. This number is projected to grow to 38 percent, or \$415 billion, by 2023. The growth rate for both these values is significantly higher than for U.S. imports as a whole.

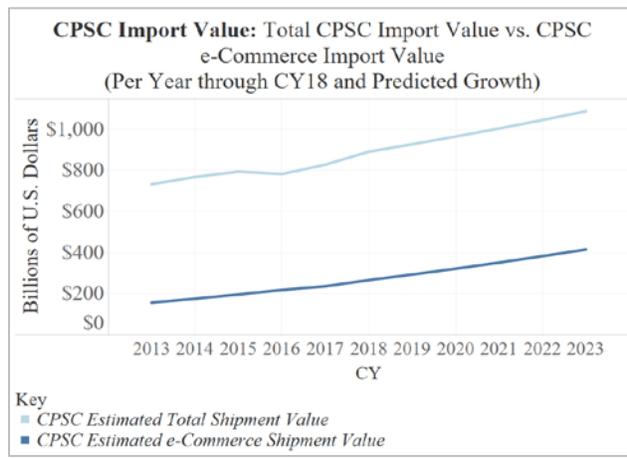


Figure 15: Import Value under CPSC’s Jurisdiction

EXIS maintains a shorter list of HTS codes for products considered higher-risk. In total, this assessment estimates these codes represented approximately \$30 billion of imports in CY 2018, and that 30 percent, or \$9 billion, were e-Commerce purchases. This assessment estimates that this number is expected to grow to \$17 billion by CY 2023.

### 3. E-Commerce Stakeholder Engagement

The CPSC’s EXIS engaged U.S. government agencies, foreign governments, and industry participants to understand their current challenges, capabilities, efforts, and interests regarding e-Commerce. They voiced three common concerns: (1) the safety and security of consumer products entering via various modes of transportation, (2) balancing trade facilitation with effective risk assessment and enforcement, and (3) the lack of e-Commerce-specific regulations. EXIS identified key findings and best practices across each stakeholder group for consideration in the development of its future, desired e-Commerce capabilities.

<b>Key Findings</b>	<ul style="list-style-type: none"> <li>▪ All U.S. and foreign government agencies engaged as part of the Assessment are in the initial stages of evaluating the current e-Commerce environment, share similar e-Commerce gaps as CPSC, and are interested in exploring how to address e-Commerce and the impacts on their organizations.</li> <li>▪ The volume of <i>de minimis</i> shipments through IMFs and express courier facilities is increasing and poses additional data challenges to U.S. and foreign government agencies.</li> <li>▪ Many U.S. government agencies experience the same <i>de minimis</i> e-Commerce data gaps as CPSC and are seeking to leverage additional data expected through the implementation of CBP’s Entry Type 86 pilot program.</li> <li>▪ Almost all engaged foreign governments are attempting to coordinate with e-Commerce platforms as part of their product safety strategy.</li> <li>▪ Industry stakeholders are concerned with Intellectual Property Rights (IPR) infringements that occur through e-Commerce transactions, and they have noted a correlation between IPR and consumer product safety.</li> </ul>
---------------------	---

Figure 16: Section 3 Analysis Summary

#### 3.1. U.S. Government Agency Stakeholder Assessment

EXIS engaged seven U.S. government agencies (Figure 17) to understand how they identify, target, interdict, and gauge the volume and impact of *de minimis* e-Commerce. EXIS identified common themes from this engagement and captured practices that could inform its future targeting operations.



Figure 17: U.S. Government Stakeholder Agencies

**E-Commerce presents common challenges across the U.S. government:** No agency reported that their authority has been specifically amended by Congress to address these challenges, despite widespread recognition of the need to regulate e-Commerce. EXIS identified some notable practices by agencies that have begun addressing the current e-Commerce environment.

