



UNITED STATES
 CONSUMER PRODUCT SAFETY COMMISSION
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This document has been electronically approved and signed.

DATE: September 23, 2020

BALLOT VOTE SHEET

TO: The Commission
 Alberta E. Mills, Secretary

THROUGH: John G. Mullan, General Counsel
 Mary T. Boyle, Executive Director

FROM: Hyun S. Kim, Acting Assistant General Counsel, Regulatory Affairs
 Mary A. House, Attorney, Regulatory Affairs

SUBJECT: CPSC Plan to Create an eFiling Program for Imported Consumer Products

BALLOT VOTE DUE Tuesday, September 29, 2020

Staff of the Office of Import Surveillance is forwarding a briefing package to the Commission, recommending that the U.S. Consumer Product Safety Commission (CPSC) implement a permanent program requiring importers of certain regulated consumer products to electronically file (eFile) targeting/enforcement data (a subset of the data required on a certificate of compliance) at the time of importation. Currently, import staff requests certificates of compliance once a shipment has already been stopped for inspection; and thus, staff cannot use the lack of a certificate, or certificate data, for targeting. Based on twelve years of experience enforcing certificate of compliance requirements, testing, and study, CPSC staff concludes that an eFiling program is critical to the agency’s ability to intercept noncompliant imported consumer products. An eFiling program would directly support the agency’s strategic objective to increase its capability to identify and stop imported noncompliant and hazardous consumer products, and advance CPSC’s mission to protect U.S. consumers. Staff’s briefing package recommends a multiyear, four-phased approach: (1) create and fund an eFiling program, (2) conduct an eFiling Beta Pilot, (3) initiate rulemaking, and (4) dedicate ongoing resources.

Please indicate your vote on the following options:

- I. Approve staff’s recommended four-phased approach to create an eFiling program at CPSC.

 (Signature)

 (Date)

II. Approve staff's recommended four-phased approach to create an eFiling program at CPSC, but with the specified changes:

(Signature)

(Date)

III. Do not approve staff's recommended four-phased approach to create an eFiling program at CPSC.

(Signature)

(Date)

IV. Take other action specified below:

(Signature)

(Date)

Attachment: Staff Briefing Package: CPSC Plan to Create an eFiling Program for Imported Consumer Products.



United States
Consumer Product Safety Commission

Staff Briefing Package

CPSC Plan to Create an eFiling Program for
Imported Consumer Products

September 23, 2020

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ACKNOWLEDGMENTS

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Executive Summary

For 12 years, since passage of the Consumer Product Safety Improvement Act of 2008 (CPSIA), importers of regulated consumer products have been required to issue certificates of compliance (certificates) that accompany product shipments. U.S. Consumer Product Safety Commission (CPSC or Commission) staff currently requests certificates once a shipment has been identified or stopped for inspection at the port, and staff continues to find a significant number of certificate violations. More than simply an administrative infraction, data show that the lack of a timely certificate is a strong predictor of substantive violations, and specific data on a certificate are associated with noncompliance. Unless CPSC implements a program requiring that targeting/enforcement data (a subset of data required on a certificate) are to be filed electronically at import, staff cannot use the lack of a certificate, or data from a certificate, to target noncompliant and hazardous consumer products at import.

The ability to use available data and improved technology to detect noncompliant products is vital to focus CPSC's limited resources to enhance its mission to protect consumers. CPSC's current process of requesting certificates after staff identifies or stops a shipment for examination is inefficient and ineffective for both the agency and industry. Without collecting certificate data, CPSC relies on limited data from U.S. Customs and Border Protection (CBP) to evaluate and identify risks associated with the large volumes of incoming shipments, potentially exposing consumers to risks from unsafe products. Without improved data, CPSC will struggle to keep pace with other federal agencies and the evolving trade industry.

To address these challenges, staff has engaged public and industry stakeholders numerous times on a proposed rule to require importers to electronically file (eFile) certificate data for consumer products at the time of importation. Staff also conducted an eFiling Alpha Pilot and a Certificate of Compliance Study. The results of CPSC's eFiling initiatives, to date, have been extremely positive for CPSC and pilot participants, and the results provide a compelling case for establishing a permanent eFiling program. Staff concludes that electronically collecting targeting and enforcement data at the time of import can (1) enhance identification of high-risk products, (2) assist in risk-assessing eCommerce shipments, and (3) facilitate legitimate trade.

Staff recommends that CPSC implement a permanent eFiling program for imported consumer products, by requiring the submission of targeting and enforcement data for regulated imported consumer products. Staff recommends a multiyear, four-phase approach: (1) create and fund an eFiling program; (2) conduct an eFiling Beta Pilot; (3) initiate rulemaking; and (4) dedicate ongoing resources.

As part of the decision-making process, the Commission must assess the value, cost, and burden of an eFiling Beta Pilot and overall eFiling Program. However, based on 12 years of experience enforcing certificate of compliance requirements, testing, and study, CPSC staff concludes that eFiling is critical to the agency's ability to intercept noncompliant imported consumer products. An eFiling program would directly support the agency's strategic objective to increase its capability to identify and stop imported hazardous consumer products, and advance our agency's mission to protect U.S. consumers.



**United States
Consumer Product Safety Commission
Bethesda, MD 20814**

Staff Memorandum

September 23, 2020

TO : The Commission
Alberta E. Mills, Secretary

THROUGH : John G. Mullan, General Counsel
Mary T. Boyle, Executive Director
DeWane Ray, Deputy Executive Director for Operations

FROM : James G. Joholske, Director, Office of Import Surveillance
Sabrina B. Keller, Deputy Director, Office of Import Surveillance

SUBJECT : CPSC Plan to Create an eFiling Program for Imported Consumer Products

The Consumer Product Safety Improvement Act of 2008 (CPSIA) enhanced the U.S. Consumer Product Safety Commission's (CPSC or Commission) authority to use import data to target noncompliant consumer products at the borders, preventing hazardous products from entering the United States.¹ As detailed below, since 2008, CPSC has implemented programs based on these new authorities to improve CPSC's import surveillance program. After many years of valuable experience with certificates of compliance (certificates), and successful testing and study of certificates and electronic filing of import data, CPSC staff recommends that CPSC implement a permanent electronic filing (eFiling) program for imported consumer products, by requiring the submission of targeting and enforcement data (a subset of the data required on a certificate) for regulated imported consumer products. Staff prepared this briefing package to provide the

¹ For example, CPSIA-enhanced certificate and import authorities include:

- expanding the scope of products that require a certificate to include all consumer products subject to a consumer product safety rule under the CPSA, or similar rule, ban, standard, or regulation under any other Act enforced by the Commission;
- expanding the certificate requirement to require importers to certify regulated products imported for consumption or warehousing;
- requiring certificates for children's products to be based on third-party testing;
- Allowing CPSC, by rule, to require importers to file electronic certificates at import; and
- Requiring the Commission to establish a Risk Assessment Methodology (RAM) to intercept shipments containing potentially hazardous products.

Section 14(a) of the Consumer Product Safety Act (CPSA), 15 U.S.C. § 2063(a), sets forth the requirements to issue certificates of compliance. Section 14(g)(1)-(3) sets forth the form, content, and availability requirements for certificates, while section 14(g)(4) of the CPSA, 15 U.S.C. § 2063(g)(4), allows the Commission, by rule, to require electronic filing of certificates. Section 222 of the CPSIA requires the establishment of a RAM.

Commission with relevant background on eFiling, options for consideration, and staff's recommended plan to create an eFiling program at CPSC.

I. Background and Summary

In 2008, to implement sections 14(a) and (g)(1)-(g)(3) of the CPSA (as amended by the CPSIA), the Commission issued a regulation (codified at 16 CFR part 1110, "part 1110") to specify the content, form, and availability of certificates (15 U.S.C. § 2063(a) and (g)(1)-(g)(3)). Part 1110 also specifies the means by which an electronic certificate can meet CPSA requirements, and limits which firms must issue a certificate.² Importers must certify products manufactured outside the United States, while domestic manufacturers must certify those made inside the United States.³ The Commission's regulations under part 1110, however, do not currently include requirements to address the Commission's authority under section 14(g)(4) of the CPSA to require advance filing of electronic certificates with the Commission and/or CBP.

The CPSIA also led to a significant expansion of CPSC's import surveillance program. Initially, CPSC's Office of Import Surveillance (EXIS) had limited tools to analyze and target shipments, and was therefore unable to conduct consistent and automated risk assessment of imported consumer products. In 2011, CPSC launched a pilot targeting system to test the effectiveness of a Risk Assessment Methodology (RAM), as required by section 222 of the CPSIA, to intercept shipments containing potentially hazardous products. This pilot RAM system used a rules-based approach and aggregate-scoring models to highlight potential risks, patterns, and targets. In 2017, CPSC transitioned to the RAM 2.0 system, with analytic and performance reports to aid staff in modifying and fine-tuning risk assessment and targeting rules to select shipments for examination, while, equally importantly, facilitating trade for compliant importers. However, CPSC's RAM system is limited to data collected and provided by CBP, and does not contain CPSC-specific information that would help enhance risk assessment.

In May 2013, CPSC issued a notice of proposed rulemaking (NPR) to update part 1110. Among the modifications, the 2013 NPR proposed to implement section 14(g)(4) of the CPSA, to further improve CPSC's risk assessment program by requiring importers to electronically file (eFile) certificate data for imported consumer products with CBP at the time of importation. After the NPR, CPSC staff engaged public and industry stakeholders numerous times regarding eFiling, including participating in work groups, meetings, and developing and conducting an eFiling Alpha Pilot and a certificate study.⁴

² Part 1110 does not address issues related to the type or frequency of testing necessary to satisfy the certification requirements. Instead, the Commission's testing regulations for children's products are codified at 16 CFR part 1107, and component part testing requirements are codified at 16 CFR part 1109.

³ This limitation removed the requirement for private labelers to certify regulated consumer products.

⁴ Since 2014, CPSC staff has engaged the public on CPSC's eFiling initiative many times, including: a public workshop on electronic filing of certificates, as included in proposed rule on Certificates of Compliance – September 18, 2014; webinars and meetings with CBP's Commercial Customs Operations Advisory Committee (COAC) Working Group – March 12, 2015, March 26, 2015, April 9, 2015, and May 13, 2015; Chairman Kaye Meeting with Members of the COAC 1USG Subcommittee-CPSC Working Group – April 28, 2015; webinar with the Border Interagency Executive Council (BIEC) – September 16, 2015; working meetings with the Trade Support Network (TSN) – September 16, 2015 and September 23, 2016; webinars to demonstrate the eFiling Product

The results of CPSC's eFiling initiatives, to date, have been extremely positive for both CPSC and pilot participants. The 2016 eFiling Alpha Pilot⁵ (Appendix A) was a 6-month joint initiative between CPSC and CBP to test the electronic filing of certain "targeting/enforcement data elements" for products imported by participant volunteers. The Alpha Pilot established and assessed the infrastructure and processes necessary for eFiling, and successfully demonstrated the ability of eight U.S. importers, their customs brokers, CBP, and CPSC to work together to gather and electronically file these data at import.

As a logical next step, the following year, staff conducted a Certificate of Compliance Study⁶ (Appendix B) to assess the correlation between the timing and availability of a certificate, as well as the specific data on a certificate, with finished product compliance. The results showed a strong correlation between the timely availability of a certificate and product violation rate: staff found that a shipment is five times more likely to have a violation if a certificate is never provided to CPSC, and three times more likely to have a violation if one is provided, but not within 24 hours of CPSC's request. The Certificate Study also identified which certificate data elements are most valuable for import targeting.

Based on the eFiling Alpha Pilot and the Certificate Study, staff determined that an eFiling Beta Pilot is a necessary and important next step to establish an eFiling Program. A Beta Pilot would test eFiling on a larger scale, for a longer period of time, to allow CPSC staff to assess and develop IT infrastructure, refine importer data entry content and methods, develop and optimize RAM algorithms, and develop CPSC internal processes for use and enforcement programs. Most recently, staff developed an eFiling Options Report (Appendix C), leveraging the feedback and results from the Alpha Pilot and Certificate Study, to identify three decision points for the Commission to consider in proceeding to an eFiling Beta Pilot, while balancing the value, cost, and burden of each option to importers and CPSC. Section III.B of this memorandum provides staff's recommendations for each Beta Pilot decision point.

CPSC's eFiling initiatives provide a compelling case for establishing a permanent eFiling program at CPSC. Twelve years after the Commission first required certificates at import, staff continues to see a significant number of certificate violations with imported products. More than simply an administrative infraction, data show that the lack of a timely certificate is a strong predictor of substantive violations in imported consumer products. Moreover, specific data on a certificate are associated with noncompliance. Building on staff's previous study, as well as a Beta Pilot, CPSC can develop RAM algorithms to triage the enormous amount of import data received from CBP to detect more effectively noncompliant consumer products arriving at ports of entry. The ability to use data and improved technology to detect noncompliant products is vital to focus CPSC's limited resources to enhance CPSC's mission to protect consumers from noncompliant and hazardous consumer products.

Registry – October 1, 2015 and February 25, 2016; kickoff meeting with eFiling Alpha Pilot participants – November 18, 2015; adult wearing apparel webinar on Enforcement Discretion Regarding GCCs for Adult Wearing Apparel Exempt from Testing with eFiling Alpha Pilot Participants – April 13, 2016; broker feedback meeting on eFiling with Bureau Veritas – August 4, 2016; public meeting for review and feedback on the eFiling Alpha Pilot with participants – January 26, 2017.

⁵ [eFiling Alpha Pilot Assessment and Staff's Recommendations for eFiling Beta Pilot](#), published April 2017.

⁶ [eFiling Certificate of Compliance Study Assessment](#), published August 2018.

II. Current Import Surveillance and Risk Assessment Challenges

CPSC's RAM currently receives an electronic feed of import data collected by CBP. The RAM is optimized to use CBP's data, using algorithms to highlight potentially noncompliant consumer product shipments for CPSC's inspection. Although the RAM is a substantial improvement over previous import surveillance methods, the system has limitations: the data used are intended for CBP, and therefore, not CPSC-focused, and the product classification can be imprecise or inaccurate.

Currently, EXIS staff requests a certificate from an importer after a shipment has been identified or stopped for examination. Furthermore, certificates are generally provided either as a PDF file or faxed copy. For these two reasons, certificate information cannot be used for risk assessment (in other words, for staff to determine which shipments to examine before the shipment's arrival). CPSC's request for certificates after stopping cargo is also burdensome to importers because their shipment is delayed or held until staff receives and reviews the certificate(s).

Without an eFiling program, CPSC will have to continue to rely only on CBP entry data for targeting, and continue to rely on staff requests for certificates. Continuing to rely on CBP's data and review of certificates upon inspection of goods means that CPSC cannot optimize its limited resources to focus on shipments that are more likely to contain noncompliant consumer products. Going forward with the current import surveillance system, CPSC will be further challenged in its efforts to keep up with other federal agencies and the evolving trade industry. Increasingly, CPSC will be unable to risk-assess effectively the large volumes of imported shipments, especially the growing volume of eCommerce shipments, potentially exposing consumers to unsafe products. In fact, without improving its targeting capabilities, staff estimates that within the next 3 years, CPSC will be unable to risk assess more than half of imported consumer products under its jurisdiction.⁷

III. Benefits of a Permanent eFiling Program

EXIS plays a key role in CPSC's strategic goal to prevent hazardous products from reaching consumers. EXIS performs a critical function to segment and risk-assess the large volumes of potentially harmful consumer products entering the United States daily. To be effective, EXIS must leverage technology to complement its limited staffing resources and increase its capability to identify and stop potentially noncompliant imported products. An eFiling program would enhance CPSC's overall import surveillance and risk assessment efforts, benefiting U.S. consumers, the agency, and compliant importers. Staff identified the benefits set forth below of creating an eFiling program for imported consumer products.

A. *Enhanced Identification of High-Risk Products*

A permanent eFiling program would give CPSC an essential tool the agency does not currently have: a Partner Government Agency (PGA) Message Set that provides more detailed information

⁷ Estimate provided in EXIS's November 2019 [eCommerce Assessment Report](#).

about arriving imported shipments, that would allow EXIS to improve detection of high-risk entities and products before they reach the port of entry. CBP created the PGA Message Set to facilitate the collection of additional information required by federal agencies with authority over imports. A PGA Message Set is a data set through which an importer can satisfy agency-specific reporting requirements using CBP's systems. Fifteen of CPSC's partner agencies with authority over imported products have already implemented a PGA Message Set.

An eFiling program would require importers to provide a CPSC-specific PGA Message Set, which would then be automatically fed into CPSC's RAM targeting system and incorporated into the risk-scoring algorithms. Using a CPSC-specific PGA Message Set, CPSC could develop and refine the RAM targeting system, creating a more adaptable, effective, mature, and autonomous system, helping CPSC keep pace with its partner border enforcement agencies and the evolving international trade industry. A PGA Message Set will allow CPSC to target shipments for examination, and increase the likelihood that targeted shipments will contain noncompliant or hazardous products. A PGA Message Set will reduce industry burden, because compliant shipments will be less likely to be stopped for examination. Staff burden will also be reduced because the RAM will more efficiently highlight shipments for examination without the need for more extensive staff intervention. Staff anticipates that by using PGA Message Set data, the RAM can be optimized to run programs for specific enforcement programs and pinpoint product shipments that contain safety hazards. An eFiling program using the PGA Message Set would take CPSC's import risk-assessment capabilities to an advanced level that is not possible with the existing CBP entry data alone.

The eFiling Alpha Pilot showed the ability of industry, CBP, and CPSC to work together successfully to electronically file PGA Message Set data at import. The 2018 Certificate Study identified data elements that would enhance targeting. In 2019, EXIS published an eCommerce Assessment Report to document CPSC's key gaps in available import data in the face of an evolving business environment and global supply chain, a report which also recommended incorporating these data elements.⁸ CPSC's next step to enhance targeting would be to implement eFiling and automate incorporation of PGA Message Set data into the RAM, to optimize the RAM's algorithms for risk scoring and targeting of imported products, and to develop CPSC's processes to enhance enforcement programs informed by the RAM.

B. Risk Assessment in the eCommerce Environment

Beyond adding value to EXIS's more traditional import work, which currently focuses on larger commercial shipments where entry is filed with CBP, a permanent eFiling program would benefit the evolving eCommerce trade environment, comprised primarily of small, direct-to-buyer shipments, the volume of which is growing rapidly – should the agency decide to expand to other ports and modes of transport.

An eFiling program would require importers to provide more granular product information during the import process that CPSC does not otherwise have, which is critical for targeting. Currently, for entry-based risk assessment, EXIS looks at the Harmonized Tariff Schedules (HTS) code the filer used to classify the product, which is often too general, or even inaccurate.

⁸ [CPSC eCommerce Assessment Report](#), published November 2019.

Moreover, many eCommerce shipments fall under CBP's \$800 *de minimis* threshold and have minimal data requirements; and therefore, these shipments lack both an HTS code and a standardized product description.

EXIS's recent eCommerce Assessment discusses the advantages to CPSC of establishing an eFiling program using a PGA Message Set, because CPSC could then participate in, and benefit from, CBP's Entry Type 86 program, which is currently being piloted. CBP's pilot Entry Type 86 program allows certain health and safety agencies to receive additional critical targeting data elements on *de minimis* shipments via a PGA Message Set, which CPSC could use in the RAM to risk score eCommerce shipments.

C. Facilitation of Legitimate Trade

The Certificate Study showed that firms following the law, by importing shipments accompanied by the required certificate, have the lowest violation rate. Incorporating these data from a certificate into CPSC's RAM system would indicate such low risk factors and inform staff's targeting and enforcement decisions. An eFiling program would reduce burden on compliant importers, by avoiding unnecessary delays and port stoppages for their compliant shipments.

IV. Recommended Plan and Beta Pilot Options

CPSC staff recommends implementing an eFiling program using a phased-approach spread over time, with funding and staffing commitments. CPSC would incur significant costs with initial implementation, in addition to long-term maintenance costs. Staff's recommended four-stage plan is outlined below, including an estimated timeline (see Appendix D).

A. Create and Fund an eFiling Program

If the Commission approves staff's eFiling plan, EXIS would begin with a critical first step: the recruitment of a Fulltime Equivalent (FTE) federal employee to act as an eFiling Program Manager and Contracting Officer Representative. This Program Manager would oversee contract project staff and coordinate with CPSC's Office of Information Technology (EXIT) and CBP on technical enhancements and planning for a Beta Pilot. EXIS would need a dedicated Program Manager because it does not currently have the FTE resources to manage a project of this scope.

B. Conduct a Beta Pilot

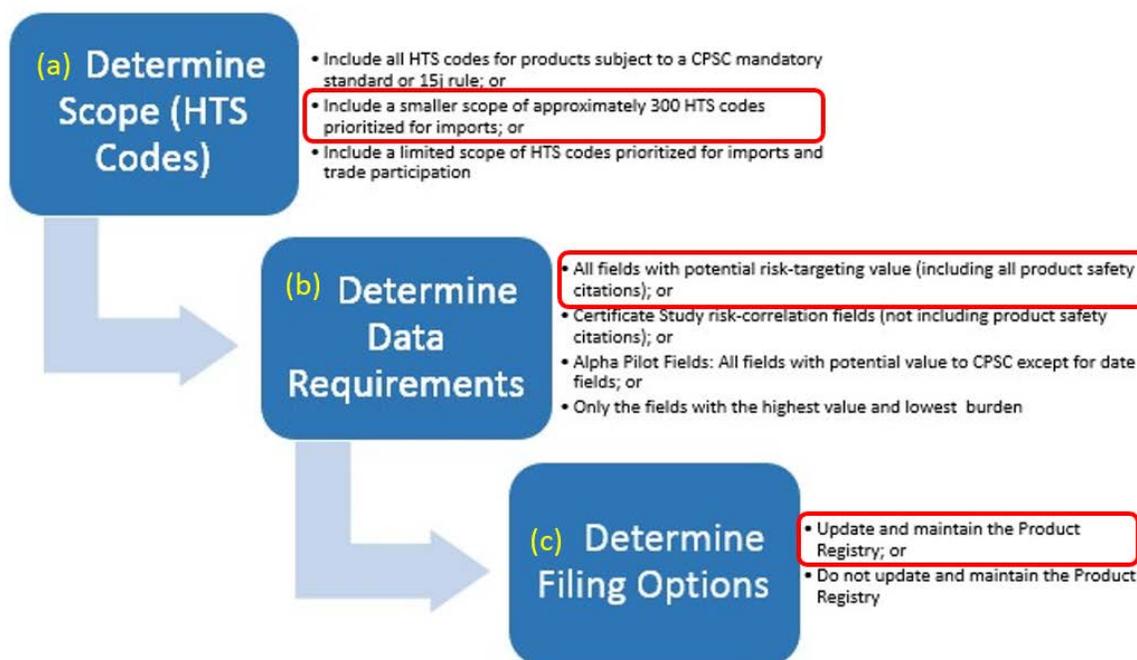
Once the Program Manager is in place, staff would proceed with developing plans for and executing an eFiling Beta Pilot. A Beta Pilot is a substantial undertaking with many internal and external dependencies affecting planning and execution. As with the Alpha Pilot, a Beta Pilot must be run in conjunction with CBP. A Beta Pilot would update CBP and CPSC technical requirements and rules for how CBP will collect and then transmit the PGA Message Set data to CPSC. A Beta Pilot would test CPSC's ability to work with a much larger group of approximately 100 trade volunteers filing data for about a year (compared to 8 volunteers filing for 6 months in the Alpha Pilot). Accordingly, a Beta Pilot would allow CPSC to refine eFiling

data content and methods for pilot participants,⁹ assess the capability of CPSC’s technical solution to handle 10 times the data volume, allow refinement of RAM targeting algorithms, and establish internal processes for enforcement programs. Ultimately, the Beta Pilot would serve to inform CPSC staff on large-scale data entry requirements, CPSC’s data reception, development of the RAM, and finally, potential subsequent rulemaking options.