Some U.S. agencies are assessing their current targeting and interdiction processes involving e-Commerce, while seeking opportunities for interagency collaboration. For example, CBP is coordinating with the U.S. Postal Service (USPS) to increase the number of higher-risk packages submitted to CBP for inspection. Other agencies also recognize that much of *de minimis* e-Commerce enters the country via airports and express courier facilities and increased resources are required at these locations. One regulatory agency recently conducted a pilot assessment in coordination with CBP to examine how e-Commerce shipments under its jurisdiction enter the United States via air and international mail at a major airport.

**Many agencies lack access to data related to *de minimis* e-Commerce:** EXIS estimated that 153 million shipments imported into the United States were valued under the *de minimis* threshold<sup>21</sup> in CY 2018. However, due to a lack of data, the level of risk associated with these shipments is largely unknown. Given the increasing volume of *de minimis* e-Commerce, regulatory agencies are increasingly interested in obtaining access to data from USPS and express couriers, which could provide critical targeting information for *de minimis* e-Commerce.

Most agencies, like CPSC, share similar gaps in acquiring data for mail and express shipments. Some agencies have made advances in using additional information to increase their visibility into *de minimis* e-Commerce entering the country via international mail, which has expanded their targeting scope beyond ports. For example, CBP receives international mail data from USPS to risk-assess and inspect shipments for all inbound mail.<sup>22</sup> Currently, CBP is the only agency with access to USPS data, but other agencies are exploring options to access and use this data for independent targeting.

Express couriers process data that can be accessed only by being physically present at their facility, which is not the case for most U.S. agencies. However, agencies are exploring methods for receiving data from express couriers. For example, one agency in collaboration with an express courier, provides expedited processing for admission of shipments valued at less than \$2,500. The carrier transmits the manifest data directly to the agency's risk assessment system.

**Many agencies anticipate challenges in processing additional data from CBP's Entry Type 86 pilot program:** The government's efforts to address common and pressing e-Commerce challenges are constrained by fixed resource levels. Agencies able to obtain more data on *de minimis* shipments through CBP's Entry Type 86 pilot program said they anticipate difficulties in processing a greater amount of data with their current resources. CPSC would need to explore the level of effort it would take to incorporate such data into the ITDS/RAM system.

---

<sup>21</sup> Measured in House bills of lading, based on CY 2018 manifest data. Note that the volume estimates in this report do not account for e-Commerce that arrives via international mail. However, CBP estimates that 475 million total mail shipments arrived in the United States in 2018.

<sup>22</sup> U.S. Government Accountability Office (GAO) Report to Congressional Requestors, International Mail Security: Costs and Benefits of Using Electronic Data to Screen Mail Need to Be Assessed (August 2017), [GAO-17-606](#).

### 3.2. Foreign Government Agency Stakeholder Assessment

In conjunction with CPSC's Office of International Programs, EXIS engaged 10 foreign governments during this Assessment (Figure 18). Each foreign counterpart described their authority and jurisdiction to address unsafe products, including those purchased via e-Commerce.



Foreign Government Stakeholder Agencies	
<b>Australia:</b> Australian Competition and Consumer Commission (ACCC)	<b>Japan:</b> Ministry of Economy, Trade, and Industry (METI)
<b>Brazil:</b> National Institute of Metrology Standardization and Industrial Quality (INMETRO)	<b>Mexico:</b> Office for the Federal Prosecutor for the Consumer (PROFECO)
<b>Canada:</b> Health Canada	<b>South Korea:</b> Korean Agency for Technology and Standards (KATS)
<b>European Union:</b> Directorate-General For Justice and Consumers (DG Justice)	<b>Singapore:</b> Enterprise Singapore
<b>France:</b> Directorate-General for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF)	<b>United Kingdom:</b> Office of Product Safety and Standards

Figure 18: Foreign Government Stakeholder Agencies

There is a varying degree of focus on e-Commerce efforts among CPSC's foreign counterparts, with most in the early stages of addressing e-Commerce product safety. Some foreign governments are concerned primarily with the safety of products purchased online, while others are focused on the safety of online financial transactions. Additionally, while CPSC is an independent agency, CPSC's foreign counterparts are often housed within a diverse array of umbrella agencies responsible for health, consumer welfare, metrology, or the economy. EXIS has summarized below the following common key themes from its foreign government engagement.

**CPSC's foreign counterparts share CPSC's e-Commerce product safety concerns:** Every foreign partner agreed that ensuring product safety in the age of e-Commerce is an important challenge, and acknowledged that the ease with which consumers can purchase products from international vendors online poses a growing and largely unmanaged risk. Foreign partners expressed that they share CPSC's challenges related to monitoring the safety of goods arriving via international mail or express couriers, an interest in the e-Commerce Assessment, and openness to potential collaboration with CPSC on product safety.

**CPSC's foreign partners attempt to collaborate with e-Commerce platforms:** Several foreign partners have initiated efforts to deter unsafe and non-compliant products from being listed on e-Commerce platforms, but the level of cooperation received varies widely. Some have secured assurances from e-Commerce platforms that they will remove hazardous products in a timely manner after receiving a removal request from regulators. Several foreign partners also coordinate with, and incentivize platforms, by assisting them in positioning themselves as responsible suppliers who consumers can trust.

CPSC's foreign counterparts also conduct public outreach in response to potentially unsafe products listed on e-Commerce marketplaces, including social media campaigns to educate the public about the potential dangers associated with products purchased online. The Australian Competition and Consumer Commission (ACCC) coordinates with e-Commerce platforms on a voluntary basis to explore technical solutions that would educate vendors on Australian safety standards prior to the vendor posting a listing.

The ACCC also prepares and publicizes fact-sheets to educate vendors on Australian product safety regulations.

**Most CPSC foreign counterparts do not conduct direct import surveillance activities, but some coordinate with their respective customs authorities:** Unlike EXIS, very few foreign counterparts have staff stationed at ports to conduct import surveillance. Many of them assume responsibility for a product only after it arrives in the domestic marketplace. Other foreign partners have staff who can inspect imports before they are admitted into commerce, but only at the invitation of the customs authority.

**CPSC's foreign partners have difficulty taking enforcement action against international vendors that violate product safety regulations:** Every foreign counterpart reported difficulty conducting enforcement actions against overseas manufacturers and suppliers of e-Commerce goods, due to insufficient data, inadequate legal authority to assign responsibility for an unsafe product, and an inability to conduct international operations. Some foreign partners work with their customs authorities to interdict goods from targeted suppliers at the border, while others cooperate directly with their foreign counterparts to address repeat violators outside their borders.

### "Product Safety Pledge"

The European Commission has facilitated the signature of a voluntary initiative by the four largest e-Commerce platforms in the European Union, who have pledged, among other commitments, to respond within two business days to a request from a European market surveillance authority to remove a product listing from their platforms

### 3.3. Industry Stakeholder Assessment: Intellectual Property Rights (IPR)

As part of this Assessment, EXIS also researched the various processes used by e-Commerce entities and engaged industry stakeholders to share and validate these findings. EXIS compared e-Commerce supply chain processes to those of traditional brick-and-mortar retailers to understand better where and how EXIS can improve its targeting and interdiction operations (see Section 1 for additional details).

Industry stakeholders also expressed concern about IPR violations, specifically involving consumer product safety. Purchasing products directly from the IPR holder or an official licensor may provide consumers with assurance that the right holder has conducted a vetting procedure for the licensor producing the product. IPR violators, however, may not subject their products to the same level of testing and supply chain due diligence as the true brand owner, putting consumers at risk of purchasing unsafe, illegitimate products. Counterfeit products that harm consumers damage the reputation of the true IPR holder, because consumers may incorrectly attribute those product safety violations to the genuine brand.