1. Beta Pilot Decisions

Leveraging the feedback and results from the Alpha Pilot and Certificate Study, staff developed an eFiling Options Report (Appendix C) that identified three decision points for the Commission to consider in proceeding to a Beta Pilot. Staff balanced the value, cost, and burden of each option to importers and CPSC to propose a recommendation for each decision, presented here.

Decisions for Beta:



Beta Pilot Options with Staff Recommendations Circled

(a) Determine the Scope of Products

Staff recommends including a smaller scope of products prioritized for imports, identified

⁹ For example, a Beta Pilot would help staff understand the value and burden of specific data entry requirements, such as the Disclaimer Message Set, which participants did not use or file consistently in the Alpha Pilot. Staff anticipates that eFilers would submit a disclaimer message when CPSC would normally expect to receive PGA Message Set data for a particular HTS code, but an importer claims the information is not required for the specified consumer product because it is not subject to a safety rule. Additionally, a Beta Pilot would test data entry methods. The Alpha Pilot allowed for batch, versus manual, data-entry into CPSC’s Product Registry, but no volunteer chose to use this option on a small-scale pilot. A Beta Pilot would test the batch upload feature, which would be a critical component of a large-scale eFiling program.

by approximately 300 HTS codes, in the Beta Pilot.

Given the planned size of up to 100 participants for the Beta Pilot, the HTS code list must be universally defined to be used effectively in risk scoring. To leverage CPSC's limited resources, staff prioritizes products for targeting, based on risk and addressability, rather than risk-assessing the thousands of HTS codes under the agency's broad jurisdiction. EXIS regularly reviews and updates the HTS targeting list in consultation with CPSC's Office of Compliance and Field Operations. The subset of approximately 300 codes corresponds to those in EXIS's RAM targeting filter.

Staff concludes that this product scope would be the most valuable for the Beta Pilot. Using the existing approximately 300 HTS codes for a Beta Pilot would help ensure full participation by importers and sufficient allocation of staff resources. Any data gaps could be mitigated by choosing a diverse group of products and manufacturers for participation. Limiting the scope of HTS codes to a prioritized list would ensure CPSC does not collect data it would not use, and ensure that the amount of data filed is manageable for staff to analyze and optimize for RAM development, as well as reasonable for participants to file. This option also lessens the technology infrastructure required to store and manage the data, because CPSC already uses this set of HTS codes for RAM targeting.

(b) Determine the Number of Data Requirements

Staff recommends including all fields with potential risk-targeting value, including all product safety citations, in the Beta Pilot (Option 1 below).

As part of the eFiling Certificate Study, staff assessed each field on a certificate and identified four data-collection options for a Beta Pilot:

Option 1: All fields with potential risk-targeting value (includes dates and all product safety citations)

Option 2: Fields that were shown to correlate with risk in the 2018 Certificate Study (does not include product safety citations)

Option 3: Fields used in the 2017 Alpha Pilot (all fields with potential value to CPSC, except for date fields)

Option 4: Only the fields with the highest value and lowest burden

The table below also summarizes these four options:

<i>Data</i>	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
1. Identification of the finished product;	✓	✓	✓	✓
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	✓		✓	
3. Certifier (name and contact information);				
4. Contact information for the person maintaining records of test results (name and contact information);				
5a. Date when the finished product was manufactured;	✓	✓		
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	✓	✓	✓	✓
6a. Date when the finished product was tested	✓	✓		
6b. Place where the finished product was tested				
7. Laboratory on whose testing the certificate depends (name and contact information).	✓	✓	✓	✓
8. Checkbox to show that a required certificate exists (non-statutory)	✓	✓	✓	✓
Total Data included in option:	7	6	5	4

	Valuable import data; low burden to collect
	Valuable import data; medium to high burden to collect
	Not valuable for import assessment

Staff considers all of the fields in Option 1 useful to improve the targeting of potentially violative products. Both individually and working together, these data elements would allow staff to create a unique set of rules in the RAM that can increase or decrease risk scores. Including all Option 1 elements would create the most robust measures by which staff can interdict noncompliant products and also identify the lowest-risk importers and compliant products.

The Certificate Study found that testing labs, manufacturing locations, and manufacturing and testing dates all have the potential to validate the existence of a certificate, and allow staff to refine RAM modeling and target shipments for examination. The Certificate Study showed a strong correlation between dates and violations, something staff must further analyze in a Beta Pilot. Although staff recognizes that providing dates may be more burdensome for eFilers, and may impact the number of volunteer participants for a Beta Pilot, such dates are required on a certificate. Therefore, compliant importers already have this information. The next best, and minimally acceptable, data requirements for a Beta Pilot would be to repeat the Alpha Pilot required fields (Option 3 above): all fields with potential value to CPSC, except for date fields. If CPSC chooses not to test date fields in a Beta Pilot, CPSC will not be able to analyze and consider the value of such fields in any potential rulemaking effort in the future.

(c) Determine Whether to Maintain a Product Registry

Staff recommends updating and maintaining the Product Registry as a filing option during the Beta Pilot.

In the Alpha Pilot, CPSC designed a Product Registry to address the burden, identified by stakeholders, of entering the same data multiple times for repeat shipments of the same product. Once product information is entered into the Registry, filers can reference the data through a shorter Reference PGA Message Set containing the CBP-required data and a reference number each time the product is imported thereafter. Filers can use the reference number repeatedly, as long as the information is current, significantly reducing data requirements for each entry. Having a Registry allows brokers to file data in two ways, using a Full PGA Message Set, or a shorter Reference PGA Message Set.

Although the Registry does not eliminate data entry requirements, it is an alternate filing method that reduces time and burden for stakeholders. Filers who choose to automate data collection and entry in the Registry would experience an initial IT investment, but ongoing costs would drop significantly on a per-product and entry-line basis. Alpha Pilot participants gave overwhelmingly positive feedback on the Registry, so staff anticipates that a large majority of filers in the Beta Pilot would choose to use a Product Registry, if given the option. Not implementing a Registry for the Beta Pilot increases the burden on importers and increases the risk that trade would not participate.

While the Product Registry would reduce the cost and burden for industry, it would significantly increase the cost of the Beta Pilot to CPSC from a development, operations, maintenance, and customer support perspective. Staff would have to first evaluate and update the Registry used in the Alpha Pilot. Then, beyond the Beta Pilot, the number of resources required to support trade would increase over time, as more importers take part in filing data. This means that, unlike many of the other one-time or short-term costs required for the Beta Pilot and eFiling, the cost to maintain the Registry would be an ongoing and potentially increasing cost to CPSC.

The Alpha Pilot showed that CPSC's technical solution for entering, receiving, and analyzing pilot data is effective and not unduly burdensome. Based on the success of the Alpha Pilot experience and participants' response to the Product Registry specifically, staff concludes that the Registry and the associated ability to file the Reference PGA Message Set is a critical component of CPSC's eFiling initiative. The Registry would be especially necessary with the number and type of required data fields, as staff recommends above.

2. *Beta Pilot Steps and Timeframe*

(a) Paperwork Reduction Act (PRA) Requirements and *Federal Register* Notice (at least 6 months)

Given the Beta Pilot would include more than nine participants, CPSC, working with CBP, would need to apply for, and receive, a PRA control number for the Beta Pilot from the Office of Management and Budget (OMB) before recruiting volunteers. The PRA imposes a number of procedural requirements on federal agencies initiating a collection of information, including an analysis of the estimated burden imposed on the public to collect and submit the information, and the government's burden to collect and maintain the information. In conjunction with CBP, CPSC would be required to publish notice of a proposed collection of information for the Beta Pilot in the *Federal Register*, and allow at least 60 days for public comments on the need for, and

burden related to, the collection. CPSC would need to respond to the comments, if any, and publish such responses in the *Federal Register* with an additional notice and 30-day comment period. Staff anticipates combining the required 60-day PRA notice with a *Federal Register* notice, announcing a Beta Pilot, and soliciting volunteers for the program.

(b) CPSC and CBP IT Development, Documentation, Testing, and Support
(at least 1 year)

The CPSC eFiling IT infrastructure, built in support of the Alpha Pilot, would require updates, documentation, testing, and ongoing support. In addition, CPSC would depend on CBP for IT development and testing of the CBP system for the revised eFiling data requirements, as well as ongoing support during the filing period. CPSC must fund IT development for the project, including any modifications to CBP's Automated Commercial Environment (ACE) system, and follow CBP's development and change control process, which would likely take at least a year to complete. CPSC would also use this time to recruit and train volunteer participants for the Beta Pilot.

Overall, staff anticipates that the implementation of a permanent eFiling program would be at least a 4-year commitment (see Appendix D for an overview timeline for the entire project).

C. Initiate Rulemaking

After completing the Beta Pilot, staff would analyze the results based on staff and participant feedback, and make recommendations to the Commission on rulemaking options. Generally, staff anticipates recommending rulemaking to require that certain importers of regulated consumer products electronically file targeting/enforcement data at the time of entry, in the form of a PGA Message Set in CBP's ACE system.¹⁰

D. Dedicate Ongoing Resources

Once the Commission establishes an eFiling program, CPSC must dedicate ongoing resources for program maintenance, such as IT update and maintenance, permanent staffing, and support of the trade community.

V. Staff Conclusion and Recommendation

Based on the eFiling Alpha Pilot experience, participant feedback, the Certificate Study, a thorough analysis of the pros and cons presented in the 2020 eFiling Options report, and a review of import surveillance capabilities and priorities, staff concludes that CPSC would derive substantial value in collecting electronically targeting and enforcement data from importers before entry.

¹⁰ For example, staff could recommend that the Commission issue a supplemental NPR to continue all or part of the 2013 proposed rule to update part 1110; or staff could recommend that the Commission issue an NPR, proposing a separate rule to establish an eFiling program.

Staff recommends that the Commission approve an eFiling program, as outlined in this briefing package, comprised of the following four stages and three Beta Pilot options:

- 1. Create and fund the eFiling program**, including the recruitment of a dedicated Program Manager.
- 2. Conduct a Beta Pilot** with approximately 100 trade volunteer participants, incorporating staff's three recommendations:
 - i. Limit the product scope to approximately 300 HTS codes prioritized for imports;
 - ii. Include all data fields with potential risk-targeting value, including dates and product safety citations; and
 - iii. Update and maintain the Product Registry as a filing option for the trade.
- 3. Initiate rulemaking** based on staff's analysis of the Beta Pilot and subsequent staff recommendations.
- 4. Dedicate ongoing resources** for program maintenance, permanent staffing, and support of the trade community, once the new rule is implemented.

As part of the decision-making process, the Commission must, of course, balance the value, cost, and burden of the Beta Pilot and overall eFiling Program. However, based on 12 years of experience enforcing certificate of compliance requirements, testing, and study, CPSC staff concludes that eFiling is critical to the agency's ability to intercept noncompliant imported consumer products. An eFiling program would directly support the agency's strategic objective to increase its capability to identify and stop imported hazardous consumer products, and advance our agency's mission to protect U.S. consumers.

Appendix A



eFiling Alpha Pilot Assessment and CPSC Staff's Recommendations for eFiling Beta Pilot

Staff Report

4/26/2017

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

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Executive Summary

CPSC created the eFiling Alpha Pilot to support the strategic objective of increasing the Commission's import targeting capabilities. The eFiling Alpha Pilot represents a 6-month joint initiative between CPSC and CBP to test the electronic filing (eFiling) of targeting/enforcement data for certain imported products under CPSC's jurisdiction.

Initially, staff envisioned an eFiling pilot allowing electronic versions of a Certificate of Compliance (certificate) to be filed. Stakeholders expressed concern about the potential additional burden of submitting all data on a certificate. Accordingly, for the eFiling Alpha Pilot, the Commission determined that eFiling Alpha Pilot Participants (Participants) would electronically file only five data elements related to a certificate, termed "targeting/enforcement data elements," for regulated consumer products, and two data elements related to three products on the Commission's Substantial Product Hazard List (SPH-Listed Products). Additionally, CPSC designed a Product Registry to ease the burden of re-entering the same data when a product is imported multiple times.

The eFiling Alpha Pilot was not a test of staff's ability to target potentially noncompliant shipments. Rather, the Pilot established and assessed the infrastructure and processes required for successful eFiling. Eight U.S. importers, using three Customs Brokers (Brokers), volunteered to participate in the eFiling Alpha Pilot. Pilot Participants began entering their product data into the Product Registry in May 2016. The first Participants began filing their PGA Message Set data in July 2016. The Pilot ran 6 months, ending on December 31, 2016.

The eFiling Alpha Pilot's six key objectives:

- 1) To demonstrate CPSC's ability to partner with CBP and industry Participants to collect the required data elements using the PGA Message Set;
- 2) To assess importers' ability to provide additional data in advance of importation;
- 3) To test the CPSC technical solution for eFiling, including the ability to import PGA Message Set data into CPSC's Risk Assessment Methodology (RAM) system and the ability to create, manage, and integrate the Product Registry;
- 4) To evaluate the differences between filing using the Product Registry/Reference PGA Message Set and Full PGA Message Set;
- 5) To identify issues in implementing eFiling, as well as resources (time/costs) associated with implementation; and
- 6) To inform future Commission decisions regarding the need for eFiling of targeting/enforcement data.

The eFiling Alpha Pilot met these strategic goals and provided abundant information that CPSC staff can leverage to determine options and make recommendations for the future of eFiling. Staff's collaboration with CBP, and the dedication of the volunteer Participants, contributed to the success of the Pilot. The eFiling Alpha Pilot successfully demonstrated the ability of importers, Brokers, CBP, and CPSC to work together to gather and file electronically PGA Message Set data at import.

Based on the findings of the eFiling Alpha Pilot, staff recommends proceeding with an eFiling Beta Pilot. The Beta Pilot will test how effective using the five data elements in the RAM are at identifying potentially noncompliant shipments as well as CPSC's ability to scale-up the implementation from the small number of Participants in the Alpha Pilot. CPSC staff believes that introducing the PGA Message Set data to the RAM rules and risk-scoring engine is critical to CPSC's proficiency at identifying and stopping violative consumer products from being imported into the United States.

CPSC staff envisions the Beta Pilot as a two-pronged approach: (1) electronic filing of targeting/enforcement data by volunteer Participants; and (2) a concurrent study, for a subset of HTS codes, of importers' certificate of compliance data and correlation of such data to the overall compliance of products examined at import (certificate study). The certificate study would involve staff assessing certificate data across importers who are compliant and noncompliant, rather than focusing only on volunteer eFiling Participants, who are expected to be mostly compliant.

If the Commission proceeds with an eFiling Beta Pilot, they also must consider:

- Whether to implement the certificate study concurrently with electronic filing or implement the eFiling Beta Pilot in two stages, beginning with the certificate study;
- Determine the scope of HTS codes to be included in the eFiling Pilot; and
- Determine the scope of data requirements for a Beta Pilot.

Based on the Alpha Pilot experience, Participant feedback, import surveillance capabilities and priorities, and an analysis of the pros and cons presented in this report, staff recommends pursuing the eFiling Beta Pilot with the following components:

1) Perform Analysis of Certificate Data in Conjunction with the eFiling Beta Pilot

CPSC staff recommends conducting the certificate study in conjunction with the eFiling of targeting/enforcement data by the volunteer Participants. Performing the certificate study with the eFiling of targeting/enforcement data by the volunteer Participants will maintain the momentum of the CPSC eFiling effort and fill gaps in data that may present because of the volunteer nature of the eFiling project.

2) Include a Limited Scope of HTS Codes Prioritized for Imports and Participation

Staff recommends limiting the scope of the HTS codes in the Beta Pilot to a small subset of to-be-defined codes, to ensure full participation by importers and sufficient allocation of staff resources. CPSC staff believes that any gaps in data can be mitigated by choosing a diverse group of products and manufacturers.

3) Keep the Same Five Data Elements Required in the eFiling Alpha Pilot

CPSC staff recommends continuing to use the Alpha Pilot-required data set to ensure the least risk to the Beta Pilot. Staff has no basis to recommend changing the structure of the eFiling Beta Pilot until completion of the certificate study, which should provide information on the benefits and burdens of adding or removing each data element.

Section I: Overview of Import Surveillance at CPSC

To comprehend fully the value of the eFiling Alpha Pilot and its PGA Message Set data for CPSC, it is important for stakeholders to understand the history of import surveillance at CPSC. In February 2008, CPSC established an Import Surveillance Division (now the Office of Import Surveillance), which resulted in the Commission co-locating CPSC personnel with CBP staff at selected ports of entry. Initially, CPSC had a limited set of software tools to facilitate analysis of data, and the agency was unable to conduct consistent and automated risk assessments of imported consumer products. The Commission's targeting capabilities at that point revolved around locally developed programs focused on targeting products and companies determined to be high risk. Staff manually performed analysis and metrics reports on an as-needed basis, rather than on a scheduled, recurring basis, and required significant time from the department's limited resources.

In 2008, Congress enacted the CPSIA. Section 222 of the CPSIA required the CPSC to develop a Risk Assessment Methodology for the identification of shipments of consumer products intended for import into the United States, including consumer products potentially in violation of product safety laws. Section 222 also required the CPSC to collaborate with CBP and use the International Trade Data Systems (ITDS) data to evaluate information about consumer products intended for import into the customs territory of the United States. To meet the requirements of this law, the CPSC began an in-depth analysis of current and potential targeting approaches. CPSC staff created a RAM that detailed the ways the CPSC could use import data to create a holistic approach to targeting and enforcement for imported products.

In late 2011, CPSC launched a pilot targeting system to test the effectiveness of the defined methodology. This pilot RAM system used a rules-based approach and aggregate-scoring models to highlight potential risk, patterns, and targets. The RAM's goal was to provide CPSC staff with easy access to key data, including calculated risk scores, to enable investigators from the Office of Import Surveillance (EXIS) to review entry lines and act on them as required. CPSC intended the RAM to also provide CPSC staff a single, shared view of entry line data, analysis, workflow transitions, and basic metrics and reports.

The initial pilot RAM system was in operation for more than 5 years and its use by CPSC staff successfully proved the benefits of consistent and timely data access and analysis. CPSC recently transitioned to the RAM 2.0 system. Analytic and performance reports provide Import Surveillance management a better window on operational activities and support enhancements to processes and risk management methods. In addition, analytic outputs provide performance measurements and indicators that aide staff in modifying and tuning risk assessment and targeting rules.

Section II: Overview of the eFiling Alpha Pilot

The CPSC eFiling Alpha Pilot was a 6-month joint initiative between CPSC and CBP to test the electronic filing of targeting/enforcement data for certain imported products under CPSC's jurisdiction.

The Alpha Pilot was the first step in understanding better not only the benefits and uses, but also the limitations and challenges of eFiling targeting/enforcement data.

Several factors led to the CPSC eFiling Alpha Pilot. In the mid-1990s, CBP was tasked with modernizing the trade monitoring and tariff collection management system, known as the Automated Commercial Environment (ACE). Taken together, provisions of the Safe Port Act of 2006, the CPSA, and the CPSIA direct the Commission to align with CBP's modernization efforts to improve CPSC's risk assessment. These efforts included a single government interface for shipments entering or exiting the United States where all required information could be transmitted electronically, thereby streamlining data sharing for all parties. CBP created the Partner Government Agency Message Set (PGA Message Set) to facilitate the collection of additional information required by federal agencies.

In 2008, the Commission issued a direct final rule on "Certificates of Compliance" (73 FR 68328), which is codified at 16 C.F.R. part 1110 ("1110 rule"). Among other things, the 1110 rule limits the parties who must issue a certificate to importers for products manufactured outside the United States, and to manufacturers for products manufactured inside the United States. The rule also establishes that certificates may be submitted in hard copy or electronic form. In May 2013, the Commission issued a notice of proposed rulemaking to amend the 1110 rule (78 FR 28080) ("1110 NPR") to clarify certificate requirements in light of new rules related to testing and labeling of children's products and component part testing, 16 C.F.R. parts 1107 and 1109, and to require eFiling of certificates for imported products, as provided in section 14(g)(4) of the CPSA.

Finally in 2014, President Obama issued Executive Order (EO) 13659 to streamline the Export/Import Process. The EO required certain federal agencies to enhance their technology use to modernize and simplify the trade processing infrastructure. The EO also mandated that applicable government agencies use CBP's ITDS and supporting systems, such as ACE, to create a "single window" through which importers could electronically submit import-related data for clearance. Although as an independent agency the CPSC was not included in this mandate, the Commission sought, to the extent possible, to conform to this initiative.

In September 2014, CPSC staff held a workshop for stakeholders to provide feedback on the eFiling aspects of the 1110 NPR. Stakeholders expressed concern about filing data for multiple/ongoing shipments of the same product. Stakeholders explained that manufacturers and importers sometimes use one certificate for multiple products or entries, and added that it would be burdensome and inefficient for importers to provide the same certificate data more than once for the same product. Staff learned that other agencies have existing databases that can be referenced during the CBP entry process without re-entering large amounts of data. Workshop discussions led to creating the CPSC Product Registry, as discussed below.

In November 2014, the eFiling Alpha Pilot team began engaging stakeholders about eFiling additional data for CPSC purposes. The CPSC team and CBP hosted several Commercial Customs Operations Advisory Committee (COAC) webinars to engage and educate stakeholders, including manufacturers, importers, and Brokers, on the potential CPSC Pilot. The CPSC team also participated in

CBP's Trade Support Network (TSN), working with software developers and Brokers to ensure optimization of the technical design.

Through the COAC process, stakeholders reiterated apprehension over the additional burden that electronically submitting the 10 data points on a Certificate of Compliance would impose on importers. In response, the Commission implemented the eFiling Alpha Pilot using five required data elements for regulated products:

- 1) Identification of the finished product;
- 2) Each consumer product safety rule to which the finished product has been certified under 16 C.F.R. part 1110;
- 3) Place where the finished product was manufactured, produced, or assembled, including the identity and address of the manufacturing party;
- 4) Parties on whose testing a certificate under 16 C.F.R. part 1110 depends (name and contact information of the testing entity); and
- 5) A check box indicating that a required certificate currently exists for the finished product, as required by Sections 14 and 17 of the CPSA.

In addition to regulated products, the Commission also included in the Pilot three specific SPH-Listed products: seasonal lights, handheld hair dryers, and power cords. Because SPH-listed products do not have certification requirements, only two data elements were required:

- 1) Identification of the finished product; and
- 2) Place where the finished product was manufactured, produced, or assembled, including the identity and address of the manufacturing party.