### IPR and Product Safety

- IPR violators may not subject their products to the same safety testing as the IPR holder
- These products may be masked as compliant products, deceiving consumers
- Consumers are often unaware of the true source of the product

### IPR Enforcement

- Almost 93 percent of IPR seizures occurred in the mail and express environments
- A majority of these shipments fell under the *de minimis* threshold
- 65 percent of all IPR seizures are products that could potentially fall under CPSC's jurisdiction

CBP enforces IPR at import. Most IPR seizures occur in the mail and express environments, where CPSC has limited visibility. According to CBP's FY 2018 IPR Seizure Statistics,<sup>23</sup> about 93 percent of all CBP IPR seizures occurred in the express and mail environments, and a majority of those shipments fell under the \$800 *de minimis* threshold. Additionally, based on EXIS's assessment of the product categories listed in CBP's report, up to 65 percent of all counterfeit products seized by CBP in FY 2018 potentially could fall under CPSC's jurisdiction.

<sup>23</sup> [CBP FY 2018 IPR Seizure Statistics Report.](#)

Industry stakeholders noted<sup>24</sup> that IPR violations may also indicate potential non-compliance with product safety regulations. EXIS recognizes the importance of considering IPR violations as part of an enforcement strategy to protect consumers from non-compliant and hazardous products. Additionally, EXIS recognizes the need for system improvements to target more efficiently imports that violate consumer product safety and IPR laws.

### Industry IPR Focused

Last year, Amazon spent \$400 million on technology and a staff of 5,000 people tasked with tracking counterfeit and unsafe items. Amazon's chief executive of world-wide consumer has said the company is lobbying for stiffer federal penalties for counterfeiters.

---

<sup>24</sup> Industry IPR Focused-The Wall Street Journal [Amazon Ready to Pour Billions Into Policing Products on its Site.](#)

## Conclusion

As a result of this Assessment, the CPSC understands better the current state and future trends in e-Commerce shipments entering the United States and the key gaps in CPSC’s EXIS capabilities. EXIS conducted extensive research, performed qualitative and quantitative analyses, and engaged other U.S. government agencies, foreign governments, and the private sector to obtain a comprehensive understanding of e-Commerce. Consequently, EXIS has developed a set of initial recommendations to address the documented gaps introduced by e-Commerce. EXIS will use these recommendations to focus its long-term planning.

<i>Topic</i>	<i>Insight</i>	<i>Initial Recommendation</i>
<b>Staffing</b>	<ul style="list-style-type: none"> <li>More than 75 percent of <i>de minimis</i> e-Commerce shipments enter at five large port areas. EXIS staffing is focused on traditional ports and has remained relatively constant despite the growth of U.S. imports overall, not just e-Commerce.</li> </ul>	<ul style="list-style-type: none"> <li>CPSC should consider locating additional staff in environments where the majority of <i>de minimis</i> shipments are processed.</li> <li>CPSC should assess operations at the ports receiving the most <i>de minimis</i> shipments and consider how staff would operate in the express and mail environments.</li> <li>EXIS should continually adjust its port presence with respect to future e-Commerce growth.</li> </ul>
<b>Data</b> <i>(de minimis)</i>	<ul style="list-style-type: none"> <li>In response to the <i>de minimis</i> increase from \$200 to \$800, various health and safety agencies are preparing for a CBP pilot program called “Entry Type 86,” to receive additional data per government requirements. However, CPSC does not have additional data requirements that would allow it to take advantage of this program.</li> </ul>	<ul style="list-style-type: none"> <li>CPSC should consider requiring additional data, by leveraging the key findings from the e-Filing Assessment, including identification of the most useful data elements for targeting.</li> <li>CPSC should participate in CBP’s Entry Type 86 program, ideally through the use of a new Partner Government Agency Message Set, to improve risk assessment and targeting of <i>de minimis</i> shipments, if legal authorities allow.</li> </ul>
<b>Data</b> <i>(manifest)</i>	<ul style="list-style-type: none"> <li>Manifest-viewing access and manifest-based targeting would be critical for EXIS’s operation in the e-Commerce environment.</li> <li>Manifest data would supplement entry-based targeting, by providing advanced notice of critical shipment data to EXIS.</li> </ul>	<ul style="list-style-type: none"> <li>EXIS should explore opportunities to leverage manifest data to support targeting.</li> <li>EXIS should explore developing technical rules within manifest-based systems to improve targeting at ports where <i>de minimis</i> e-Commerce arrives.</li> </ul>
<b>Data</b> <i>(international mail)</i>	<ul style="list-style-type: none"> <li>CBP receives international mail data from the USPS for examination and to assess duties.</li> </ul>	<ul style="list-style-type: none"> <li>CPSC should pursue interagency cooperation regarding receipt of international mail data.</li> <li>CPSC should assess how this data would impact resources.</li> </ul>
<b>Legal Authority</b>	<ul style="list-style-type: none"> <li>CPSC’s current laws may not have been written to anticipate e-Commerce and the global supply chain’s growing complexity and numerous participants.</li> </ul>	<ul style="list-style-type: none"> <li>CPSC should review current laws to determine if authority exists over the parties in the e-Commerce supply chain.</li> <li>The agency should develop business cases for possible statutory and/or regulatory changes needed to hold responsible parties in the e-Commerce supply chain accountable for importing non-compliant and hazardous products.</li> </ul>

<i>Topic</i>	<i>Insight</i>	<i>Initial Recommendation</i>
<b>IPR</b>	<ul style="list-style-type: none"> <li>The protection of Intellectual Property Rights (IPR) is a priority for government and industry, and there is a recognized overlap between IPR infringements and consumer product safety violations.</li> </ul>	<ul style="list-style-type: none"> <li>CPSC should work closely with CBP to leverage IPR violation data to create targeting synergies for dually violative products.</li> </ul>
<b>Foreign Government</b>	<ul style="list-style-type: none"> <li>The extent to which different e-Commerce platforms cooperate with U.S. and foreign government regulators varies widely.</li> <li>Some foreign governments have agreements with e-Commerce platforms that support consumer product safety.</li> </ul>	<ul style="list-style-type: none"> <li>CPSC should explore opportunities to expand collaboration, as appropriate, with e-Commerce platforms.</li> </ul>

Figure 19: CPSC e-Commerce Assessment Recommendations

These initial recommendations will guide the agency’s long-term planning to address higher-risk consumer products arriving via e-Commerce. CPSC should determine which recommendations it is willing to pursue as it develops a scalable Five-Year Concept of Operations and Implementation Plan that will guide the agency’s strategy to address e-Commerce risk.

## Appendix A: Acronyms

<b>Acronym</b>	<b>Definition</b>
2PL	Second Party Logistics
3PL	Third Party Logistics
ACCC	Australian Competition and Consumer Commission
ACE	Automated Commercial Environment
CBP	U.S. Customs and Border Protection
CPC	Children’s Product Certificate
CPSA	Consumer Product Safety Act
CPSC	U.S. Consumer Product Safety Commission
CPSIA	Consumer Product Safety Improvement Act
CTAC	Commercial Targeting and Analysis Center
CY	Calendar Year
DG Justice	Directorate-General For Justice and Consumers (European Union)
DGCCRF	General Directorate for Competition Policy, Consumer Affairs and Fraud Control (France)
DOT	U.S. Department of Transportation
EPA	U.S. Environmental Protection Agency
E-Stats Report	U.S. Census Annual Report on e-Commerce
EXIS	U.S. Consumer Product Safety Commission Office of Import Surveillance
FDA	U.S. Food and Drug Administration
FY	Fiscal Year
GCC	General Certificate of Conformity
INMETRO	National Institute of Metrology Standardization and Industrial Quality (Brazil)
HTS	Harmonized Tariff Schedule
IMF	International Mail Facility
IPR	Intellectual Property Rights
ITDS	International Trade Data System
KATS	Korean Agency for Technology and Standards
LMC	Last Mile Courier
METI	Ministry of Economy, Trade, and Industry (Japan)
OEM	Original Equipment Manufacturer
PGA	Partner Government Agency
PROFECO	Office for the Federal Prosecutor for the Consumer (Mexico)
RAM	Risk Assessment Methodology
TFTEA	Trade Facilitation and Trade Enforcement Act
USDA	U.S. Department of Agriculture
USPS	U.S. Postal Service
VAR	Value Added Reseller