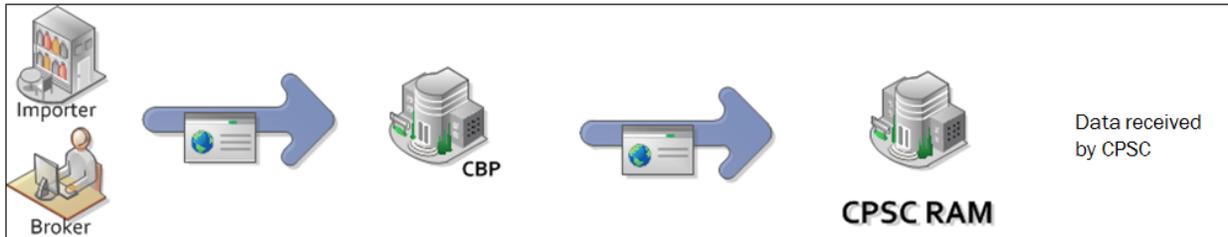
Additionally, CPSC designed the Product Registry to address the burden of entering the same data multiple times. The Product Registry created an alternative filing method that allowed full targeting/enforcement data for each imported product to be filed one time prior to importation. Once product information is entered into the Product Registry, Participants can reference the data through a shorter Reference PGA Message Set each time the product is imported thereafter. The Product Registry does not eliminate data entry requirements, but was implemented to reduce the burden on stakeholders by allowing the same targeting/enforcement data to be used for multiple shipments.

With the implementation of the CPSC Product Registry, eFiling Alpha Pilot Participants were able to file data in two ways:

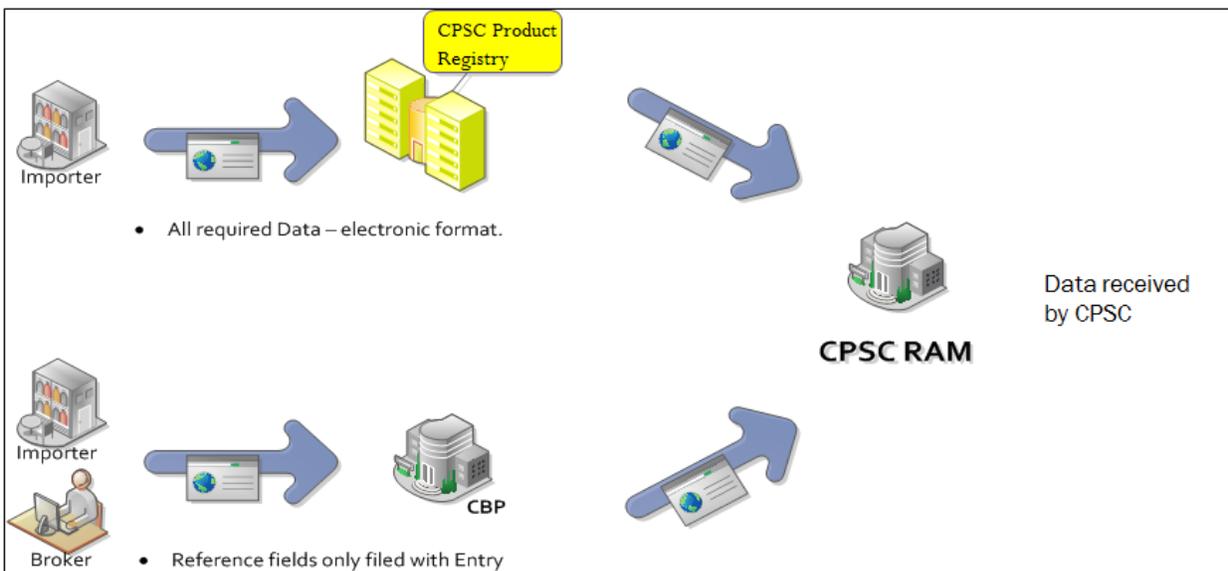
- 1) Full PGA Message Set: This option allowed Customs Brokers and importers to file all required data elements through an Automated Broker Interface (ABI). Participants who used the Full PGA Message Set were required to enter all mandatory targeting/enforcement data for each imported product at entry. The Full PGA Message Set was submitted as part of the transmission of entry data normally required by CBP.
- 2) Reference PGA Message Set: This option allowed importers to file the required data elements in the Product Registry maintained by CPSC prior to submitting entry data. Once data were

submitted to CPSC, filers could provide the Product Registry reference number, instead of filing all the data elements each time the product was imported. Filers using the Reference PGA Message Set could continue to use the reference number each time that product was imported, as long as the targeting/enforcement data in the Product Registry remained valid.

Full PGA Message Set:



Reference PGA Message Set:



A number of strategic goals drove the design and implementation of the eFiling Alpha Pilot:

- 1) To demonstrate CPSC’s ability to partner with CBP and industry Participants to collect the required data elements using the PGA message Set;
- 2) To assess importers’ ability to provide additional data in advance of importation;
- 3) To test the CPSC technical solution for eFiling, including the ability to import PGA Message Set data into CPSC’s RAM system and the ability to create, manage, and integrate the Product Registry;
- 4) To evaluate the differences between filing using the Product Registry/Reference PGA Message Set and Full PGA Message Set;
- 5) To identify issues in implementing eFiling, as well as resources (time/costs) associated with implementation; and
- 6) To inform future Commission decisions regarding the need for eFiling of targeting/enforcement data.

The eFiling Alpha Pilot officially began in August 2015, when the Commission issued a Federal Register (FR) Notice seeking volunteers to participate.¹ The eFiling Alpha Pilot was not designed as a test to optimize rule sets for data elements in the RAM. Rather, the Pilot established and assessed the infrastructure and processes required for successful eFiling. To encourage participation in the Alpha Pilot, the Commission limited targeting Participants' products at import. The Commission balanced this incentive with a requirement that Participants have a history of compliance with CPSC product regulations. Accordingly, CPSC staff did not test targeting/enforcement data in the Alpha Pilot and had limited expectation that data collected would lead to violative findings. Staff believes that the five data elements chosen for the Alpha Pilot will enhance targeting, and envisions that the Beta Pilot will assist in optimizing the data elements in the RAM algorithm to identify potentially noncompliant shipments.

The Commission accepted eight U.S. importers, using three Brokers, as volunteers to participate in the eFiling Alpha Pilot. The CPSC team worked closely with the Participants, their Brokers, and with CBP for 8 months to ensure that all parties were progressing toward Alpha Pilot development goals and testing. In spring 2016, the CPSC Product Registry went live in test mode. At that time, staff invited Participants to log-in, navigate the system, create mock data, and provide feedback on the Product Registry design, ease of use, and desired functionality. After the testing period, the Product Registry underwent additional development to incorporate the Participants' feedback before being moved into Production in mid-May. At that time, Participants began entering their product data into the Product Registry in preparation for the start of the Pilot. On July 2, 2016, CBP moved the CPSC eFiling Alpha Pilot code into production, allowing CPSC Participants to begin eFiling their PGA Message Set data. The Pilot ran for 6 months, ending on December 31, 2016.

The table below provides an overview of the Participants, data origin and filing method:

Participant	Broker	Number of HTS Codes	Number of Ports	Filing Type
Fishman & Tobin	Geodis	4	3	Reference PGA Message Sets
Fruit of the Loom	Geodis	12	4	Full and Reference PGA Message Sets
IKEA	Geodis and Border Brokerage	20	3	Full and Reference PGA Message Sets
Mizuno USA, Inc.	Expeditors	32	3	Reference PGA Message Sets
Procter & Gamble Company	Expeditors	1	1	Reference PGA Message Sets
Russell Brands	Geodis	3	5	Full PGA Message Sets
Seventh Avenue, Inc.	Expeditors	3	4	Reference PGA Message Sets

¹ https://www.federalregister.gov/documents/2015/08/21/2015-20707/electronic-filing-of-targetingenforcement-data-announcement-of-pga-message-set-test-and-request-for?utm_campaign=email+a+friend&utm_medium=email&utm_source=federalregister.gov.

Walmart Stores, Inc.	Expeditors	2	2	Reference PGA Message Sets
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To participate in the eFiling Alpha Pilot, the Commission required each Participant to provide feedback on all aspects of the Pilot. In November 2016, CPSC staff provided Participants with a questionnaire asking for feedback on the overall experience of participating in the Pilot. In January 2017, after completing the Pilot, CPSC staff sent out a second questionnaire, requesting specific information on the costs and resource burden of participating. Finally, on January 26, 2017, CPSC staff held an open meeting to discuss the Pilot experience and to gather additional input from the Participants and stakeholders. Section III of this report summarizes Participant feedback.

Section III: Results of the eFiling Alpha Pilot

Pilot Participants began entering their product data into the Product Registry in May 2016, and the earliest Participants began filing the PGA Message Set data through CBP in July 2016. Of the participating companies, seven of the eight used the Product Registry along with the Reference PGA Message Set, and three filed Full PGA Message Sets:

Participant	Products in Registry	Total Reference PGA Message Sets Filed	Total Full PGA Message Sets Filed
Fishman & Tobin	37	342	N/A
Fruit of the Loom	805	415	23
IKEA	92	6,712	137
Mizuno USA, Inc.	152	92	N/A
Procter & Gamble Company	4	7,411	N/A
Russell Brands	0	0	4
Seventh Avenue, Inc.	60	57	N/A
Walmart Stores, Inc.	62	136	N/A
TOTAL	1,212	15,165	164

As documented in Section II, staff designed the eFiling Alpha Pilot to meet six key objectives. Staff analyzed each of these objectives based on the experiences of the Participants, the CPSC eFiling Alpha Pilot staff, and CBP.

1. To demonstrate CPSC’s ability to partner with CBP and industry Participants to collect the required data elements using the PGA message Set

One of the key goals of the eFiling Alpha Pilot was to test the capability of importers to electronically file targeting/enforcement data through CBP and for CPSC to receive and review those data.

Partnership with CBP

Since the inception of the Office of Import Surveillance in 2008, CPSC and CBP have worked closely on a daily basis to identify and stop noncompliant products from entering the United States. The CPSC eFiling Alpha Pilot was the first step in the joint effort between CPSC and CBP to test the electronic filing of targeting/enforcement data using the CPSC PGA Message Set. To facilitate the collaborative effort between the agencies and to establish the foundation for a successful Pilot, CPSC created a PGA Onboarding Plan.

CPSC carefully reviewed the CBP and Trade Automated Interface Requirements (CATAIR) Implementation Guide used for PGA Messaging and modified the document to create the CPSC Supplemental CATAIR Implementation Guide. CPSC worked with CBP through the TSN to solicit industry review and feedback on the CPSC CATAIR. CPSC's TSN solicitation included a request for participation in the TSN Working Group, which was facilitated by CPSC and CBP. This working group met multiple times in September 2016 for a detailed review of the Implementation Guide. CPSC incorporated resulting stakeholder feedback into the CPSC CATAIR. The final CPSC CATAIR outlined the technical requirements for participation in the eFiling Alpha Pilot. Participants and their Brokers used the CPSC CATAIR to develop the necessary programming to support the filing of the CPSC PGA Message Set.

CBP supported Participant recruitment for the Alpha Pilot, demonstrating the strong collaboration between the two agencies. The CBP team provided feedback and guidance on the CPSC FR Notice announcing the PGA Message Set test and request for Participants. CBP also shared information on its website to assist with CPSC's recruiting.

Before the eFiling Alpha Pilot went into production in July 2016, CPSC and CBP worked closely to test the eFiling process and to ensure that the CPSC PGA Message Set and business rules were fully integrated into CBP's systems. CBP staff ensured that CBP's databases included CPSC-required reference tables, including HTS and port code combinations for each of the Participants and the applicable laboratory IDs and citation codes.

The collaboration between the agencies continued throughout the eFiling Alpha Pilot. As Participants submitted both Reference and Full PGA Message Sets, CPSC and CBP worked closely and efficiently to resolve Participants' technical issues or error messages. CBP reported any technical issues, warnings/flags, or error messages to the CPSC team to resolve.

Partnership with Industry Participants

CPSC sought to recruit as many as nine Participants for the eFiling Alpha Pilot. Although the Commission initially achieved that goal, two Participants asked to be removed from the Pilot before its "go-live" in July 2016. CPSC staff filled one vacancy, which resulted in a final Participant count of eight.

The CPSC team worked closely with Participants and their Brokers in the initial months of the CPSC eFiling Alpha Pilot to ensure that Participants understood the PGA Message Set filing requirements and timeline. The CPSC team provided Participants guidance on the CPSC Supplemental CATAIR and

confirmed that Participants had a clear understanding of expectations during each phase of the Pilot, from preparation to go-live and through post-Pilot feedback. The scope of participation in the Alpha Pilot, as defined by the number of HTS codes, ports, and products selected, varied by Participant. With some guidance from CPSC, each Participant was able to define its own scope and provide a list of the HTS codes, products, and ports to be used during the Pilot.

Participant testing of the Product Registry was an important aspect of the Pilot. Participants were asked to provide feedback regarding the Product Registry during the development and production phases. Participant feedback focused on enhancements to the functionality of the Product Registry.

CBP moved the eFiling Alpha Pilot business rules to production on July 2, 2016. To address technical issues timely and effectively, the CPSC team communicated regularly with Participants during the 6 months that the Pilot was live.

Successfully completing the eFiling Alpha Pilot demonstrates the CPSC's ability to partner with CBP and industry Participants to collect targeting/enforcement data using the PGA Message Set.

2. To assess importers' ability to provide additional data in advance of importation

Each Participant was able to file Reference and/or Full PGA Message Set data during the eFiling Alpha Pilot. Although each of the Participants approached data-gathering for the Pilot in different ways, they all indicated that gathering the required data was relatively easy and that providing additional data elements to support the eFiling Alpha Pilot did not significantly affect their operations.

Participant feedback indicates that the burden for a Beta Pilot will be driven by how willing participants are to invest in automating data entry, the number of HTS codes included in the Pilot, and the number of data elements included within the scope of the Pilot. Participants who choose to automate data collection and data entry into the Product Registry will experience an initial IT investment, but the ongoing entry costs will be reduced to negligible amounts on a per-product and entry-line basis. However, because Participants were unsure that the Alpha Pilot requirements would become mandatory, most Participants manually entered data into the Product Registry and provided a reference number to their Broker to use in filing the Reference PGA Message Set. Participants who manually entered data reported a burden of approximately 10 hours per product to gather information and reported approximately 10-15 hours per product to manually load data into the Product Registry and provide PGA Message Set data to their Broker.

One Participant noted that the difficulty and delays experienced during the pilot were due in part to internal planning and coordination issues. The company found that the data required to be filed for CPSC were stored internally across various systems. Accordingly, for that Participant, aligning the data across departments took time, as well as understanding how the data were to be stored and used.

Participants observed that the scope of the Pilot eased participation. They stated that had they been required to file more data elements, or if the HTS scope increased significantly, the burden of participating would increase, unless they made an initial IT investment to automate the process. Staff

notes that a Beta Pilot that includes more than nine Participants will require the Commission to complete a burden analysis under the Paperwork Reduction Act (PRA). The analysis would consider the burden associated with project start-up, coordinating with CBP, importers, and Brokers, and record-keeping and reporting burdens.

Participants and their Brokers stated that the eFiling Alpha Pilot was well organized and the instructions clear. Overall, the feedback indicated that the majority of the Participants would be interested in participating in a Beta pilot. Based on the Participants' success in providing PGA Message Set data in advance of importation, staff concludes that supplying the data is not unduly burdensome to importers.

3. To test the CPSC technical solution for eFiling, including the ability to import PGA Message Set data into CPSC's Risk Assessment Methodology (RAM) system and the ability to create, manage, and integrate the Product Registry

Perhaps the most important goal of the eFiling Alpha Pilot was to create and test a technical solution that would allow CPSC to receive from CBP the PGA Message Set data filed as part of the eFiling Alpha Pilot and to display such data in CPSC's RAM system.

In early 2016, the technical support team deployed an enhancement release to RAM that accomplished three key objectives:

1. To modify the data interface between CBP and CPSC to include the additional data elements that were associated with the CPSC PGA Message Set;
2. To update the RAM user interface to include a new tab to display the data that was imported; and
3. To develop a link to the new Product Registry in order to pull targeting/enforcement data from the Product Registry into the RAM for those entries that were filed using the Reference PGA Message Set.

The Product Registry, originally built in mid-2015 to support entry of data from a certificate as set forth in 1110 NPR, later was modified to accommodate the results of the Commission vote in August 2015, which reduced the eFiling Alpha Pilot data to five targeting/enforcement data elements for regulated products. The Product Registry allowed Participants to enter the required targeting/enforcement data before importing a product. Participants were then issued a reference number for each product entered, which their Broker could use to file a simple Reference PGA Message Set that contained the CBP-required data and the reference number. Participants could use this reference number repeatedly, as long as the information was current, which significantly reduced data requirements for each entry.

The Product Registry included a Web Services functionality designed to streamline the filing of data into the application. In the end, none of the eight Pilot Participants opted to use the web services integration to the Product Registry during the eFiling Alpha Pilot. Participants indicated that the level of effort to implement the web services was too great for such a short-term Pilot, especially because the

future direction of eFiling at CPSC is unknown. Although Participants did not use the web services integration option, Participants indicated interest in such an approach in a larger Beta test.

CPSC's technical solution for entering, receiving, and analyzing entry data was successful. Participants were able to enter their product data into the Product Registry and use the reference number to file Reference PGA Message Set data with CBP. These data were successfully imported into the RAM, and the integration between the RAM and the Product Registry allowed the targeting/enforcement data to be displayed within the RAM application. Participants who chose not to use the Product Registry were able to file the Full PGA Message Set data with their entry. Full PGA Message Set data were also successfully imported and displayed in the RAM.

Based on the success of the eFiling Alpha Pilot experience, staff concludes that CPSC's technical solution for entering, receiving, and analyzing pilot data is effective and not unduly burdensome.

4. To evaluate the differences between filing using the Product Registry/Reference PGA Message Set and Full PGA Message Set

Of the 15,329 PGA Message Sets filed as part of the CPSC eFiling Alpha Pilot, 99 percent were Reference PGA Message Sets. Participants overwhelmingly indicated that the Product Registry and Reference PGA Message Set option reduced the burden of filing in the eFiling Alpha Pilot. The ability to re-use the Product Registry reference number for each shipment of a product for which the testing data were valid reduced the time that it took Brokers to file the CPSC data at entry. Although Brokers did not charge the Participants to file PGA Message Set data in this Pilot, they did indicate that the cost to file using the Product Registry reference number would be less than filing a Full PGA Message Set.

The Reference PGA Message Set also decreased the burden to the Brokers' staff as it reduced the amount of information that they needed to file and manage. For example, Participants noted that coordinating Full PGA Message Set filings with Brokers was significantly more difficult than coordinating Reference PGA Message Set filings because of the additional data elements involved, which left more room for data entry errors. In addition, the Reference PGA Message Set required much less programming by the software developers than the Full PGA Message Set. One Broker, who only participated using the Reference PGA Message Set, indicated that the Broker would not have been able to take part in the eFiling Alpha Pilot if there had been a requirement to code for the Full PGA Message Set because of a lack of resources to develop software for a pilot study that may have changing requirements in the future.

Participants noted that manual data entry into the Product Registry was somewhat time-consuming and that manual entry would not be feasible for a larger test, with a larger volume of products. Participants suggested that using the automated web services capability would ease this burden and would be a highly recommended enhancement for future eFiling initiatives.

Based on the feedback from the Participants and Brokers, staff determined that the Product Registry and the associated ability to file the Reference PGA Message Set is a critical component of the Commission's eFiling initiative.

5. To identify issues in implementing eFiling, as well as resources (time/costs) associated with implementation

Although all Participants were able to successfully submit PGA Message Set data during the eFiling Alpha Pilot, some Participants experienced filing delays.

For Participants who experienced delays, the primary cause was the delivery of code from software vendors to the Broker and the testing of that code in the Broker's system. As a point of reference, for one Broker to process the CPSC PGA Message Set data, the Broker had to coordinate with software vendors to integrate the software changes into existing systems, a process that took several weeks to complete.

One Participant attributed delays in filing to internal processes. This Participant reported having to map the database that holds its certificate of compliance data with its customs declaration systems, which created process issues. The Participant stated that more upfront coordination and development was required than the Participant initially planned. While upfront coordination of data created delays in submitting data during the eFiling Alpha Pilot, such coordination also shed light on areas that the Participant would need to improve for a smoother implementation in the eFiling Beta Pilot. Such feedback is the type of information CPSC staff hoped Participants could convey to benefit other importers who plan to participate in a future pilot.

The timeframe during execution of the CPSC eFiling Alpha Pilot was a busy one for Participants. CBP was working under a deadline to complete and deploy the Automated Commercial Environment (ACE) — Single Window. CBP's mandate was that, by the end of 2016, ACE would be the primary system through which the trade community would file data for goods being imported into and exported from the United States. As part of this effort, CBP established a series of mandatory use dates for transitioning to ACE, many of which overlapped with the eFiling Alpha Pilot. Participant feedback indicated that the IT development to accommodate the ACE requirements was challenging and time consuming. This overlap in requirements proved burdensome for some Brokers and their software vendors, and in some instances, led to delays in transmitting CPSC PGA Message Set data. In addition, several other government agencies were in the process of running their own PGA Message Set pilots. One importer who expressed a desire to participate in the eFiling Alpha Pilot was unable to do so because the importer's Broker was participating in similar pilots with other agencies, and indicated a lack of resources to support another pilot.

Of the more than 15,000 PGA Messages submitted during the Pilot, only 97 (or less than 1 percent) produced errors. In situations where required data were not present, CBP, as instructed by the CPSC, sent a warning message to the filer informing the filer that the necessary data were not populated. In some cases, data entry errors resulted in incorrect reference numbers being filed as a part of Reference PGA Message Sets. Staff learned that for the Beta Pilot, the reference number format should be refined and simplified because the structure of digits and dashes used in the eFiling Alpha Pilot led to the bulk of data entry errors. Overall, Participants were quick to respond when staff contacted them regarding errors, and they made an effort to correct the errors. In cases where the data could not be resubmitted, CPSC's error notification identified areas where Participants required more

careful data entry. CPSC staff anticipates that data entry errors in a Beta Pilot would be reduced with additional process and coding development by the Participants and their Brokers, automation to data uploading rather than manual entry, and changes to the Product Registry reference number format.

CPSC implemented the eFiling Alpha Pilot deliberately using five data elements for regulated products from a limited number of ports and HTS codes to lower the burden of participation on CPSC staff, Participants, and Brokers. Immediately after the Pilot ended, CPSC staff sent a questionnaire to Participants and their Brokers to solicit information about the burden and cost of participating in the Pilot. The CPSC team also held an open meeting to collect feedback from the Participants and their Brokers on January 26, 2017.

This report incorporates feedback collected during the open meeting. Participants indicated that most of the burden was in the initial phases of participation. The first months of the Pilot, which included onboarding kickoff meetings with CPSC, as well as internal planning on the approach to the project, generally required the most time from the Participants. Over the Pilot timeline, Participants also indicated that manually entering data into the Registry was time consuming. The burden of manual data entry could be reduced in the future with the use of web services to load data. Once the upfront planning and data entry were complete, most Participants indicated that the resource burden was minimal throughout the production months of the Pilot. Brokers indicated that the upfront planning and software development was labor intensive. However, as Brokers bore the responsibility of providing the CPSC PGA Message Set data for the Participants on an ongoing basis, Brokers also incurred more resource hours during the 6 months of CPSC data collection than the Participants.

Regarding an eFiling Beta Pilot, Participants noted that having to provide any additional data elements above those required in the eFiling Alpha Pilot would make the Beta more burdensome than the Alpha Pilot. Although the Participants and Brokers experienced some burden from taking part in the eFiling Alpha Pilot, it was minimal, and most Participants and Brokers indicated a desire to participate in a Beta pilot of similar design.