## Appendix B: CPSC e-Commerce Assessment Hyperlinks

Footnote	Hyperlink Reference	URL Address
2	House Bills of Lading	<a href="https://help.cbp.gov/s/article/Article-758?language=en_US">https://help.cbp.gov/s/article/Article-758?language=en_US</a>
2	Filed Entries	<a href="https://www.cbp.gov/trade/programs-administration/entry-summary">https://www.cbp.gov/trade/programs-administration/entry-summary</a>
7	Trade Facilitation and Trade Enforcement Act (TFTEA)	<a href="https://www.cbp.gov/trade/trade-enforcement/tftea">https://www.cbp.gov/trade/trade-enforcement/tftea</a>
12	CPSC e-Filing Alpha Pilot	<a href="https://www.cpsc.gov/s3fs-public/eFiling_Alpha_Pilot_Evaluation_Report-May_24_2017.pdf?uK.UhjHabKD5yjQ.1w06tudrnvuuWIra">https://www.cpsc.gov/s3fs-public/eFiling_Alpha_Pilot_Evaluation_Report-May_24_2017.pdf?uK.UhjHabKD5yjQ.1w06tudrnvuuWIra</a>
13	Partner Government Agency (PGA) Message Set	<a href="https://www.cbp.gov/document/guidance/pga-message-set">https://www.cbp.gov/document/guidance/pga-message-set</a>
14	Trade Facilitation and Trade Enforcement Act (TFTEA)	<a href="https://www.cbp.gov/trade/trade-enforcement/tftea">https://www.cbp.gov/trade/trade-enforcement/tftea</a>
16	Harmonized Tariff Schedule (HTS)	<a href="https://www.usitc.gov/tata/hts/index.htm">https://www.usitc.gov/tata/hts/index.htm</a>
18	U.S. Census Bureau 2016 E-Stats Report	<a href="https://www.census.gov/newsroom/press-releases/2018/estats-report.html">https://www.census.gov/newsroom/press-releases/2018/estats-report.html</a>
19	U.S. Census Bureau International Trade datasets	<a href="https://www.census.gov/foreign-trade/data/index.html">https://www.census.gov/foreign-trade/data/index.html</a>
22	U.S. Government Accountability Office (GAO) Report to Congressional Requestors, International Mail Security: Costs and Benefits of Using Electronic Data to Screen Mail Need to be Assessed, GAO-17-606	<a href="https://www.gao.gov/assets/690/686377.pdf">https://www.gao.gov/assets/690/686377.pdf</a>
23	CBP Intellectual Property Rights (IPR), Fiscal Year 2018 Seizure Statistics	<a href="https://www.cbp.gov/sites/default/files/assets/documents/2019-Aug/IPR_Annual-Report-FY-2018.pdf">https://www.cbp.gov/sites/default/files/assets/documents/2019-Aug/IPR_Annual-Report-FY-2018.pdf</a>
24	The Wall Street Journal: Amazon Ready to Pour Billions Into Policing Products on Its Site	<a href="https://www.wsj.com/articles/amazon-ready-to-invest-billions-in-policing-products-on-its-site-11571787628">https://www.wsj.com/articles/amazon-ready-to-invest-billions-in-policing-products-on-its-site-11571787628</a>