6. To inform future Commission decisions regarding the need for eFiling of targeting/enforcement data

As detailed above, one of the limitations of the Alpha Pilot was that CPSC staff was unable to optimize use of targeting/enforcement data in the RAM to assign risk scores and target potentially noncompliant shipments. Nevertheless, the eFiling Alpha Pilot demonstrated that importers are capable of providing targeting/enforcement data and that CPSC, in collaboration with CBP, is able to receive such data in the RAM for CPSC's entry and enforcement purposes. Prior to the eFiling Alpha Pilot, no mechanism existed for CPSC to gather these data electronically. Detailed electronic information about a product being imported (*i.e.*, the manufacturer, the name of the testing laboratory, and the requirements to which the product has been certified) was not available for CPSC Import staff to use. Currently, such detailed information, typically on a certificate, is only available upon request by EXIS staff, after a product has been designated for examination. The process of CPSC requesting certificates after a shipment has been stopped for examination is inefficient and ineffective for importers because

their shipment is held, and for CPSC staff because they cannot use the data on the certificate to help assess whether the shipment should be targeted for examination.

CPSC staff's analysis indicates that targeting/enforcement data could be incorporated into the rule sets in the RAM, thereby increasing the volume of data that can be used by the system for assessing and assigning risk scores to entries. The eFiling Alpha Pilot showed the ability of industry, CBP, and CPSC to work together successfully to electronically file PGA Message Set data at import. The next step will incorporate these data into Import Surveillance targeting activities to assist CPSC staff in optimizing the usefulness of the data to enhance risk scoring and targeting of imported products. Use of these data in the RAM will improve risk assessment for the Commission and reduce the burden on importers when compliant shipments are not stopped unnecessarily at the port.

The primary objective of the eFiling Beta Pilot will be to test the integration of the PGA Message Set targeting/enforcement data into the existing RAM to enhance the Commission's rule-based decision making process. The use of the PGA Message Set data in the RAM risk rules will provide for more efficient use of Commission staff and will directly support the strategic goals and objectives stated in the CPSC's 2016 – 2020 Strategic Plan, specifically the following:

- Strategic Goal #2: Prevent Hazardous products from reaching consumers.
 - Strategic Objective 2.3: Increase capability to identify and stop imported hazardous consumer products

CPSC staff believes that the introduction of the PGA Message Set data to the RAM rules and risk scoring engine is critical to the long-term growth and success of CPSC's abilities to identify and stop violative consumer products from being imported into the United States.

Section IV: Next Steps: eFiling Beta Pilot Options

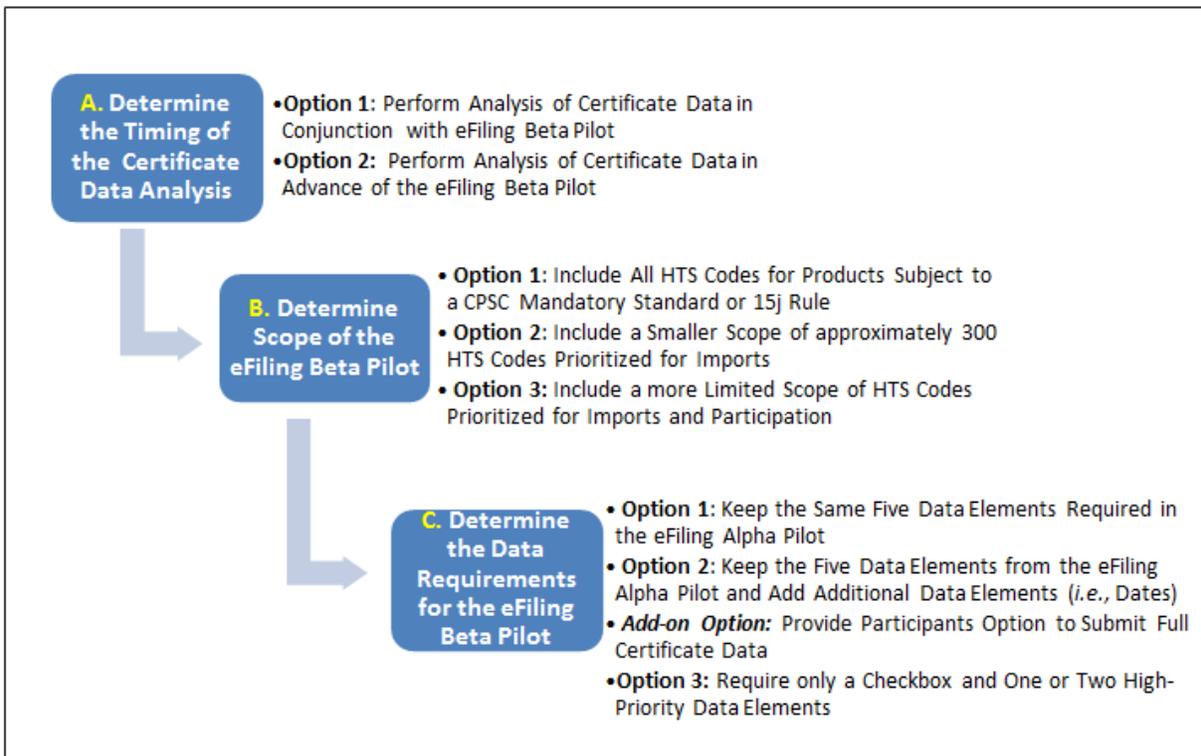
Having successfully tested the ability of importers to provide targeting/enforcement data and the ability of CPSC to collect these data, the next step is for CPSC to optimize use of the data collected to enhance risk scoring and targeting of imported products.

CPSC staff envisions a two-pronged approach to the eFiling Beta Pilot: (1) eFiling of data to optimize construction of rules in the RAM to increase or decrease an entry line's risk score; and (2) a certificate study that will assess the correlation between product compliance and specific data elements on a certificate of compliance. Currently, CPSC has limited data on which to evaluate and identify risk. The PGA Message Set data have the potential to take CPSC's import surveillance risk targeting to an advanced level that is not possible with the existing CBP entry data, making our targeting process more efficient and accurate. This two-pronged approach would provide a thorough analysis of selected targeting and enforcement data and the ability of eFiling to enhance targeting of noncompliant goods in the future.

The eFiling Beta Pilot will build on the momentum that began with the Alpha Pilot. Staff envisions up to 100 companies participating in an eFiling Beta Pilot, with recruitment beginning upon Commission approval. The anticipated filing period for the Beta is approximately 1 year.

The eFiling Beta Pilot will test the ability of CPSC to work with a much larger set of filers and will provide an understanding of the burden on staff to support importers. A Beta Pilot will also test the capability of CPSC’s technical solution to handle approximately 10 times the volume of the Alpha Pilot, and will help staff to understand the usefulness and the burden of the Disclaimer Message Set, which was not used or filed consistently by the Participants in the Alpha Pilot. A disclaimer message is filed when CPSC would normally expect to receive PGA Message Set data for an HTS code, but the information is not required for the product being imported because it is not subject to a consumer product safety rule.

Below, we illustrate the components of the approach and the decisions required.



A. Determine the Timing of the Certificate Data Analysis

The first decision point for the eFiling Beta Pilot is to determine the timing of the certificate study.

OPTION 1: Perform Analysis of Certificate Data in Conjunction with the eFiling Beta Pilot

The PGA Message Set data filed by Participants in the eFiling Beta Pilot will be integrated into the RAM system, and rules will be implemented to increase or decrease an entry line's score based on the data filed. CPSC staff believes that primarily compliant importers will volunteer to participate in the Beta Pilot. If only compliant importers participate, the ability to optimize data in the RAM rule set and test the correlation between such rules and compliance may be limited, as few violations may be found among Beta Pilot Participants.

The Beta Pilot will allow for a limited test of the data by inspecting Participants and non-participants who file entries for a particular HTS code, and staff can ascertain general compliance rates for both groups. However, the Beta Pilot would fall short of being able to optimize the usefulness of specific fields in the RAM for finding violative products. Staff proposes to fill this gap through a simultaneous program to collect Certificates of Compliance for a to-be-defined set of HTS codes from all importers that are inspected, regardless of whether staff finds a violation.

The certificate study would allow for a more equitable look at the effects of having a certificate, as well as specific certificate data, across importers who are compliant and noncompliant, rather than focus on volunteer Participants who are expected to be mostly compliant during the Beta Pilot. The study would provide information about all data elements on a certificate, rather than just the four data elements (plus checkbox) from the Alpha/anticipated Beta electronic filing. Finally, the study would inform future rulemaking because it should address all data elements and their potential correlation to risk/compliance. The certificate study will provide input on whether the Commission should add or delete specific data elements.

Staff envisions evaluation of certificates from a statistically representative set of products, ports, and manufacturers. Import staff will consult CPSC Epidemiology staff to determine a design of experiment that meets the needs of the Beta Pilot and CPSC's resources.

The simultaneous certificate study, while beneficial in many ways, does have its drawbacks. The implementation of the program and the assessment of the data that are collected would require additional resources. Much of the burden of the study would fall to CPSC staff, especially the Import Surveillance staff at the ports that would collect the certificates and sample products. EPI and EXHR would also be impacted, as they would perform the product testing. This study may impact the staff's ability to complete other priority tasks. Import Surveillance leadership must set priorities and ensure that staff is able to balance this additional responsibility.

OPTION 2: Perform Analysis of Certificate Data in Advance of the eFiling Beta Pilot

An alternative approach to the eFiling Beta Pilot implementation is for the Commission to conduct the electronic PGA Message Set filing and the certificate study parts of the pilot in two stages. The first stage would be to implement an import program to study product compliance and its relation to certificate of compliance data.

Staff envisions a program that identifies certain HTS codes for certificate collection from importers and assesses the correlation between the existence of a certificate, as well as the specific data on a certificate, with product compliance. As indicated above, this study would provide information about all of the elements on a certificate, based on information gathered from compliant and noncompliant products.

CPSC could choose to pursue this approach to assess the data for targeting as a first step in the eFiling Beta process. The Commission should consider the benefits of this approach. For example, the immediate cost of the data study phase would be significantly lower than the cost of the full eFiling Beta Pilot. The study would require fewer technical resources and would have few IT requirements beyond data analysis. The study would not depend on volunteers because it could be completely managed with staff, and possibly, contract support. In addition, the results of the study will inform future rule making and also the design of the future automated eFiling Beta Pilot, specifically the most optimal data elements to include for targeting/enforcement purposes.

The Commission should also consider drawbacks to segmenting the Beta Pilot into two phases. CPSC has made great progress in working with importers on eFiling the PGA Message Set data over the last 2 years. The eFiling Alpha Pilot created tremendous momentum and helped build support from stakeholders for CPSC's eFiling initiative. The CPSC team also built much of the IT infrastructure, including the Product Registry, to support the collection of PGA Message Set data by CPSC. Doing the study ahead of, rather than in conjunction with, the Beta Pilot, risks losing the eFiling momentum gained during the Alpha. Finally, many key questions that the full-scale Beta Pilot will test will remain unanswered until the electronic filing portion of the Beta Pilot is completed. Such questions include the ability to optimize rule sets in RAM, the usefulness and burden of the Disclaimer Message Sets, the ability of CPSC's technical solution to support a significant data volume, and the amount of resources required to support a large number of filers.

B. Determine the Scope of the eFiling Beta Pilot

When volunteers in the eFiling Alpha Pilot were accepted as Participants, staff asked them to provide a list of HTS codes and products for which they would prefer to file the requested targeting/enforcement data. CPSC did not impose mandatory HTS codes, nor were any HTS codes left out of the pilot. Each of the Participants ultimately opted to file PGA Messages for anywhere between one to 32 HTS Codes. This approach was acceptable for the Alpha Pilot because it aligned with the core goals to test the filing and collection of data, but not optimize data for targeting purposes.

The goals of the Beta Pilot differ in that the Beta will test how to optimize the data collected for assessing the risk of imports, in addition to testing the scalability of the systems and processes developed during the Alpha Pilot. CPSC staff's plan for the Beta is to incorporate the PGA Message Set data into the RAM rules' engine, and use it in the risk scoring algorithms to guide staff's targeting and enforcement efforts. Given the planned expanded scope of the Beta Pilot of up to 100 Participants, the HTS codes list must be universally defined to be used effectively in risk scoring.

CPSC staff currently does not risk assess all HTS codes under its jurisdiction because the agency has jurisdiction over a broad range of products imported under a large number of HTS codes. To leverage the Commission's limited resources, staff prioritizes products for targeting, based on risk and addressability at any given time. Accordingly, the Commission's decision regarding the scope of HTS codes for a Beta Pilot is an important burden and benefit consideration.

OPTION 1: Include All HTS Codes for Products Subject to a CPSC Mandatory Standard or 15j Rule

Choosing to collect PGA Message Set data for all of the HTS codes associated with a CPSC mandatory standard or 15j rule would provide the Commission with a massive volume of data on imported products. This approach would test the true burden of eFiling on importers, and would provide CPSC a wealth of information from which to target and conduct post-import assessments. However, a large subset of these data would be of no immediate use to CPSC staff. The Import staff cannot focus on every product type that is subject to a mandatory standard or 15j rule, due to resource constraints. As such, only a subset of data would be integrated into the RAM system and used for importer targeting purposes.

Essentially, CPSC would collect a large amount of data that staff would most likely not use in the short term. CPSC's costs to maintain data repositories would be higher and would require additional IT resources that may not be immediately available to provide adequate support.

Finally, requiring Participants to file PGA Message Set data on products from the full set of HTS codes under CPSC's jurisdiction could have a potentially negative impact on the Participant-recruiting effort for the eFiling Beta Pilot. Although it would allow for the most flexibility in choosing Participants from across the range of CPSC's jurisdiction, this approach could significantly increase the burden of participation, if Participants were required to file for all products.

OPTION 2: Include a Smaller Scope of Approximately 300 HTS Codes Prioritized for Imports

An alternative approach would be to limit the scope of the HTS codes to only those that are defined as "high priority" for the Commission, and for which the data would be actively used in import risk assessment. As experts in the field, the EXIS staff understands the highest-priority, highest-risk products for which PGA data could be used in targeting efforts. This subset of codes currently is comprised of approximately 300 HTS codes and in consultation with the Office of Compliance and Field Operations, is reviewed and updated regularly.

Limiting the scope of the HTS codes only to those in a prioritized list would ensure that the Commission is not collecting data that it will not use, and also ensure that the amount of data filed is manageable for CPSC staff and Participants. This option also lessens the technology infrastructure required to store and manage the PGA Message Set data. However, by limiting the HTS codes in the Beta Pilot, potential Participants may be limited to only those importing under the identified subset of HTS codes.

OPTION 3: Include a Limited Scope of HTS Codes Prioritized for Imports and Participation

A third approach would be to limit the scope of the HTS codes to a very small subset that is prioritized to encourage and support participation by importers. These HTS codes would be selected based on a number of considerations, such as ensuring an appropriate breadth of products and types of importers. This approach would balance the priorities of the CPSC and the Participants by ensuring a large filing volume to analyze while limiting the burden on any individual Participant.

This limited scope approach does have drawbacks because it will exclude many products that the CPSC considers to be high priority. It may also skew participation to larger importers with a broader range of products. Additionally, issues may not come to light for excluded HTS codes or importers of those HTS codes if only a small subset of codes are tested. However, this option allows the CPSC to test eFiling on a larger scale than the Alpha Pilot, and CPSC staff believes that, while not the optimal option, it will provide valuable data to move the CPSC eFiling program forward.

As with Option 2 above, limiting the scope of the HTS codes to only those in a prioritized list would ensure that the Commission is not collecting data that it will not use. Meanwhile this option will ensure that the amount of data filed is manageable for CPSC staff and pilot Participants. This option also lessens the technology infrastructure required to store and manage the PGA Message Set data.

C. Determine the Data Requirements for the eFiling Beta Pilot

The Commission voted in August 2015 on the scope of the eFiling Alpha Pilot. The Commission decided that Participants would be required to submit five pieces of information for all regulated products, as outlined below:

1. Identification of the finished product;
2. Each applicable consumer product safety rule to which the product is certified;
3. Place of manufacture/production/assembly, including identity and address of the manufacturer;
4. The name and contact information of the testing facility on which the certificate depends; and
5. A checkbox to show that a required certificate exists.

The Commission also added three SPH-listed products that were included in the eFiling Alpha Pilot: handheld hair dryers, extension cords, and seasonal decorative lighting products. These products only required two pieces of information:

1. Identification of the finished product; and
2. Place of manufacture/production/assembly, including identity and address of the manufacturer

The eFiling Alpha team considered many options for the scope of the eFiling Beta Pilot data requirements.

OPTION 1: Keep the Same Five Data Elements Required in the eFiling Alpha Pilot

The eFiling Alpha Pilot was not designed as a test to optimize rule sets for data elements in the RAM. Rather, the Alpha Pilot was designed to build and assess the infrastructure and processes required for successful eFiling. The eFiling Beta Pilot is envisioned to be the next step in this process, whereby the CPSC will test and optimize the usefulness of the data elements in targeting potentially noncompliant shipments. Staff believes that there is no basis to change the structure of the eFiling Beta Pilot until the completion of the certificate study, which will provide information on the benefits of each data element on a certificate. If the study demonstrates that a change in data elements would optimize targeting, then staff would assess whether there was any added or reduced burden for CPSC or for Participants.

Many benefits arise from maintaining the same data elements in the eFiling Beta Pilot. First, maintaining the required data set has the least risk to potential Participants and to CPSC, given that the five data elements have been vetted through the eFiling Alpha Pilot. Conducting the Beta Pilot with the same data elements reduces the risk of introducing new filing or unforeseen burdens for Participants, an important factor in light of the approximately 100 Participants anticipated in the Beta, versus the eight Participants in the Alpha.

Requiring the same five data elements would also limit risk to CPSC, by eliminating the need to develop new fields in the Product Registry. Accordingly, the Product Registry could be used with only maintenance and support required from the technical team, reducing risk, cost, and development cycles for the CPSC.

Another distinct risk-mitigation factor is that this approach would require no changes to the CBP PGA Message Set Implementation Guide, or "CATAIR," as it is known. This document is extensive and technical, detailing each message set and its requirements. CPSC's CATAIR was reviewed and assessed by the Trade Support Network (TSN), and their feedback was incorporated into the Alpha Pilot. All Participants, their Brokers, and software developers used the CATAIR in the eFiling Alpha Pilot. Accordingly, CPSC's CATAIR has been tested and proven to be an effective implementation approach.

Finally, recruiting new Participants may be easier if the Beta Pilot is limited to the five previously tested data elements. The eFiling Alpha pilot demonstrated that the five data elements are available before importation and can be submitted by large importers without significant impact or burden to their operations. This finding allows the Commission to make the case that other importers will not be similarly over-burdened in the eFiling Beta Pilot.

For all of the advantages listed above, drawbacks exist as well. Most significantly, limiting the Beta Pilot to the five data elements also limits CPSC's ability to add potentially useful targeting data. While the five data elements selected for the eFiling Alpha Pilot have great potential for use in risk scoring in the Beta, staff believes that some additional data elements could enhance targeting.

OPTION 2: Keep the Five Data Elements from the eFiling Alpha Pilot and Add Additional Data Elements (i.e., dates)

A second approach would be to have the eFiling Beta Pilot include more data elements. Staff concludes that the most useful additional field(s) would be to add one or more relevant dates from a certificate. For example, in addition to the five data elements used in the eFiling Alpha Pilot, Participants could file the Product Manufactured Date, Certification Date, and/or Date of Testing.

Adding the Date of Testing as a data element would likely be the most useful additional data element because it would allow the Commission to target products based on potentially outdated testing. Such information could assist in finding noncompliant products, as well as locating products that do not comply with the testing rule, codified at 16 C.F.R. part 1107. If the Commission were to add two date requirements, for example Date of Testing and Date of Manufacture, staff could also build rules into RAM to compare such dates to each other and to additional data elements, to assess other anomalies (e.g., the test date is shown to be before manufactured date, or import date is shown to be before test date). Use of one or more of these dates in the RAM algorithm could be optimized to further enhance targeting capabilities of Import Surveillance staff.

CPSC staff notes drawbacks to this approach as well. For example, if the Commission added Date of Testing as a required data element, the filing burden would increase for importers. Participants would be required to create a new record in the Product Registry whenever a new test date occurred. Such a requirement would limit how long Participants could refer to the same Product Registry data. Typically, however, based on staff's review of certificates, testing occurs annually. The eFiling Alpha Pilot required only that importers demonstrate that they tested the product and provided the specific citations for which they tested. As noted by Participants, providing the test and rule information was somewhat burdensome in the Alpha Pilot. Although adding test date as a required data element would increase staff's ability to target products based on test dates, it would place a greater burden on Participants to maintain data in the Product Registry and to align such data with product entries. Any increased burden could have a potentially negative impact on the Participant-recruiting effort for the eFiling Beta Pilot and increase the cost of participation for Participants and Brokers.

Adding dates to the Beta Pilot would also increase the development burden on CPSC. Any change to the number of data elements in the Pilot would require changes to the Product Registry and result in associated development costs. The addition of dates, in particular, requires versioning of product and test data that CPSC has not previously developed. The Product Registry would require additional development and testing to allow for this versioning of tests to align to different product batches and for continuous manufacturing. The web services interface that was developed for the Alpha Pilot would also have to be adjusted to add the new required data elements. Finally, the

CPSC/CBP CATAIR Implementation Guide would need to be updated as well, although changes to add dates would be a minimal effort.

Staff recommends that the Commission first complete the certificate study to learn more about the correlation between dates and overall compliance before altering the required data elements to ensure that the added burden yields the expected benefit to the Commission's targeting efforts.

ADD-ON OPTION: Provide Participants Option to Submit Full Certificate Data

Another possibility is to pursue option one or two, as previously discussed, but also provide Participants with the option to submit full certificate data, rather than just the required data elements. This option would allow for evaluation of full certificate data, while eliminating the concern about the burden on Participants, because the filing of additional data would be optional. Participants who file the full certificate would then be able to provide critically important feedback to the CPSC and to the trade community on their experience and the ease or difficulty of filing.

The goal of the Alpha Pilot was to understand whether and how CPSC and Participants could exchange data. One Participant in the eFiling Alpha Pilot indicated in their written questionnaire that they may be interested in filing full certificate data in the future to meet the accompaniment requirement for certificates. However, in the public feedback meeting on January 26, 2017, all of the Participants indicated that they would not be interested in having the option to file full certificate data in the eFiling Beta Pilot, and they stressed that more data elements would equate to more burden. It is possible, however, that others who participate in the Beta may be interested in this option.

This option would require additional development of the CATAIR Implementation Guide and the Product Registry to allow Participants to file a full certificate, resulting in additional resources and costs for CPSC. Another drawback to this approach is that Participants and CPSC may spend time and resources filing and collecting data that may not be used for targeting/enforcement.

OPTION 3: Require Only a Checkbox and One or Two High-Priority Data Elements

One more approach would be to reduce drastically, to one or two data elements, the filing requirements that could be used for targeting, and use a checkbox to indicate that a certificate exists. The data elements of particular interest to the Import Surveillance team are the manufacturer name and address and the product identifier.

This option would make it easier for Participants to file data without the Product Registry. A "Full PGA Message Set" would be only two data elements and a checkbox—not much more than the "Reference PGA Message Set" in the Alpha Pilot. This approach would be technologically easier to achieve. Arguably, a Product Registry would not even need to be maintained by CPSC with this option because the burden of the Full PGA Message Set would be minimal.

Of the options presented, this approach would be the least burdensome for Participants and CPSC. It would require the least data to be submitted by Participants and still provide minimal data to

CPSC. This option could increase industry participation in the Beta pilot because of the drastic decrease in burden.

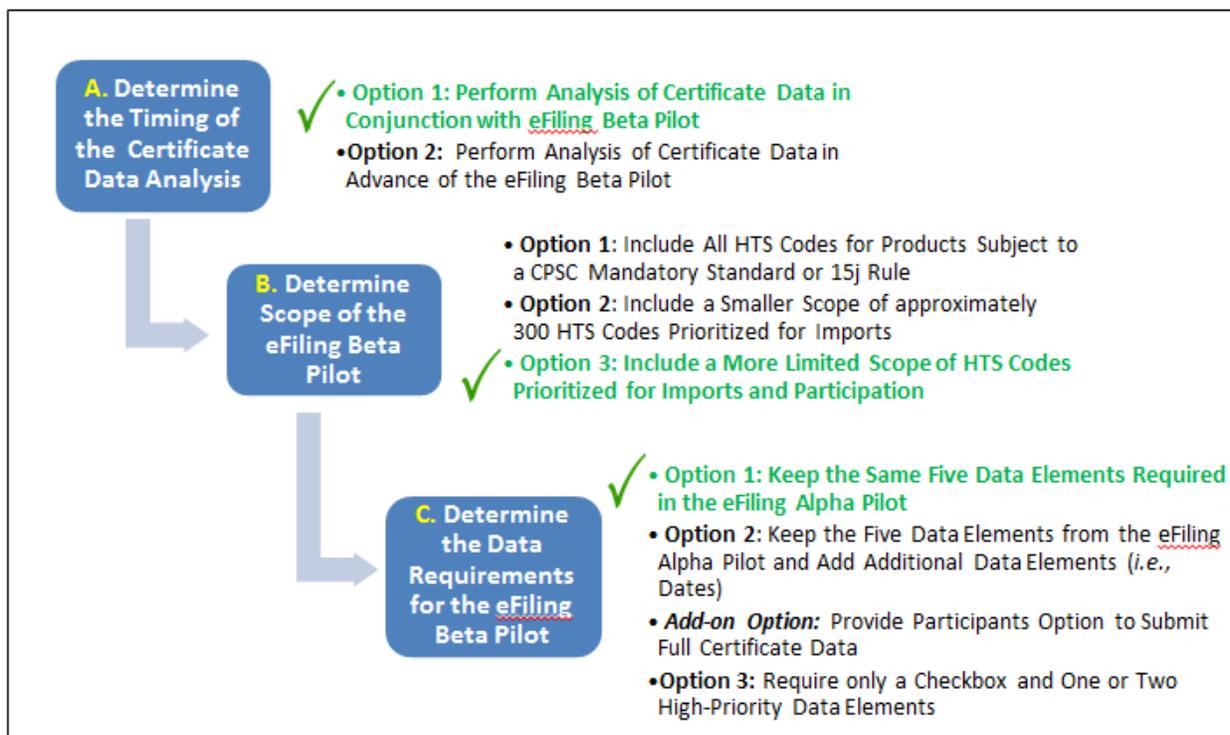
The drawback to this approach is that it provides little targeting/enforcement data for use in import surveillance, but still adds burden to importers to gather and enter data. Brokers would also be required to incur development costs to participate in the Beta Pilot if CPSC does not maintain a Product Registry. In addition, this option would not test the actual burden of filing targeting/enforcement data electronically.

Section V: Recommendations

Ultimately, the eFiling Beta Pilot’s objective is to enhance the Commission’s rule-based decision making capability to directly support the strategic goals and objectives stated in the CPSC’s 2016 to 2020 Strategic Plan, specifically the following:

- Strategic Goal #2: Prevent Hazardous products from reaching consumers.
 - Strategic Objective 2.3: Increase capability to identify and stop imported hazardous consumer products.

Staff has assessed the options detailed above. Based on the Alpha Pilot experience, Participant feedback, import surveillance capabilities and priorities, and an analysis of the pros and cons presented in this report, staff recommends pursuing the full eFiling Beta Pilot with the following options:



1) Perform Analysis of Certificate Data in Conjunction with the eFiling Beta Pilot

Performing the certificate study in conjunction with the eFiling of targeting/enforcement data by the volunteer Participants will maintain the momentum of the CPSC eFiling effort, and meanwhile, fill gaps in data that may arise because the eFiling project is a volunteer pilot. The eFiling portion of the Beta Pilot will provide input into many open questions, such as the ability to optimize rule sets in RAM, the usefulness and burden of the Disclaimer Message Sets, the ability of CPSC's technical solution to support a significant data volume, and the amount of resources required to support a large number of filers. The certificate study will also assess certificate data to guide future rulemaking and eFiling decisions. This study should evaluate certificates from a statistically representative set of products, ports, and manufacturers. Import staff will consult with CPSC Epidemiology staff to determine an experiment design that meets the needs of the Pilot and CPSC's resources. Staff expects this two-pronged approach to provide a thorough analysis of targeting/enforcement data and explore the ability of eFiling to improve targeting in the future.

2) Include a Limited Scope of HTS Codes Prioritized for Imports and Participation

Limiting the scope of the HTS codes in the Beta Pilot to a small subset of to-be-defined codes will ensure full participation by importers and sufficient allocation of staff resources. Examining only a subset of HTS codes ensures that the volume of data filed is manageable for CPSC staff and pilot Participants. This option would reduce the burden for Participants and CPSC staff rather than require filing a larger range of HTS codes. Moreover, this approach could help CPSC recruit Participants for the eFiling Beta Pilot. CPSC staff believes that any gaps in data can be mitigated by choosing a diverse group of products and manufacturers.

3) Keep the Same Five Data Elements Required in the eFiling Alpha Pilot

Continuing to use the Alpha Pilot-required data set would result in the least risk to the Beta Pilot. Staff has no basis to recommend changing the structure of the eFiling Beta Pilot until completion of the certificate study, which should provide information on the benefits and burdens of adding or removing each data element. Participants tested the ability to file the five data element set in the eFiling Alpha Pilot. Running the Beta Pilot with the same elements reduces the risk of introducing new filing issues, an important factor given the approximately 100 Participants anticipated in the Beta Pilot versus the eight in the Alpha Pilot. The eFiling Alpha Pilot was conceived and implemented as a test of the infrastructure related to eFiling. The eFiling Beta Pilot is the next phase of this project, and it will be a test of staff's ability to optimize use of these five data elements in the RAM to identify potentially noncompliant shipments, and examine CPSC's ability to scale-up the implementation of the system from the small number of Participants in the Alpha Pilot.

Appendix B



eFiling Certificate of Compliance Study Assessment

*Consumer Product Safety Commission
(CPSC)
Staff Report*

8/28/2018

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

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Executive Summary

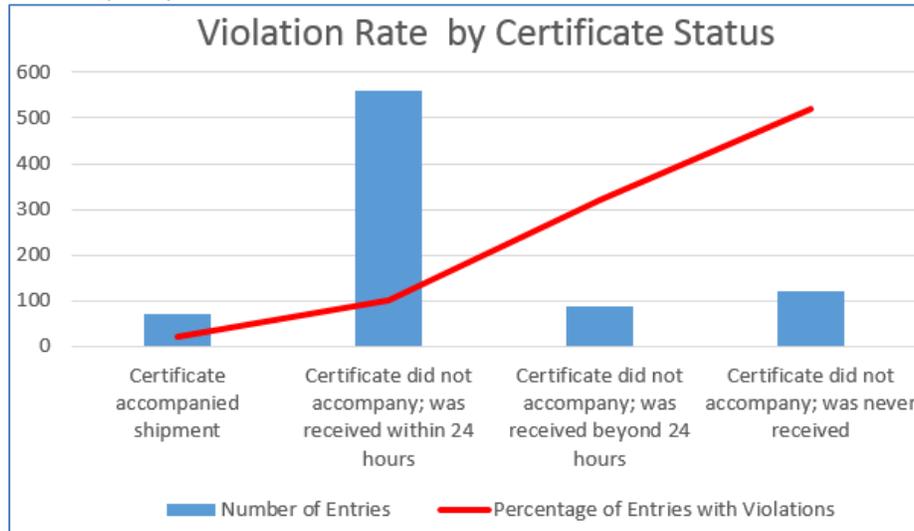
From October 2017 to February 2018, the CPSC's Office of Import Surveillance (EXIS) conducted an eFiling Certificate of Compliance Study (Certificate Study) to assess the correlation, if any, between the timing and availability of a Certificate of Compliance (certificate), the data provided on a certificate, and the violation rate in imported finished products. For this study, violations included chemical content limits for lead in substrate, lead in surface coatings, certain banned phthalates, small parts hazards, F963 Toy Standard violations, and flammability in certain textiles. For this study, violations excluded requirements for tracking labels, certificates, and product registration cards. The Certificate Study was a logical next step to the 2016 eFiling Alpha Pilot (Alpha Pilot), which successfully tested the ability of importers to provide targeting/enforcement data and the ability of CPSC to collect these data. The Certificate Study, approved by the Commission in June 2017, is part of CPSC's ongoing effort to evaluate the benefit of collecting advance electronic data to target potentially noncomplying and hazardous imports before they reach consumers.

Staff designed and implemented the Certificate Study to evaluate certificates from a subset of five product areas arriving at nine ports of entry. The study involved the collection and review of certificates for entries examined based on existing procedures. Import targeting is based on a combination of factors, including the Risk Assessment Methodology (RAM) risk score, local operations coordinated with U.S. Customs and Border Protection (CBP), referrals from CBP to CPSC staff, and Commercial Targeting and Analysis Center (CTAC) targeting programs. The Certificate Study team set a goal of 750 entry exams and ultimately examined a total of 843 unique entries, of which 75 had at least one product sample with a targeted violation.

Based on current EXIS import screening practice, if the certificate did not accompany the shipment, staff allowed the importer 24 hours from the time of the request to provide a certificate for each regulated product. If a certificate was not provided within 24 hours of the request, staff sampled the product for a possible certificate violation, as well as other possible violations, if applicable, and sent the sample to the Office of Compliance for evaluation.

Staff's analysis of the data collected in the Certificate Study indicates that the ability to provide a certificate within 24 hours of CPSC's request is strongly associated with product compliance. Based on the Certificate Study data, staff found that an entry is five times more likely to have a violation if a certificate is never provided to CPSC, and three times more likely if one is provided, but not within 24 hours of CPSC's request.

Figure 1: Violation Rate by Certificate Status



Through the Certificate Study, staff also sought to understand which, if any, data elements could be used for predictive targeting in the future. Accordingly, the Certificate Study team assessed each of the seven required data elements on a certificate (per 16 CFR part 1110) on an element-by-element basis to identify any trends or correlations between a data element and the number of violations found. Due to a number of limitations, primarily the amount of data that could be collected in the given timeframe, plus the lack of uniformity in data entry for each element on a certificate, staff advises that the identified trends merit further evaluation, but can not yet be considered predictive indicators.

Staff identified four data elements from certificates that show potential correlations to the rate of violations. The first prospective correlation between a specific data element and a violation is the city of manufacture. Staff found that certain locations equated to substantially higher-than-average violation rates. The second element of interest, based on the Certificate Study, is the place of testing, often referred to as the testing lab. Staff found that certain testing labs had higher violation rates when compared to other labs. The third and fourth elements with possible correlations to violations are the date of lab testing and the date of manufacture. These two dates, when compared to each other, provide potential correlations to show that certificates with a manufacture date before the testing date were more likely to have a violation.

The Certificate Study demonstrates a strong association between the timely availability of a Certificate of Compliance and the rate of violations in imported finished products. Staff concludes that if a means to verify the presence of a valid certificate is incorporated into the RAM score before import, that information would be a major predictor of a violation. The Certificate Study has also provided the agency with valuable information on what elements on a certificate could potentially be used to validate the presence of a certificate (without providing the entire certificate), as well as improve the agency's import targeting. Staff found that testing labs, manufacturing locations, and manufacturing and testing dates in any future eFiling initiative have the potential to (1) validate the existence of a certificate, and (2) allow staff to refine RAM modeling and target shipments for examination. This study, combined with the

Alpha Pilot, showed that importers are able to provide these data, thus providing a compelling case for continuing the CPSC eFiling initiative.

Section I: Overview of Import Surveillance at CPSC

The CPSC's Office of Import Surveillance conducted an eFiling Certificate of Compliance Study to assess product compliance and its relation to Certificate of Compliance data from October 2017 to February 2018. The goal of this study was to allow staff to assess the correlation between the timing and availability of a certificate, as well as the specific data on a certificate, with finished product compliance. This study was a follow-up to the 2016 eFiling Alpha Pilot (Alpha Pilot), and is part of CPSC's ongoing effort to evaluate the benefit of collecting advance electronic data to target potentially noncomplying and hazardous imports before they reach consumers.

CPSC established an Import Surveillance Division (now the Office of Import Surveillance or EXIS) in 2008, which resulted in co-locating CPSC personnel with U.S. Customs and Border Protection (CBP) staff at select ports of entry. Initially, CPSC had a limited set of software tools to facilitate analysis of import entry data targeting imported products. The agency was unable to conduct consistent and automated risk assessments of imported consumer products. At that point, the agency's targeting capabilities involved locally developed programs focused on targeting products and companies deemed to be high risk. Staff manually performed data analysis and produced metrics reports on an as-needed basis, rather than on a scheduled, recurring basis. Staff's analysis and reporting required significant time, affecting the office's limited resources.

In 2008, Congress enacted the Consumer Product Safety Improvement Act (CPSIA). Section 222 of the CPSIA required the CPSC to develop a Risk Assessment Methodology (RAM) to screen shipments of consumer products intended for import into the United States, including consumer products potentially in violation of health and safety laws. Section 222 also required the CPSC to collaborate with CBP and use the International Trade Data System (ITDS)¹ to evaluate information about consumer products intended for import into the customs territory of the United States. To meet this law's requirements, CPSC began an in-depth analysis of current and potential targeting approaches. CPSC staff created a RAM detailing the ways that CPSC could use import data to create a holistic approach to targeting and enforcement for imported products.

In late 2011, CPSC launched a pilot targeting system to test the effectiveness of the defined methodology. This pilot ITDS/RAM system used a rules-based approach and aggregate-scoring models to highlight potential risk, patterns, and targets. The RAM provided CPSC staff with easy access to key data, including calculated risk scores, to enable EXIS Compliance Investigators (CIs) to review entry lines and act

¹ Part of the U.S. CBP ACE Modernization effort. See <https://www.cbp.gov/trade/automated> for further information on that program.

on them, as needed. In 2017, CPSC transitioned to the ITDS/RAM 2.0 system. Analytic and performance reports in ITDS/RAM 2.0 aid staff in modifying and fine-tuning risk assessment and targeting rules.

In September 2014, CPSC staff began engaging stakeholders² about electronic filing of additional import data for CPSC purposes. Staff envisioned a pilot program, known as the “eFiling Alpha Pilot,” as the next step to boost CPSC’s import targeting capabilities. Several factors led to the Alpha Pilot, starting with CBP’s modernization of the trade monitoring and tariff collection management system, known as the Automated Commercial Environment (ACE). Taken together, provisions of the SAFE Port Act of 2006 and the CPSIA direct the Commission to align with CBP’s modernization efforts to improve CPSC’s risk assessment methods. CBP’s efforts include the creation of a single government interface for shipments entering or exiting the United States, where all required information could be transmitted electronically, thereby streamlining data-sharing for all parties. CBP created the Partner Government Agency Message Set (PGA Message Set), to facilitate the collection of additional information required by federal agencies.

Another key factor that led to the Alpha Pilot was the 2008 direct final rule on “Certificates of Compliance” (73 FR 68328), codified at 16 C.F.R. part 1110 (1110 rule). Among other things, the 1110 rule limits the parties who must issue a certificate to importers for products manufactured outside the United States, and to manufacturers of products manufactured inside the United States. The rule also establishes that certificates may be submitted in hard copy or electronic form. In May 2013, the Commission issued a notice of proposed rulemaking to amend the 1110 rule (78 FR 28080) (“1110 NPR”), to clarify certificate requirements for new rules related to testing and labeling of children’s products and component part testing, 16 C.F.R. parts 1107 and 1109, and to require electronic filing (eFiling) of certificates for imported products, as provided in section 14(g)(4) of the CPSA.

Finally in 2014, President Obama issued Executive Order 13659, Streamlining the Export/Import Process for America’s Businesses (EO). The EO required certain federal agencies to enhance their technology used to modernize and simplify the trade processing infrastructure. The EO also mandated that applicable government agencies use CBP’s ITDS and supporting systems, such as ACE, to create a “single window” through which importers could electronically submit import-related data for clearance. As an independent agency, the CPSC was not included in this mandate; however, the agency, to the extent possible, sought to conform to this initiative.

Beginning in July 2016, the CPSC Alpha Pilot was a six-month joint initiative between CPSC and CBP to test the electronic filing of targeting/enforcement data for certain imported products under CPSC’s

² Since 2014, CPSC staff has engaged the public on the CPSC’s eFiling initiative many times, including: Public workshop on electronic filing of certificates as included in proposed rule on Certificates of Compliance – September 18, 2014; Webinars and Meetings with CBP’s Commercial Customs Operations Advisory Committee (COAC) Working Group – March 12, 2015, March 26, 2015, April 9, 2015, and May 13, 2015; Chairman Kaye Meeting with Members of the COAC 1USG Subcommittee-CPSC Working Group – April 28, 2015; Webinar with Border Interagency Executive Council (BIEC) – September 16, 2015; Working meetings with Trade Support Network (TSN) – September 16, 2015, and September 23, 2016; Webinars to demonstrate the eFiling Product Registry – October 1, 2015 and February 25, 2016; Kickoff meeting to eFiling Alpha Pilot with participants – November 18, 2015; Adult wearing apparel webinar on Enforcement Discretion Regarding GCCs for Adult Wearing Apparel Exempt from Testing with eFiling Alpha Pilot Participants – April 13, 2016; Broker feedback meeting on eFiling with Bureau Veritas – August 4, 2016; Public meeting for review and feedback on the eFiling Alpha Pilot with participants – January 26, 2017

jurisdiction. Because CPSC staff could not use the targeting/enforcement data when assigning risk scores in the RAM to target potentially noncompliant shipments, this limited the Alpha Pilot. Instead, the Alpha Pilot established and assessed the infrastructure and processes required for successful eFiling. The Alpha Pilot demonstrated that importers are capable of providing targeting/enforcement data and that CPSC, in collaboration with CBP, is able to receive such data in the RAM for CPSC's entry and enforcement purposes. Before the Alpha Pilot, no mechanism existed for CPSC to gather these data electronically.

The Alpha Pilot was the first step in better understanding not only the benefits and uses, but also the limitations and challenges of eFiling targeting/enforcement data. CPSC staff's assessment from the Alpha Pilot indicated that targeting/enforcement data could be incorporated into the rule sets in the RAM, thereby increasing the volume of data that can be used by the system for assessing and assigning risk scores to entries. As a next step to the Alpha Pilot, staff recommended a two-pronged approach: (1) eFiling of data to optimize the construction of rules in the RAM to increase or decrease an entry line's risk score using a larger set of volunteer participants; and (2) a Certificate Study that would assess the correlation between product compliance and specific data elements on a certificate.³

The Certificate Study was a logical next step after the Alpha Pilot. While the Alpha Pilot successfully tested the ability of importers to provide targeting/enforcement data and the capability of CPSC to collect these data, the goal of this Study was to determine what data provides the most value to CPSC's targeting and enforcement efforts. Whereas the Alpha Pilot relied on volunteers who were likely compliant, the Certificate Study would allow for a more representative look at the effects of having timely certificates and also examine specific data across noncompliant and compliant importers.

In June 2017, the Commission approved the Certificate Study as the next step in CPSC's path to assess an electronic filing component for the RAM. This report summarizes the Certificate Study approach and findings.

Section II: Overview of the eFiling Certificate Study

EXIS collected data related to the Certificate Study to assess product compliance and its relation to certificate data from October 2017 to February 2018. The goal of this study was to assess the correlation between the existence of a certificate, the timing of providing a certificate to CPSC, as well as the specific data on a certificate, with finished product compliance.

The Certificate Study was not limited to the targeting/enforcement data elements collected as part of the Alpha Pilot, but rather, was designed to provide information about all of the data elements on a certificate and their correlation to risk/compliance. The ultimate goal of the Certificate Study was to inform potential next steps in CPSC's eFiling project.

The Certificate Study provides data on

- the impact of having a certificate on product compliance;

³ eFiling Alpha Pilot Report: <https://business.cpsc.gov/zh-CN/content/efiling-alpha-pilot-evaluation-report>

- the impact of certificate timeliness on product compliance; and
- the type of data on a certificate that can be useful for targeting/enforcement purposes.

Staff designed and implemented the Certificate Study to evaluate certificates from a subset of commonly imported products and higher-volume ports. Import staff worked closely with statisticians from CPSC's Division of Hazard Analysis to determine an experimental design that balanced timeline and resource constraints, while ensuring a robust collection of data, from which statistically valid conclusions could be drawn.

To determine the scope of the study, staff analyzed import product data volume, based on HTS code, port, and CPSC priority. Ultimately, staff chose nine port areas and the following five commonly imported and well-defined product areas for inclusion in the study: pacifiers, baby clothes, bicycles, toys, and lighters.

Staff included in the Certificate Study entries that arrived into the selected ports, with the specific products, that were already targeted for examination as a part of staff's normal operating procedures. In other words, staff designed the study to collect and review certificates of compliance for entries that would normally have been inspected based on the staff's typical course of operation. Currently, staff targets and inspects products based on a combination of factors, including the RAM risk score, local operations coordinated in conjunction with CBP, CBP referrals to CPSC staff, and CTAC targeting programs.

If a certificate did not accompany the shipment, the CI requested a certificate for each product in an in-scope entry.⁴ Based on current CPSC field-screening practice, the importer was given 24 hours from the time of the request to provide a certificate for each product. If a certificate was not provided within 24 hours of request, and field screening found no other possible violations, the CI sampled the product for a possible certificate violation and sent it to the Office of Compliance for evaluation. Staff found that the Certificate Study process increased the examination burden on staff and reduced the number of exams that an investigator could perform. In some cases, the Certificate Study process added burden to

⁴ The CPSA requires that certificates of compliance must (1) "accompany the applicable product or shipment of products covered by the same certificate"; (2) be "furnished to each distributor or retailer of the product . . ."; and (3) be furnished to the Commission "[u]pon request." Section 14(g)(3) of the CPSA; 15 U.S.C. § 2063(g)(3). According to our regulation, certificates for imported consumer products "must be available to the Commission from the importer as soon as the product or shipment itself is available for inspection in the United States." 16 C.F.R. § 1110.7(c)(1). Certificates can be provided in either a hard copy (paper) format, or an electronic format, as long as they comply with our regulation and the statutory requirements for certificates. 16 C.F.R. § 1110.5. Generally, for a paper certificate to meet the "accompany" requirement and be available to the Commission "as soon as the product is available for inspection in the United States," it should be placed inside the shipping container or box. Certificates of Compliance Final Rule, 73 *Fed. Reg.* 68,328, 68,329-31 (Nov. 18, 2008). Electronic certificates can meet the "accompany" requirement "if the certificate is identified by a unique identifier and can be accessed via a World Wide Web URL or other electronic means, provided the URL or other electronic means are created in advance and are available, along with access to the electronic certificate itself, to the Commission or to the Customs authorities as soon as the product or shipment itself is available for inspection." 16 C.F.R. § 1110.13(a)(1). If a certificate does not accompany a shipment of products in either paper or electronic format, CPSC's practice is to allow an importer 24 hours to comply with CPSC's request for the certificate. Typically, upon request, certificates are furnished to CPSC via electronic mail.

importers when goods were held at the port for the 24-hour period while staff awaited submission of a certificate.

Working with the Directorate for Epidemiology (EPI), the Certificate Study team set a goal of including 750 entry exams in the study by the end of the study period. Staff set this goal based on an analysis of the expected volume of entries at the ports in the study for October 2017 through February 2018, from the volume of entries observed for the study parameters the prior year. Ultimately staff examined a total of 843 entries as part of the study.

The next section of this report details the results of the Certificate Study and staff's identified correlations between certificates of compliance and product violation rates.

Section III: Results of the Certificate Study

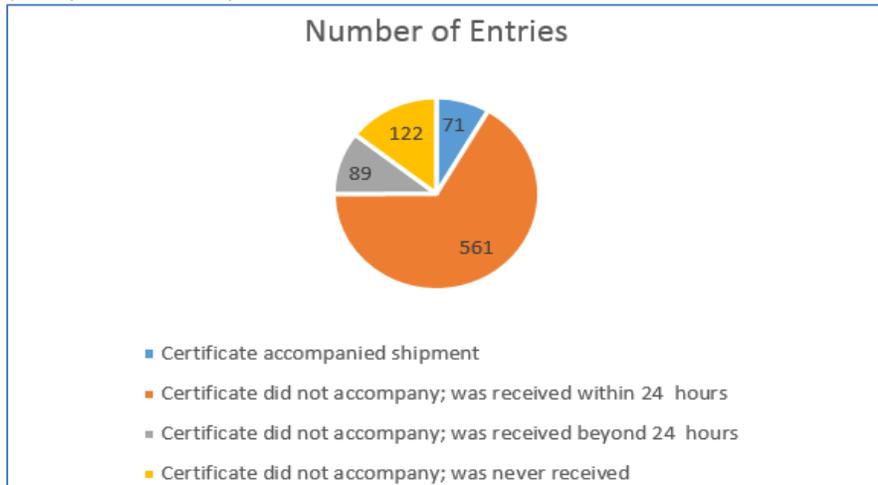
CPSC staff's assessment of the Certificate Study data began in March 2018. Staff's analysis sought to understand the correlations, if any, between the timing and availability of a certificate, the integrity of the data provided on a certificate, and the rate of violations in imported finished products. For this study, violations included chemical content limits for lead in substrate, lead in surface coatings, certain banned phthalates, small parts hazards, F963 Toy Standard violations, and flammability in certain textiles. For this study, violations excluded requirements for tracking labels, certificates, and product registration cards. The study included 843 total entries, and 75 entries had at least one product with a violation.

Timing and Availability of a Certificate

Staff considered whether the existence of a certificate, or the time it took for an importer to provide it, had any correlation to the violation rate observed. CPSC staff segmented the study data into four distinct groups, based on the study design:

- Certificate accompanied shipment (included in the shipping carton or URL available);
- Certificate did not accompany, but was received within 24 hours;
- Certificate did not accompany, but was received beyond 24 hours;
- Certificate did not accompany and was never received.

Figure 2: Entries by Certificate Availability

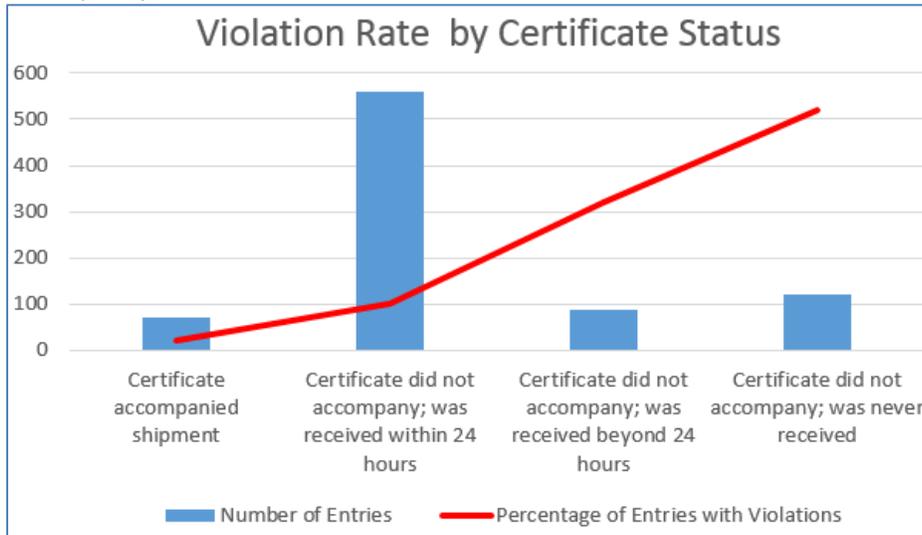


Based on staff's analysis of the data collected, the Certificate Study indicates that the ability to provide a certificate within 24 hours of CPSC's request is strongly associated with product compliance. Of the 71 entries for which a certificate accompanied the shipment, staff found only one violation; a violation rate of approximately one percent. Furthermore, staff found that the violation rate increased only slightly for entries for which a certificate was provided within 24 hours of request. Staff calculated a violation rate of five percent for these entries; 28 of the 561 entries.

The Certificate Study data demonstrate considerable increases in the violation rate for entries for which a certificate was provided to CPSC more than 24 hours after a request was made, or where no certificate was ever provided. CPSC staff found 89 entries for which the certificate was received, but more than 24 hours after request. Of these 89 entries, 14, or almost 16 percent, were found to contain violations. Even more striking, staff found that of the 122 entries for which a certificate was never provided, 32, or more than 26 percent, had a violation. When combined, the violation rate of these two categories is just under 22 percent.

When compared to entries where a certificate either accompanies a shipment or is provided within 24 hours, staff found that **an entry is over five times more likely to have a violation if a certificate is never provided**, and over three times more likely if it is not provided within 24 hours of CPSC's request.

Figure 3: Violation Rate by Certificate Status



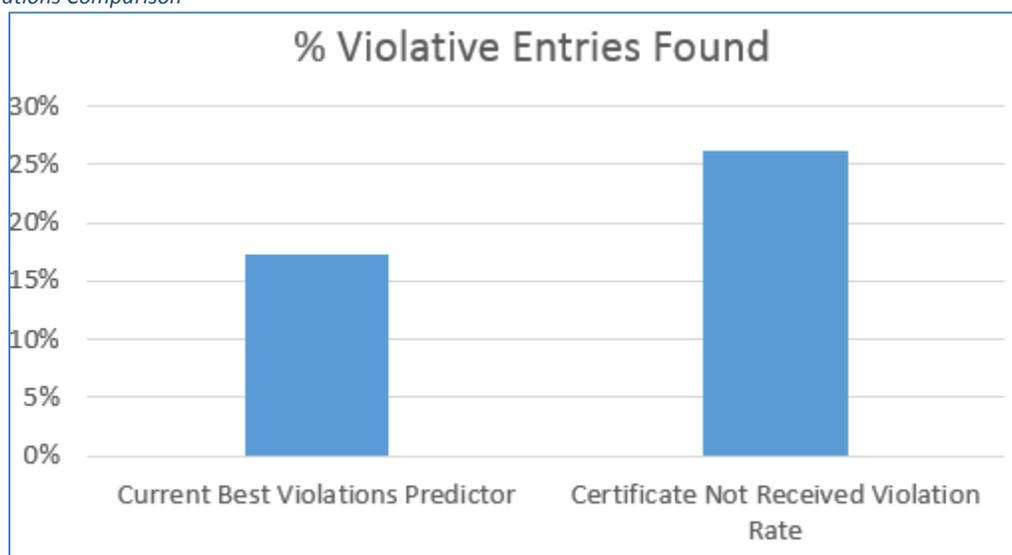
A summary of the violation rates can be found in Table 1 below.

Table 1: Violation Rates by Certificate Availability

Status of Certificate	Number of Entries	Number of Entries with Violations	Percentage of Entries with Violations
Certificate accompanied shipment	71	1	1%
Certificate did not accompany; was received within 24 hours	561	28	5%
Certificate did not accompany; was received beyond 24 hours	89	14	16%
Certificate did not accompany; was never received	122	32	26%

EXIS chooses shipments to examine based on many factors, including the RAM score, CTAC special targeting operations, and local referrals/operations with CBP. The Certificate Study demonstrates that the inability to provide a certificate yields a violation rate that is 50 percent more than CPSC’s current best predictor of finding a violative product.

Figure 4: Violations Comparison



Notably, staff found minimal overlap between the Certificate Study importers who did not provide a certificate and importers with violative products that were identified using the current best predictor. Of the 32 entries with violations that did not have a certificate, staff determined that only four of these were also detected using the current best predictor. Staff concludes that if the presence of a valid certificate is incorporated into the RAM score before import, this information can be a meaningful predictor of a violation.

Data Elements on a Certificate

Through the Certificate Study, staff sought insight into not only the correlation between the existence and timing of a certificate and violations identified, but also what specific data elements, if any, correlate to higher or lower violation rates. An entry can have many products, and thus, many required certificates; in total, 2,921 certificates were collected for the 843 entries in the study. An entry was considered violative if any of its associated products were violative; so one entry could have more than one violative product. Staff wanted to understand which, if any, data elements could be used for predictive targeting in the future. Accordingly, staff manually entered certificate data from the certificates received in the study into a database to analyze each element. Of the 75 entries in the Certificate Study with violations, 32 are for entries for which a certificate was never received. Staff identified and analyzed the remaining 43 entries, which had 61 corresponding certificates with a violation.

Certificates of Compliance contain seven required data elements, per 16 CFR § 1110.11, summarized below:

1. Identification of the finished product;

2. Each consumer product safety rule or statutory requirement to which the product is being certified;
3. Certifier (name and contact information);
4. Contact information for the person maintaining records of test results (name and contact information);
5. Date and place where the finished product was manufactured;
6. Date and place where the finished product was tested; and
7. Third party laboratory on whose testing the certificate depends (name and contact information).

The Certificate Study team assessed the data on an element-by-element basis to identify any trends or correlations between a data element and the number of violations found. One exception to this is the consumer product safety rule or rules to which each product was being certified. Many of the certificates involved toys, which are subject to more than one rule and various subsections of the toy standard (ASTM F963)⁵, and certifiers did not provide this information in a standardized manner. Because of this, and given the resource and time constraints of the Certificate Study, each consumer product safety rule listed on the furnished certificates was not manually entered into the study database. Staff assessed a “quality range” for each certificate, based on the manner and description of the rules identified, and assigned a value of high, medium, or low to the detail and quality of the data provided. Staff did not find any correlation between the level of detail or quality of the list of rules provided on the certificate and any increase or decrease in violation rate.

Staff concludes that a number of factors limited staff’s ability to determine strong predictive qualities for each certificate data element in the Certificate Study. The first limiting factor staff identified is that the amount of data that could be collected for each data element was constrained by the timeline of the Certificate Study and the EXIS resource availability to perform the study. Staff found 75 entries in the Certificate Study with violations. However, as shown above, 32 of these violations are for entries for which a certificate was never received. Ultimately, staff only had 61 certificates, from 43 unique entries, available for data analysis at the element level for predictive traits. Accordingly, staff’s data analysis of the predictive quality of each data element is limited to this subset. Statistically this is a small sample size, and as such, staff advises that the possible correlations identified are considered trends that merit further evaluation, but these possible correlations cannot be considered predictive indicators yet. Staff presumes that a larger data pool would have allowed the EPI team to make more certain assessments of the predictive value of these elements.

The second limitation staff identified is the data format found on the certificates themselves. CPSC’s regulation and guidance on certificates allows for a wide range of data input that is not standardized or tightly structured. For example, staff found that certifiers’ data for “Place where the

⁵ Note that CPSC guidance states that manufacturers and importers should list each applicable section of ASTM F963 for which the toy was tested. Many certificates did not follow this guidance. <https://www.cpsc.gov/Business--Manufacturing/Testing-Certification/Childrens-Product-Certificate/>

product was manufactured ” is highly variable across certificates. Some certificates provide full addresses, some provide a province/state and country, and still others provide a city and country. In many instances, staff found it difficult to identify whether the listed place is a province, city, or local town. Staff concludes that predictive modeling of all data elements on a certificate is limited by the lack of consistency across data on a certificate.⁶

Based on staff’s analysis of the 61 certificates that were received and had products with violations, four data elements emerged that show prospective correlations to an increase in the violation rate. Staff could potentially use such correlations for risk assessment targeting in the future.

City of Manufacture

Staff found that one potential correlation between a specific data element and a violation is the location of manufacture, specifically the city of manufacture. Certain specific locations of manufacture do possibly correlate to a higher violation rate compared to other manufacturing cities. Although the sample size is small, staff found that the correlation of this element to violations is strong enough for certain locations that this element can be considered potentially predictive of violations. Consequently, staff concludes that **the city of manufacture may be a viable element for data collection in future eFiling initiatives to assist in targeting efforts and to validate certificate data.**

Figure 5: Violation Rate by Manufacturer City



⁶ Note, however, that staff now has more information to describe the types of data that certifiers are using for each data element, to inform and assist the CPSC if the agency pursues standardization of this information.

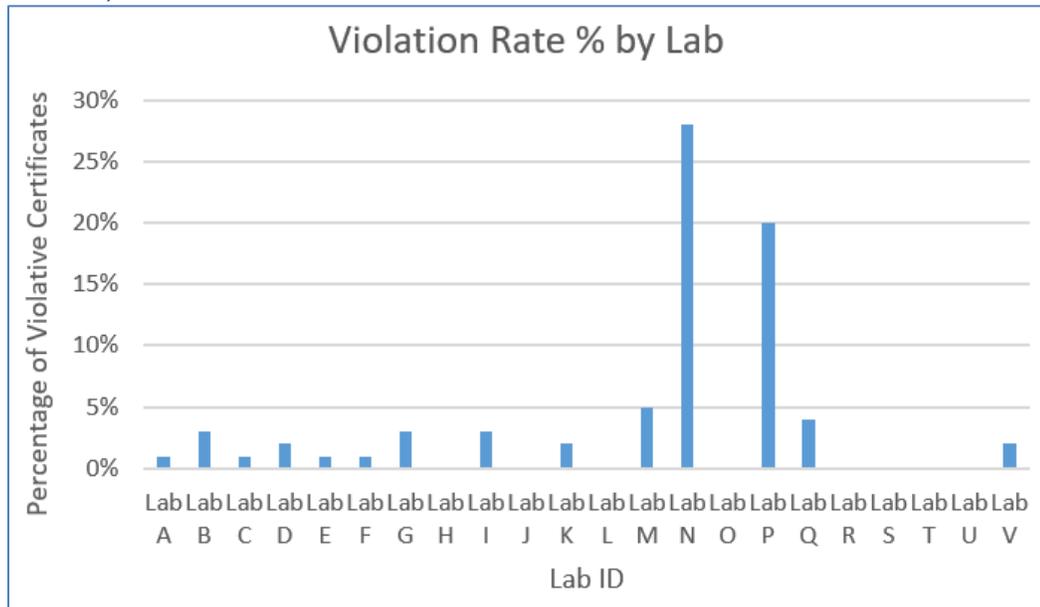
Testing Lab

Staff found that a second element of interest, based on the Certificate Study, is the place of testing, often referred to as the testing lab. Staff found that certain testing labs had higher violation rates when compared to that of other labs. Two labs in particular had significantly higher than average violation rates, while eight labs, each of which issued at least 20 certificates, had no violations.

Additionally, due to CPSC requirements for children’s products that the testing must be conducted by a third party laboratory whose accreditation has been accepted by CPSC to perform each test, this element provides staff with the ability to do additional, automated data checks to verify that the accreditation of each lab listed is CPSC-accepted for the time frame and test performed.

Staff concludes that the identification of a third party lab provides a strong data point for children’s products, as the importer understands that testing is required to be in compliance with CPSC regulations. **Accordingly, place of testing may be a valuable element for data collection to assist in targeting efforts and to validate certificate data.**

Figure 6: Violation Rate by Lab



Date of Lab Testing/Date of Manufacture

The third and fourth elements identified by CPSC staff analysis are the Date of Lab Testing and the Date of Manufacture. When staff assessed these two elements individually, the elements do not provide any insight into possible violations of the product. However, when staff compared each date with the other, and analyzed the data based on the range of months between the two dates, possible correlations

emerge.⁷ Staff found that of the certificates with no violations, only a quarter had a date of lab testing after the date of manufacture. However, more than half of the certificates for products with a violation had a date of lab testing after the date of manufacture.

Figure 7: Certificates with Violation by Testing Date



As a result of further analysis, staff found that **certificates with a testing date after the manufacture date were more than three times more likely to have a violation**⁸. Staff cautions that the data limitations prevent this date variance from conclusively being considered a predictive data point, but the data are potentially correlative, and should be considered for inclusion in any ongoing eFiling and certificate study collection initiatives.

Ultimately, staff did not find a single certificate data element that provided as strong of a correlation to violations as the lack of a timely filed certificate. Staff advises that the data limitation in the Certificate Study prevented a more robust analysis of each data element. However, even with limited data, staff found multiple elements that provide potential correlations for further pursuit and analysis, both individually and collectively. Staff concludes that the collection of such data elements in any future eFiling initiative can (1) validate the existence of a certificate, and (2) allow staff to refine RAM modeling and target shipments for examination.

⁷ Because analysis was done at the month level, any certificate with a Date of Lab Testing in the same month as the Date of Manufacture was coded as if the Date of Lab Testing was before the Date of Manufacture.

⁸ The correlation of this date comparison is a factual finding of the study and does not indicate compliance with, or violation of, the Commission's testing regulation at 16 C.F.R. part 1107. Compliant testing regimes depend on each manufacturer's testing and manufacturing scheme, for which they are required to have appropriate documentation. Staff did not assess whether firms with violative products were otherwise compliant with the Commission's testing regulation.

Section IV: Conclusion

Staff concludes that the Certificate Study has shown a strong correlation between the timely availability of a certificate of compliance and the rate of violations in imported finished products. The Certificate Study also provided the agency with valuable information on what elements on a certificate could potentially help improve the agency's import targeting. Staff found that importers who follow the law by importing shipments accompanied by the required certificate have the lowest violation rate. Moreover, importers who cannot provide a timely certificate, or who never provide a certificate, are five times more likely to have violative products than importers whose certificates accompany the shipment, or who are able to produce certificates within 24 hours of CPSC's request. Additionally, staff found that certain testing labs, manufacturing locations, and manufacturing and testing dates, all have possible correlations to higher or lower violation rates.

The results of the Certificate Study provide evidence that the eFiling of key certificate data before import will allow the CPSC to improve its targeting and enforcement at the ports and better protect consumers. This study, combined with the Alpha Pilot which showed that importers are able to provide this data, offers a compelling case for the continuation of the CPSC eFiling initiative.

Appendix C



eFiling Options for Commission Consideration

Staff Report

June 2020

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

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Executive Summary

Over the past decade, CPSC's Office of Import Surveillance (EXIS) has been building a risk methodology to continuously improve the prevention of non-compliant and hazardous imported products from reaching consumers while facilitating trade for compliant importers. The eFiling initiative, conceived in 2014, is intended to improve CPSC's import targeting capabilities. The eFiling Alpha Pilot (Alpha Pilot), which ran for 6 months in 2016, was a joint initiative between CPSC and U.S. Customs and Border Protection (CBP) to test the electronic filing of targeting/enforcement data for certain imported products under CPSC's jurisdiction. The Alpha Pilot successfully demonstrated that importers can provide targeting/enforcement data and that CPSC, in collaboration with CBP, is able to receive such data.

At the conclusion of the Alpha Pilot, staff recommended a two-pronged approach for continuing eFiling at CPSC: (1) conduct a Beta Pilot as a larger and broader test of eFiling, and (2) conduct a Certificate Study to evaluate how helpful certificate of compliance data could be in the agency's import targeting efforts. In June 2017, the Commission approved proceeding with the Certificate Study. Staff conducted the Certificate Study from October 2017 to February 2018, to assess the correlation between the timing and availability of a certificate, as well as the specific data on a certificate, with finished product compliance. The results conclusively showed a correlation between the ability to provide a certificate in a timely manner and the rate of product violations. Staff found that an entry is five times more likely to have a violation if a certificate is never provided to CPSC, and three times more likely to have a violation if a certificate is provided beyond 24 hours of CPSC's request. The Certificate Study also provided information about what specific fields on a certificate CPSC should collect before importation to target violative products.

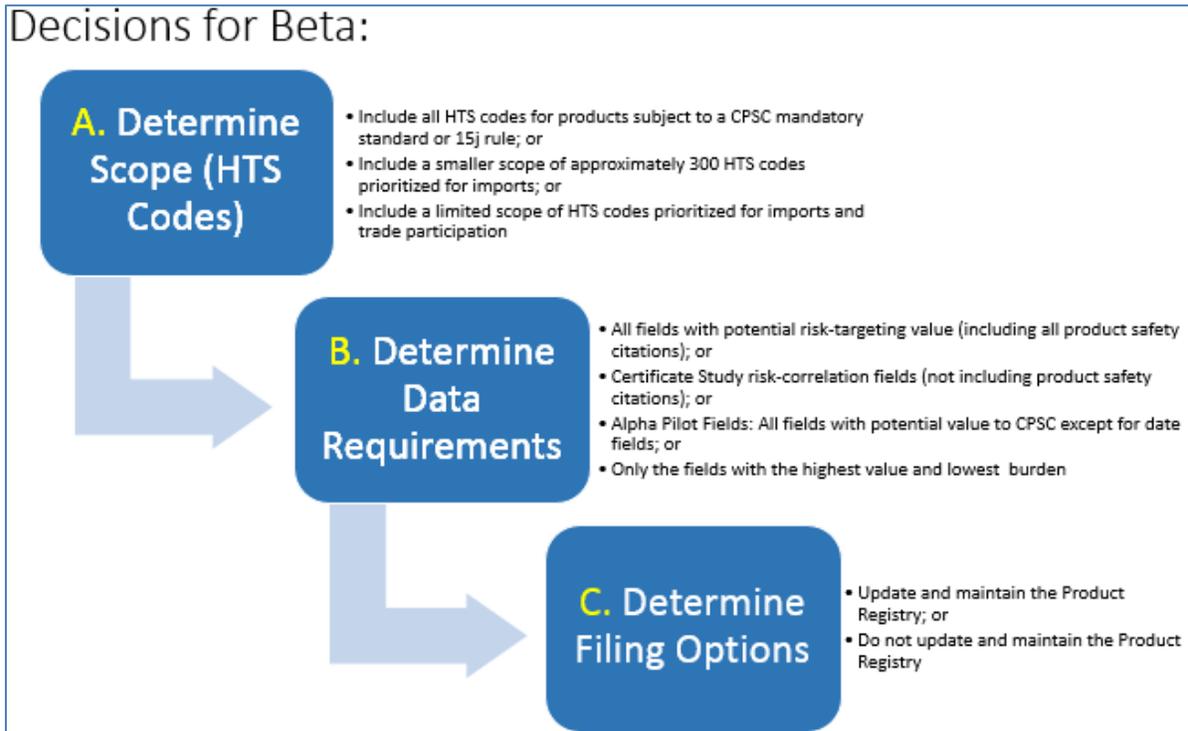
The Alpha Pilot and Certificate Study results provide a compelling case for continuing the CPSC eFiling initiative. Staff's proposed eFiling Beta Pilot (Beta Pilot) would test CPSC's ability to work with a much larger set of filers and allow refinement of algorithms to intercept more efficiently violative products at the ports.

Leveraging the feedback and results from the Alpha Pilot and Certificate Study, staff identified several decision points for the Commission to consider in proceeding to a Beta Pilot:

- The scope of HTS codes to be included in a Beta Pilot;
- The scope of data requirements for a Beta Pilot; and
- Whether to maintain a Product Registry as an option for submitting eFiling data.

The graphic below provides an overview of these decision points:

Figure 1: Beta Pilot Decision Tree



An eFiling Beta Pilot is a substantial undertaking with many internal and external dependencies which affect planning and execution. If the Commission decides to move forward, staff must create a plan that incorporates the three items below into the budget and timeline.

1. Project Management, Documentation, and Requirements Updates

Staff identified eight initial documents covering requirements, functional specifications, and training that were created for the Alpha Pilot and may need updates. In addition, Beta Pilot participants will require ongoing project support.

2. CPSC and CBP IT Development, Documentation, Testing, and Support

The CPSC eFiling IT infrastructure, built in support of the Alpha Pilot, will require updates, documentation, and ongoing support. In addition, CPSC depends upon CBP for IT development and testing of the CBP system for the potentially revised eFiling data requirements, as well as ongoing support during the filing period. CPSC must follow CBP’s development and change control process, which was recently implemented under the Single Window Sustainment Model. Staff anticipates IT development will take at least a year to complete. CPSC must fund any IT development for the project, including any modifications to CBP’s ACE system. Any funding will need to be aligned with CPSC’s budget and will most likely involve modifications to both CPSC and CBP systems.

3. Paperwork Reduction Act (PRA) Requirements

CPSC must apply for and receive a Paperwork Reduction Act control number for a Beta Pilot, a process that can take up to six months.

The results of the e-Filing Alpha Pilot were positive and promising. Based on that experience, participant feedback, import surveillance capabilities and priorities, as well as the Certificate Study results, staff recommends that the Commission consider pursuing a Beta Pilot, as discussed in the Alpha Pilot report. As part of the decision-making process, the Commission must balance the value, cost, and burden of the Beta Pilot, as described in Figure 1.

Section I: Overview of Import Surveillance and eFiling at CPSC

CPSC established an Import Surveillance Division (now the Office of Import Surveillance) in 2008, co-locating investigators with CBP staff at select ports. Initially, CPSC had limited software tools to analyze and target shipments and was unable to conduct consistent and automated risk assessment of imported consumer products. Staff used locally developed programs, manual analyses, and ad hoc reports to target products and companies deemed to be high risk. Staff's analysis and reporting required significant time from the office's limited resources.

In late 2011, CPSC launched a pilot targeting system to test the effectiveness of a new Risk Assessment Methodology (RAM) to intercept shipments containing potentially hazardous products¹. This pilot RAM system used a rules-based approach and aggregate-scoring models to highlight potential risks, patterns, and targets. The RAM provided CPSC staff with easy access to key data, including calculated risk scores, to enable EXIS Compliance Investigators (CIs) to review entry lines and act on them, as appropriate. In 2017, CPSC transitioned to the RAM 2.0 system. Analytic and performance reports in RAM 2.0 aid staff in modifying and fine-tuning risk assessment and targeting rules to select shipments for examination.

In September 2014, CPSC staff began engaging stakeholders² about electronic filing of import-related data from a Certificate of Compliance. Staff envisioned a pilot program, known as the "eFiling Alpha Pilot," as the next step to refine CPSC's targeting capabilities. Beginning in July 2016, the CPSC Alpha Pilot was a 6-month, joint initiative between CPSC and CBP to test the electronic filing of targeting/enforcement data for certain imported products under CPSC's jurisdiction.

The Alpha Pilot established and assessed the infrastructure and processes required for successful eFiling. Based on feedback from the trade, CPSC designed a Product Registry for the Alpha Pilot to reduce the burden of entering the same data multiple times. The Product Registry created an alternate filing method that allowed targeting/enforcement data for each imported product to be filed one time before importation. Once product information was entered into the Product Registry, participants were able to

¹ In 2008, Congress enacted the Consumer Product Safety Improvement Act (CPSIA). Section 222 of the CPSIA required CPSC to develop a Risk Assessment Methodology (RAM) to screen shipments of consumer products intended for import into the United States, including consumer products potentially in violation of health and safety laws. Section 222 also required the CPSC to collaborate with CBP and use the International Trade Data System (ITDS) to evaluate information about consumer products intended for import. Thus, CPSC staff created a RAM detailing how CPSC could use import data in a holistic approach to targeting and enforcement. ITDS is a part of the U.S. CBP ACE Modernization effort (<https://www.cbp.gov/trade/automated>).

² Since 2014, CPSC staff has engaged the public on CPSC's eFiling initiative many times, including: a public workshop on electronic filing of certificates, as included in proposed rule on Certificates of Compliance – September 18, 2014; webinars and meetings with CBP's Commercial Customs Operations Advisory Committee (COAC) Working Group – March 12, 2015, March 26, 2015, April 9, 2015, and May 13, 2015; Chairman Kaye Meeting with Members of the COAC 1USG Subcommittee-CPSC Working Group – April 28, 2015; webinar with the Border Interagency Executive Council (BIEC) – September 16, 2015; working meetings with the Trade Support Network (TSN) – September 16, 2015 and September 23, 2016; webinars to demonstrate the eFiling Product Registry – October 1, 2015 and February 25, 2016; kickoff meeting with eFiling Alpha Pilot participants – November 18, 2015; adult wearing apparel webinar on Enforcement Discretion Regarding GCCs for Adult Wearing Apparel Exempt from Testing with eFiling Alpha Pilot Participants – April 13, 2016; broker feedback meeting on eFiling with Bureau Veritas – August 4, 2016; public meeting for review and feedback on the eFiling Alpha Pilot with participants – January 26, 2017.

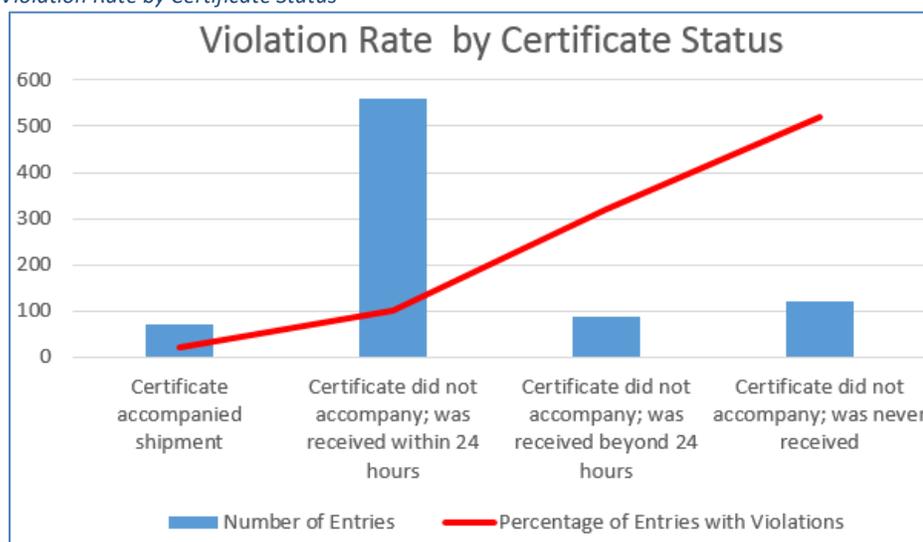
reference the data through a shorter Reference PGA Message Set³ each time the same product was imported thereafter.

The Alpha Pilot demonstrated that importers are capable of providing targeting/enforcement data and that CPSC, in collaboration with CBP, is able to receive such data in the RAM. Before the Alpha Pilot, no mechanism existed for CPSC to gather these data electronically. However, because of the limited scope of the Alpha Pilot, CPSC staff could not use the targeting/enforcement data when assigning risk scores in the RAM to target shipments.

After the Alpha Pilot, staff recommended a two-pronged approach to advancing the agency’s eFiling initiative: (1) conduct a Beta Pilot with a larger set of volunteer participants to test and optimize the eFiling of data along with construction of risk-based rules in the RAM; and (2) conduct a Certificate Study to assess how helpful certificate data would be in the agency’s import targeting efforts.⁴ In June 2017, the Commission approved moving forward with the Certificate Study. Staff conducted an eFiling Certificate of Compliance Study from October 2017 to February 2018 to assess the correlation between the timing and availability of a certificate, as well as the specific data on a certificate, with finished product compliance.

Staff’s analysis of the data collected in the Certificate Study indicated that the ability to provide a certificate within 24 hours of CPSC’s request is strongly associated with product compliance. Staff found that an entry is five times more likely to have a violation if a certificate is never provided to CPSC, and three times more likely if one is provided beyond 24 hours of CPSC’s request.

Figure 2: Violation Rate by Certificate Status



The Certificate Study also provided valuable information on what elements on a certificate could potentially be used to validate the presence of a certificate (without providing the entire certificate) and improve the agency’s import targeting. Staff found that testing labs, manufacturing locations, and

³ A “PGA Message Set” is CBP’s term for additional importer data that an agency other than CBP requires.

⁴ eFiling Alpha Pilot Report: https://www.cpsc.gov/s3fs-public/eFiling_Alpha_Pilot_Evaluation_Report-May_24_2017.pdf

manufacturing and testing dates, have the potential to: (1) validate the existence of a certificate, and (2) allow staff to refine RAM modeling and target shipments for examination.

The results from the Certificate Study show that the eFiling of key certificate data before importation will allow CPSC to improve its targeting and enforcement at the ports and better protect consumers. This study, combined with the Alpha Pilot, which showed that importers are able to provide these data, offers a compelling case for continuing the CPSC eFiling initiative.

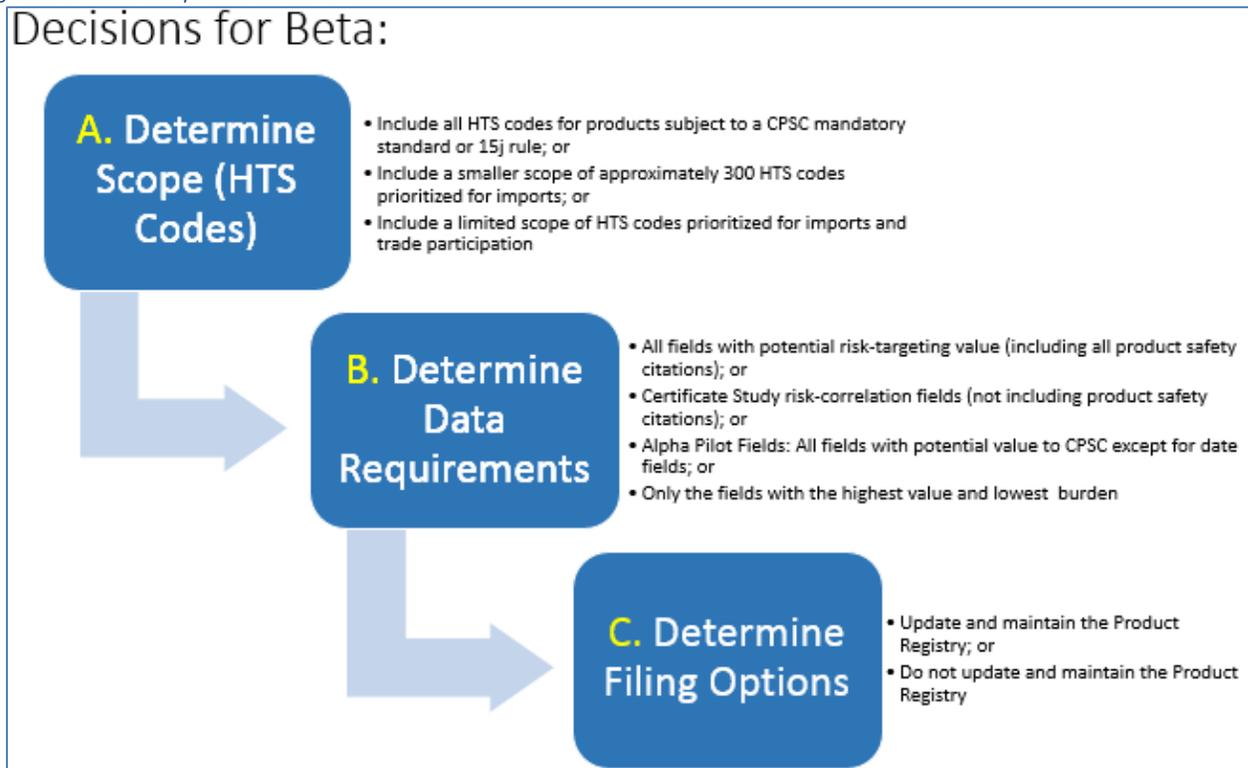
As discussed in the Alpha Pilot report, staff proposed a Beta Pilot as the next step if the Commission continues to pursue eFiling to enhance rule-based decision making for import safety. Based on the results of the Alpha Pilot and the Certificate Study, this report details Commission options for a Beta Pilot.

Section II: eFiling Beta Pilot Options

The Alpha Pilot was designed to develop and assess the infrastructure and processes required for successful eFiling. A Beta Pilot would test CPSC’s technical capability to handle approximately 10 times the volume of the Alpha Pilot, allow staff to assess and optimize algorithms in the RAM to target product shipments, and help staff to understand the scope and any potential burden of the Disclaimer Message Set, which was not used or filed consistently by the Alpha Pilot participants. A disclaimer message is filed when CPSC would normally expect to receive PGA Message Set data for a Harmonized Tariff Schedule (HTS) code. However, the information is not required for the imported product because it is not subject to a consumer product safety rule.

CPSC staff envisions a Beta Pilot that would allow for the eFiling of data to optimize construction of rules in the RAM to increase or decrease an entry line’s risk score. Staff anticipates a Beta Pilot would include up to 100 companies filing data for approximately 1 year. In Figure 3, we illustrate the components of a Beta Pilot approach and the decisions required.

Figure 3: Beta Pilot Options Decision Tree



A. Determine the Scope of the eFiling Beta Pilot

When CPSC staff accepted volunteers to participate in the Alpha Pilot, staff asked them to provide a list of HTS codes and products for which they would prefer to file the requested targeting/enforcement data. CPSC staff did not select mandatory HTS codes, nor did staff leave out any HTS from the Alpha Pilot. Each participant opted to file PGA Messages for anywhere between 1 to 32 HTS Codes. Staff took this

approach for the Alpha Pilot because the core goal was to develop and test the ability for participants to file data and for CPSC staff to collect and process the data in the RAM, not to test targeting or risk assessment.

In a Beta Pilot, staff would test how to optimize the data collected for risk assessing imported consumer products, in addition to testing the scalability of the systems and processes developed during the Alpha Pilot. To accomplish this, staff would incorporate the PGA Message Set data into the RAM rules' engine and use it in the risk-scoring algorithms to guide staff's targeting and enforcement efforts.

Currently, CPSC staff does not risk assess all HTS codes under its jurisdiction, which encompasses a broad range of products imported under a large number of HTS codes. To leverage the CPSC's limited resources, staff prioritizes products for targeting based on current risk and addressability. Accordingly, the Commission's decision regarding the scope of HTS codes for a Beta Pilot is an important burden versus benefit consideration.

OPTION 1: Include All HTS Codes for Products Subject to a CPSC Mandatory Standard or 15j Rule

Collecting PGA Message Set data for all HTS codes associated with a CPSC mandatory standard and 15j rule would test the true burden of eFiling on importers and provide CPSC a wealth of information from which to target and conduct post-import assessments. However, much of these data would not be immediately used by CPSC staff. Staff is unable to target every product subject to a mandatory standard or 15j rule due to resource constraints. Staff typically targets a subset products, and would continue this approach during a Beta Pilot. Accordingly, during a Beta Pilot, staff would integrate a subset of data into the RAM and use these data for targeting purposes. Essentially, under this approach, CPSC may collect a large amount of data during the Beta Pilot that staff is unlikely not use in the short term.

Requiring participants to file PGA Message Set data on products from the full set of HTS codes subject to a mandatory standard or a 15j rule could also negatively impact participant recruitment efforts for a Beta Pilot. Although this approach would offer CPSC the most flexibility in choosing participants from across the range of CPSC's jurisdiction, it could significantly increase a participant's burden if they were required to file data for all regulated products and those subject to a 15j rule.

OPTION 2: Include a Smaller Scope of Approximately 300 HTS Codes Prioritized for Imports

Alternatively, CPSC could limit the scope of the HTS codes in the Beta Pilot to those codes staff defines as "highest priority," and for which the data staff actively uses in current risk assessment efforts. EXIS staff understands the highest-priority, highest-risk products for which data can be used for targeting. Staff reviews and updates this subset of approximately 300 HTS codes regularly in consultation with the Office of Compliance and Field Operations.

Prioritizing HTS codes in a Beta Pilot ensures that the CPSC does not collect data that staff may not immediately use, keeps the volume of data manageable for staff and participants, and lessens the

technology infrastructure required to store and manage the data. However, prioritizing HTS codes would also limit potential participants to those importing under the identified subset of codes.

OPTION 3: Include a Limited Scope of HTS Codes Prioritized for Imports and Trade Participation

A third approach is to limit the scope of the HTS codes to an even smaller prioritized subset, to encourage and support participation by large importers with many imported products. CPSC staff would select the HTS codes to include an appropriate breadth of products and importers, balancing CPSC and participant priorities by ensuring a large filing volume while minimizing participant burden.

Limiting the scope of HTS codes could, however, potentially skew participation away from some smaller and medium-sized companies that would otherwise be willing to participate, but for the limited scope of products they import. This approach would also exclude many products that CPSC considers high priority, limiting CPSC's ability to refine search algorithms for many high-priority HTS codes in the RAM. Additionally, testing a smaller set of codes may mask issues associated with the excluded codes or their importers. However, this option would allow staff to test eFiling on a larger scale than the Alpha Pilot; and, while not optimal, it would provide valuable data to advance the eFiling program.

Pragmatically, this option limits the scope of HTS codes, thereby ensuring that CPSC staff does not collect data that it is unlikely to immediately use, while also minimizing the technology infrastructure required to store and manage the data.

B. Determine the Data Requirements for the eFiling Beta Pilot

Certificates of Compliance contain seven required data elements (16 CFR § 1110.11):

1. Identification of the finished product;
2. Each consumer product safety rule or statutory requirement to which the product is being certified;
3. Certifier (name and contact information);
4. Contact information for the person maintaining records of test results (name and contact information);
5. Date and place where the finished product was manufactured (including identity and address of the manufacturer);
6. Date and place where the finished product was tested; and
7. Third party laboratory on whose testing the certificate depends (name and contact information).

CPSC began soliciting input on the prospect of collecting Certificate of Compliance data electronically in 2014. EXIS and CBP hosted several Commercial Customs Operations Advisory Committee (COAC) webinars on the potential CPSC Pilot, to engage and educate stakeholders, including manufacturers, importers, and brokers. Through the COAC process, stakeholders expressed apprehension

over the additional burden posed by electronically submitting all Certificate of Compliance data elements. In response, for the Alpha Pilot, the Commission required only four data elements and a checkbox attesting to the existence of the required certificate of compliance:

- a) Identification of the finished product;
- b) Each consumer product safety rule to which the finished product has been certified under 16 CFR part 1110;
- c) Place where the finished product was manufactured, produced, or assembled, including the identity and address of the manufacturing party;
- d) Parties on whose testing a certificate under 16 CFR part 1110 depends (name and contact information of the testing entity); and
- e) A check box indicating that a required certificate currently exists for the finished product, as required by Sections 14 and 17 of the CPSA.

In post-Alpha Pilot feedback, participants indicated that the scope of the Pilot eased participation. Although each participant approached data-gathering differently, they all indicated the data gathering was relatively easy and that providing additional data elements to support the Alpha Pilot did not significantly affect their operations.

The Alpha Pilot provided evidence that the CPSC, working with CBP, could collect eFiling data filed by importers, but did not provide information about the usefulness of the individual data elements for targeting purposes. The subsequent Certificate Study sought to determine which data provide the most value to CPSC's targeting and enforcement efforts. The Certificate Study was not limited to the targeting/enforcement data elements collected as part of the Alpha Pilot, but rather, was designed to provide information about all the data elements on a certificate and their correlation to risk/compliance.

Using the Alpha Pilot, Certificate Study findings, and participant feedback, staff assessed each of the fields on a certificate in three ways: (1) the usefulness of the data, (2) the burden on importers to provide the data, and (3) the burden on CPSC to collect and use the data. Ultimately, staff grouped the certificate data into three categories, color-coded in the "Staff Assessment" column in the table below as green, blue, and red. Staff considers the four green fields to be essential to the eFiling initiative and would provide the highest value in risk assessment and targeting with the lowest burden on importers to provide. Staff analysis demonstrates that the three blue fields have value to CPSC for risk assessment and targeting, but provide a medium-to-high burden for importers and CPSC. Staff does not consider the three red fields useful for targeting and does not recommend them for eFiling.

For this assessment, and to determine the best options for eFiling, staff separated the Date of Manufacture and Date of Testing fields from the CPSC certificate data definitions of "date and place where the finished product was manufactured" and "date and place where the finished product was tested." These fields are listed separately in the table below as 5a, 5b and 6a, 6b. In both instances, the date and place can be used in different ways for risk assessment. The collection of dates also provides unique opportunities and challenges, as detailed below. Staff has included an additional element, a checkbox filed by the importer, to confirm the existence of a required certificate. CPSC included this checkbox in

the Alpha Pilot and, based on the results of the Certificate Study, staff considers the checkbox to be a useful indicator of compliance. This field is additional element number 8 below. Table 1 summarizes staff data assessment, with a more detailed explanation to follow.

Table 1: Assessment of Certificate Data

Data Field	Staff Assessment
1. Identification of the finished product;	
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	
3. Certifier (name and contact information);	
4. Contact information for the person maintaining records of test results (name and contact information);	
5a. Date when the finished product was manufactured;	
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	
6a. Date when the finished product was tested	
6b. Place where the finished product was tested	
7. Laboratory on whose testing the certificate depends (name and contact information).	
8. Checkbox to show that a required certificate exists (non-statutory)	

	Valuable import data; low burden to collect
	Valuable import data; medium to high burden to collect
	Not valuable for import assessment

Staff considers the four green fields the highest priority for eFiling, based on the usefulness of the data for targeting and enforcement. Staff tested all of these fields in the Alpha Pilot, and none were found to pose a significant burden to file or collect.

- Identification of the finished product – Critical information for staff to perform risk assessment as it relates to the product being imported. In addition to the name, the identification of the product could include identifiers, such as a stock-keeping unit (SKU), Model Number or Global Trade Item Number (GTIN), which are some of the values tested in the Alpha Pilot. A universal identifier could help staff track and identify violative products more readily.
- Place where the finished product was manufactured (including identity and address of the manufacturer) – Identifying the actual foreign manufacturer is critical to staff for targeting and enforcement. Additionally, the Certificate Study showed a potential correlation between violation rates and the location of manufacture, specifically the city of manufacture. Certain locations of manufacture did possibly correlate to a higher violation rate, compared to other manufacturing cities.

- Laboratory on whose testing the certificate depends – These data could be used in several ways. First, the identification of a third party lab provides a strong data point for children’s products, as it indicates the importer understands that testing is required by CPSC regulations. Because children’s products must be tested by a third party laboratory, whose accreditation has been accepted by CPSC, this element provides staff with the ability to do additional, automated data checks to verify that the accreditation of each lab listed is CPSC-accepted for the timeframe and test performed. Finally, the Certificate Study demonstrated that the lab name has potential correlation to violations. Staff found that certain testing labs had higher violation rates compared to other labs.
- Checkbox to show that a required certificate exists – The Certificate Study showed that the ability to provide a certificate within 24 hours of CPSC’s request is strongly associated with product compliance, and requiring importers to attest to the existence of a certificate would be useful to targeting. While not a statutory element of a Certificate, staff considers this attestation to be an important element of the eFiling program.

Staff considers the three blue fields to have value for targeting and enforcement, but also higher complexity and cost compared to the green fields.

- Each consumer product safety rule or statutory requirement to which the product is being certified – EXIS staff assesses product risk and violations based on whether a product meets the rule(s) and requirement(s) to which the product must be certified. Because of the non-standard, free-form entry on current certificates, however, in the Certificate Study staff was unable to identify a correlation between a product’s violation and whether the certificate correctly listed all rules to which the product must be certified. If CPSC required eFiling using a drop-down selection of applicable rules, this data could be standardized and allow for automated risk assessment based on the ability to distinguish the testing conducted against the testing that staff would expect. Staff could then use this information to target products that certify or fail to certify to certain standards. For example, staff could run an automated query targeting shipments under the HTS code for toys intended for children 0-3 years that do not certify for small parts. Including citation information for toys, however, would increase the number of required fields because toys must typically be certified to more than one rule or section of the toy standard. In Alpha Pilot feedback questionnaires, participants said that providing the rule(s) to which a product was certified was the most time-consuming/costly data element. Overall, however, participants in the Alpha Pilot did not report a significant burden to provide all of the data elements included in the Alpha Pilot.
- Date when the finished product was manufactured (and) Date when the finished product was tested – As described in the Certificate Study, electronic receipt of both testing and manufacture date before entry would allow staff to automate targeting based on a comparison of the dates. Although neither data element individually provided insight into possible violations, when

compared with each other, possible correlations emerged. Certificates with a testing date after the manufacture date were more than three times more likely to have a violation.⁵

Because the dates on a certificate change, those fields are variable and more burdensome to collect and maintain. Date of testing and manufacture change at a minimum yearly, and more often for products that are manufactured continuously. Due to the complexity of collecting, maintaining, and filing versions of certificates based on dates, inclusion of these dates would also require more advanced coding/development in the Product Registry for CPSC. Collecting dates would increase the burden on importers and brokers to match products to the correct version of a certificate at importation.

Staff found three fields that are not useful for targeting, and thus, are not recommended for inclusion in any of the Beta Pilot options listed below:

- Certifier (name and contact information) – Currently, the certifier is the importer of record, so this information is already received in entry data from CBP.
- Contact information for the person maintaining records of test results – This does not provide any targeting usefulness.
- Place where the finished product was tested – Based on data from the Certificate Study, staff found no correlation to violations from the city/state/country of testing; although, this could be due to a lack of standardization of the term “place.” Additionally, place of testing is potentially duplicative of field #7, the lab name, for which staff did find violation correlations.

Based on the assessment of each field, staff identified four options for a Beta Pilot. All of the options include the four green fields, as staff considers these to be critical components of an eFiling risk assessment strategy. Thus, the variations in each option are ultimately about which blue fields, if any, CPSC should include in a Beta Pilot. The table on the next page summarizes these options, and more detailed assessments of the advantages and disadvantages of each follows.

⁵ The correlation of this date comparison is a factual finding of the Certificate Study and does not indicate compliance with, or violation of, the Commission’s testing regulation at 16 CFR part 1107. Compliant testing regimes depend on each manufacturer’s testing and manufacturing scheme, for which they are required to have appropriate documentation. Staff did not assess whether firms with violative products were otherwise compliant with the Commission’s testing regulation.

Table 2: Data Options

Data	Option 1	Option 2	Option 3	Option 4
1. Identification of the finished product;	✓	✓	✓	✓
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	✓		✓	
3. Certifier (name and contact information);				
4. Contact information for the person maintaining records of test results (name and contact information);				
5a. Date when the finished product was manufactured;	✓	✓		
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	✓	✓	✓	✓
6a. Date when the finished product was tested	✓	✓		
6b. Place where the finished product was tested				
7. Laboratory on whose testing the certificate depends (name and contact information).	✓	✓	✓	✓
8. Checkbox to show that a required certificate exists (non-statutory)	✓	✓	✓	✓
Total Data included in option:	7	6	5	4

	Valuable import data; low burden to collect
	Valuable import data; medium to high burden to collect
	Not valuable for import assessment

OPTION 1: All Fields with Potential Risk-Targeting Value (including all product safety citations) (green and blue)

The first option is to have the Beta Pilot include all seven of the green and blue-coded data elements from a certificate.

Table 3: Option 1 Data

Data	Option 1
1. Identification of the finished product;	✓
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	✓
5a. Date when the finished product was manufactured;	✓
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	✓
6a. Date when the finished product was tested	✓
7. Laboratory on whose testing the certificate depends (name and contact information).	✓
8. Checkbox to show that a required certificate exists (non-statutory)	✓
Total Data included in option:	7

As detailed above, staff considers all of these items (including the checkbox attesting to a certificate) useful to improve the targeting of potentially violative products. Each field allows staff to create a unique set of rules in the RAM that can increase or decrease the risk score. Including all of these elements will create the most robust measures by which staff can interdict potentially violative products. This option also allows CPSC to grow its import surveillance targeting capabilities with new and innovative approaches to assessing the data in the future.

Using all of these data in the RAM algorithm will also enhance staff’s ability to identify the lowest risk importers and non-violative products. The benefit to trade is that staff is less likely to stop at entry products from importers that test and certify compliance with applicable consumer product safety standards. Trade facilitation is an important part of the eFiling initiative, and this option provides the broadest data set from which to identify importers who are putting consumer safety first.

Drawbacks of this option include the costs and burdens for each of the blue-coded fields above. The identified increased burden could have a potentially negative impact on the participant-recruiting effort for the Beta Pilot and increase the cost of participation for importers and brokers.

OPTION 2: Certificate Study Risk-Correlation Fields (not including product safety citations) (green and blue, except for #2)

The second option is very similar to the first, but excludes the consumer product safety rule(s) or statutory requirement(s) to which the product is being certified, reducing the cost and burden on both participants and the CPSC, as outlined above. Essentially this option includes all fields for which the Certificate Study indicated a potential correlation with violations.

Table 4: Option 2 Data

Data	Option 2
1. Identification of the finished product;	✓
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	
5a. Date when the finished product was manufactured;	✓
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	✓
6a. Date when the finished product was tested	✓
7. Laboratory on whose testing the certificate depends (name and contact information).	✓
8. Checkbox to show that a required certificate exists (non-statutory)	✓
Total Data included in option:	6

A significant downside to this option is that staff would lose the ability to build a risk assessment protocol using standardized rules around statutory and regulatory citations now and in the future. Given that the statutes and rules required for testing are the central tenants of a certificate, this is a substantial shortcoming. As noted above, one of staff’s issues with assessing the citations data in the Certificate Study was that the data are currently provided in a non-standard way and at varying levels of detail. As seen in the Alpha Pilot, the electronic filing of the rules forced a standardization of the data through the use of drop-down menus, rather than free text. Staff concludes that many more options to use standardized data entry for this field exist that would enhance risk assessment, especially in relation to toys. If this data is standardized and electronically filed, staff can better correlate rules with violation.

OPTION 3: Alpha Pilot fields: All Fields with Potential Value to CPSC Except for Date fields (green and blue, except for #5a and 6a)

The third option is also similar to Option 1, in that it includes all of the lower burden green fields and consumer product safety rules, but excludes test and manufacture dates. Essentially this option includes only those fields that were included and tested in the Alpha Pilot.

Table 5: Option 3 Data

Data	Option 3
1. Identification of the finished product;	✓
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	✓
5a. Date when the finished product was manufactured;	
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	✓
6a. Date when the finished product was tested	
7. Laboratory on whose testing the certificate depends (name and contact information).	✓
8. Checkbox to show that a required certificate exists (non-statutory)	✓
Total Data included in option:	5

CPSC and participants would receive many benefits from maintaining the same Alpha Pilot data elements in a Beta Pilot. First, maintaining the required data set has the least risk to potential participants and CPSC, given that the five data elements have been vetted through the Alpha Pilot. Conducting a Beta Pilot with the same data elements reduces the risk of introducing new filing or unforeseen burdens for participants, an important factor given the approximately 100 participants anticipated in a Beta Pilot versus the eight participants in the Alpha Pilot.

Requiring the same data elements would also limit CPSC’s risk by eliminating the need to develop new fields in the Product Registry. Accordingly, the Product Registry would require less new development from the technical team, reducing risk, cost, and development cycles for CPSC.

Another distinct risk-mitigation factor is that this approach would require staff to make minimal changes to the CBP PGA Message Set Implementation Guide, or “CATAIR,” as it is known. The CATAIR is extensive and technical, detailing each message set and its requirements. CPSC’s CATAIR was reviewed and assessed by the CBP’s Trade Support Network (TSN) and their feedback was incorporated into the Alpha Pilot. All participants, their brokers, and software developers used the CATAIR in the Alpha Pilot. Accordingly, CPSC’s CATAIR has been tested and proven to be an effective implementation approach.

Finally, CPSC’s ability to recruit new participants may be easier if the Beta Pilot is limited to the previously tested data elements. The Alpha Pilot demonstrated that these data elements are available before importation and can be submitted by importers without significant impact or burden to their operations. This finding allows the Commission to make the case that other importers would not be overburdened in the Beta Pilot.

For all the advantages listed above, drawbacks exist as well. This option includes the rules/citations data, with the pros and cons as detailed in the field overview above. This option does not include the manufacturing date or testing date; and while these are higher burden fields, they also showed potential correlations to violations in the Certificate Study. Although the five data elements selected for the Alpha Pilot have great potential for use in risk scoring in a Beta Pilot and beyond, the loss of the two key date fields does remove data elements that potentially enhance and refine targeting efforts.

OPTION 4: Only the Fields with the Highest Value and Lowest Burden (green)

The fourth option is to reduce the required data to just the four green-coded data elements. EXIS has identified these fields as having high value for risk assessment at importation, but also among the easiest fields to file and collect. These fields include the product identifier, manufacturer name and address, name of the testing facility, and a checkbox to indicate that a certificate exists.

Table 6: Option 4 Data

Data	Option 4
1. Identification of the finished product;	✓
2. Each consumer product safety rule or statutory requirement to which the product is being certified;	
5a. Date when the finished product was manufactured;	
5b. Place where the finished product was manufactured (including identity and address of the manufacturer);	✓
6a. Date when the finished product was tested	
7. Laboratory on whose testing the certificate depends (name and contact information).	✓
8. Checkbox to show that a required certificate exists (non-statutory)	✓
Total Data included in option:	4

Of the options presented, this approach would be the least burdensome for participants and CPSC. Option 4 requires participants to submit the least data while still providing valuable information for risk assessment. Staff believes that Option 4 could increase industry participation in a Beta Pilot because of the decrease in burden.

A “Full PGA Message Set” under Option 4 requires only three data elements and a checkbox. This approach would be easier to achieve technologically than the other options, and may obviate the need to develop a product registry. As this option would make it easier for participants to file data, if the Commission chooses Option 4, staff advises that CPSC seek stakeholder input on whether a Product Registry is still necessary. Section C below addresses the options around the Product Registry in more detail.

The drawback to this approach is that it provides less targeting/enforcement data for use in import surveillance and limits staff’s ability to create additional risk-assessment rules.

C. Determine eFiling Options

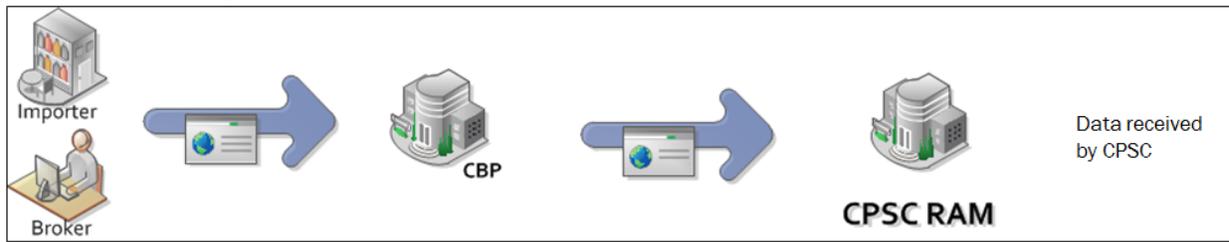
Once the Commission determines the scope and data requirements of a Beta Pilot, the Commission must decide whether to implement and maintain the Product Registry as an option for filing data.

CPSC designed the Product Registry for the Alpha Pilot to address the burden, identified by stakeholders, of entering the same data multiple times for repeat shipments of the same product. The Product Registry created an alternate filing method that allowed participants to submit full targeting/enforcement data for each imported product one time prior to importation. Once participants entered product information into the Product Registry, participants could reference the data through a shorter Reference PGA Message Set containing the CBP-required data and the reference number each time the product was imported thereafter. Participants could use this reference number repeatedly, as long as the information was current, significantly reducing data requirements for each entry.

The Product Registry did not eliminate data entry requirements, but reduced burden on stakeholders by allowing the same targeting/enforcement data to be used for multiple shipments. With the implementation of the CPSC Product Registry, Alpha Pilot participants were able to file data in two ways:

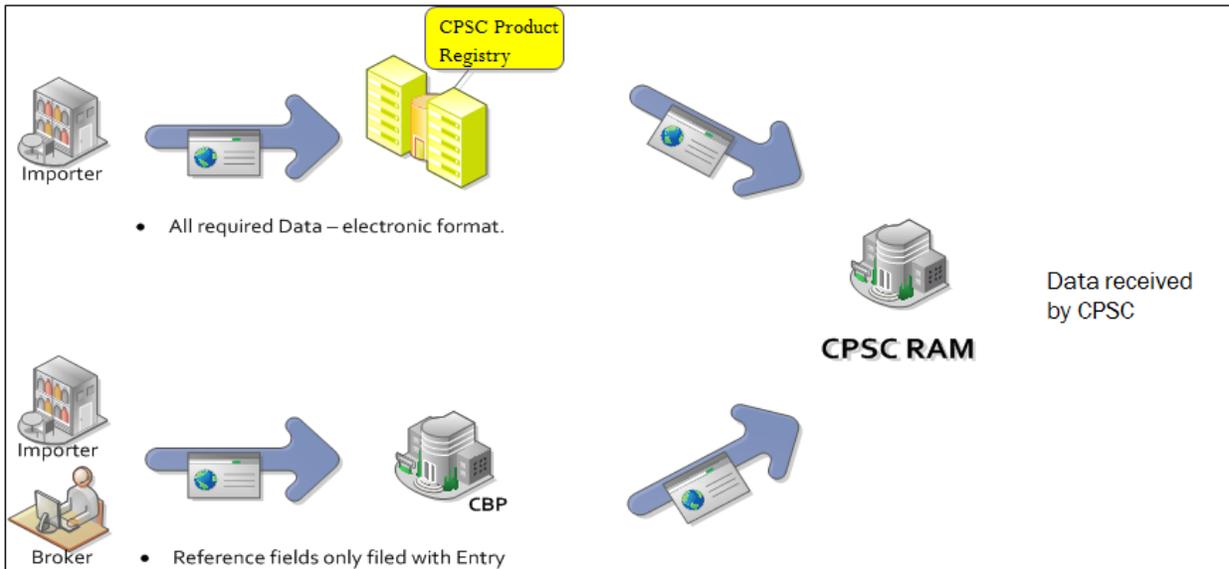
- 1) *Full PGA Message Set*: This option allowed customs brokers and importers to file all required data elements through the Automated Broker Interface (ABI). Participants using the Full PGA Message Set were required to enter all mandatory targeting/enforcement data for each imported product as part of the transmission of entry data normally required by CBP.

Figure 4: Full PGA Message Set



- 2) *Reference PGA Message Set*: This option allowed importers to file the required data elements in the Product Registry maintained by CPSC before submitting entry data. Once data were submitted to CPSC, filers could provide the Product Registry reference number instead of filing all the data elements each time the product was imported. Filers using the Reference PGA Message Set could continue to use the reference number each time that product was imported, as long as the targeting/enforcement data in the Product Registry remained valid.

Figure 5: Reference PGA Message Set:



Of the eight Alpha Pilot participants, seven used the Product Registry along with the Reference PGA Message Set, and three filed Full PGA Message Sets. Participants and brokers overwhelmingly indicated that the Product Registry and Reference PGA Message Set option reduced the filing burden in the Alpha Pilot. The ability to re-use the Product Registry reference number for each shipment of a product for which the testing data were valid reduced the time it took brokers to file the CPSC data at entry and the limited data fields required far less development by brokers.

Participants manually entered data into the Product Registry and provided a reference number to their Broker to use in filing the Reference PGA Message Set. Participants noted that manual data entry into the Product Registry was somewhat time-consuming and that manual entry would not be feasible for a larger test with a larger volume of products. Although CPSC developed an automated web services capability for the Alpha Pilot to ease this burden, participants indicated that the IT investment to automate

the data load was too great for a short-term pilot. They did indicate that they would use it for a longer term initiative as the ongoing entry costs to filers would be negligible on a per-product and entry-line basis after the initial investment.

Based on participant feedback, staff recognizes that the Product Registry and the associated ability to file the Reference PGA Message Set was an important part of the Alpha Pilot. Maintaining a Product Registry requires CPSC to expend ongoing IT resources to update and maintain it. CPSC staff would need to support all users in a Beta Pilot to use these applications, although CPSC would need to provide support for use of the Full PGA Message Set as well. However, not implementing the Product Registry increases the burden on importers and the risk that trade will not participate in a Beta Pilot. CPSC should carefully consider the long-term implications of the Product Registry and balance the cost and risk components to the agency with the ideal of minimizing burden on trade.

OPTION 1: Update and Maintain the Product Registry

The Product Registry was an important part of the Alpha Pilot and was overwhelmingly supported by participants as a tool that reduced the burden of filing targeting and enforcement data. Based on the results from the Alpha Pilot, staff anticipates that a large majority of filers in the Beta Pilot would choose to file via the Product Registry, if given the option.

The drawback to the Product Registry for CPSC is the cost. The Product Registry would decrease the cost and burden to trade, however, would significantly increase the cost of the Beta Pilot to CPSC from a development, operations and maintenance, and customer support perspective. Beyond the Beta Pilot, the number of resources required to support trade will increase over time as more importers take part in filing targeting and enforcement data. This means that, unlike many of the other one-time or short-term costs required for the Beta Pilot and eFiling, the cost to maintain the Product Registry will be an on-going, increasing, perpetual cost to the CPSC eFiling program. This is an important consideration as the Commission contemplates the future of eFiling.

OPTION 2: Do Not Update and Maintain the Product Registry

The advantage of the Product Registry, and therefore the need for it, varies according to which data filing requirement the Commission selects. The more data CPSC seeks to collect in a Beta Pilot, the more essential the Product Registry is in the overall eFiling initiative to lessen the burden on trade. However, staff believes the trade would benefit from the Product Registry if any of the four options are selected. Lessening the burden on trade while increasing CPSC's ability to better protect consumers has been a goal of the eFiling initiative from the beginning.

If CPSC chooses to not update and maintain the Product Registry, the cost for eFiling, both during a Beta Pilot and in the potential long term, is lower for the agency. However, shifting the cost of eFiling to the trade is a significant risk to the eFiling initiative's success. Based on the experience of the Alpha Pilot, the Full PGA Message Set is significantly more burdensome to file. For example, a participant (importer) who filed the full message set was delayed by months due to programming issues encountered by their

broker. Participants overwhelmingly provided feedback in support of the Product Registry, and brokers were able to file data much more quickly and with far fewer issues during the Alpha Pilot. The more fields that are required to be filed, the more the risk and burden increases without a Product Registry. This should be carefully considered as the Commission considers future options for eFiling.

Section III: eFiling Beta Pilot Dependencies and Costs

The CPSC Beta Pilot would have many internal and external dependencies. To ensure a Beta Pilot's success, CPSC must understand each of these and incorporate them into the timeline.

A. Project Management, Documentation and Requirements Updates

The Alpha Pilot provided many important lessons from which to define and plan for a possible Beta Pilot. While a Beta Pilot would leverage the Alpha Pilot's documentation and infrastructure, staff will need to make changes before the Beta Pilot can begin. Staff will need to incorporate the feedback from the Alpha Pilot's volunteer participants into the Beta Pilot's technical design. In addition, the Certificate Study provided critical information to the CPSC about the key data fields on a certificate, which will potentially alter the data the CPSC requests going forward.

Staff identified eight initial documents of requirements, functional specifications for IT solutions, and training that all may need updates, depending on the changes from the Alpha Pilot, before the Beta Pilot can begin:

- CBP PGA Message Set Implementation Guide (CATAIR)
- CPSC Business Rules documents
- Product Registry requirements
- Web services/batch upload to the Product Registry requirements
- Interface between the Product Registry and RAM requirements
- Participant onboarding documentation
- Participant training documents
- Federal Register Notice

EXIS staff must complete all technical requirements documentation before EXIT can begin development on the IT solution. Unless the Beta Pilot includes the same fields as the Alpha Pilot, staff must revise CPSC's CATAIR and Business Rules and have them reviewed and assessed by CBP's Trade Support Network (TSN). As in the Alpha Pilot, feedback from the TSN must be incorporated into the documents before they can be provided to participants and CBP. Based on the Alpha Pilot, staff anticipates this to be a straightforward and streamlined process.

Project support for the participants, from onboarding, training, troubleshooting, and escalating issues as necessary will continue throughout the Beta Pilot. Full time support for 100 participants will require contract resources, as detailed in the Appendix.

B. CPSC and CBP Development, Documentation, Testing and Support

Since EXIS' inception in 2008, CPSC and CBP have worked closely on a daily basis to identify and stop noncompliant products from entering the U.S. This partnership was vital to the Alpha Pilot's success and ongoing collaboration is critical to the implementation of a Beta Pilot. Before the Alpha Pilot went

into production in July 2016, CPSC and CBP worked closely to test the eFiling process and ensure that the CPSC PGA Message Set and business rules were fully integrated into CBP's systems. CBP staff ensured that their databases included CPSC-required reference tables, including HTS and port code combinations for each of the participants and the applicable laboratory IDs and citation codes.

The Beta Pilot will depend on CBP for development and testing of the potentially revised message set data and ongoing support during the filing period. Recently CBP's development and change control process has changed, and these changes will affect a Beta Pilot's timeline. In order for the revised CATAIR and Business Rule requirements to be implemented in CBP's system, CPSC will need to follow the CBP's Single Window Sustainment process:

1. CPSC will outline the changes, if any, required in a Request For Development, for CBP review
2. CPSC will develop a Statement of Work (SOW) and CBP will estimate the Level of Effort (LOE)
3. CPSC and CBP submit the SOW and LOE into a development prioritization queue for a vote by participating PGA members (meeting currently held twice a year)
4. CBP provides a basic timeline for development to CPSC
5. CPSC must provide the required funding and resources
6. Once CBP receives funding, it plans development with CPSC
7. CBP and CPSC collaborate to develop and test changes

This new process will significantly impact a Beta Pilot's timeline and as such would need to be planned for and initiated early in a Beta Pilot lifecycle. Staff anticipates that this process will take a minimum of a year. Accordingly, the SOW should be prioritized with the documentation required in Section A above.

CBP requires that CPSC fund the development needed in CBP's ACE system. EXIS cannot accurately estimate these costs until the Commission defines the scope of a Beta Pilot.

In support of the Alpha Pilot, the CPSC team also built and supported new IT infrastructure, including the Product Registry, PGA Message Set interface, and Product Registry to RAM interface, to support the collection of PGA Message Set data by CPSC. Prior to the Alpha Pilot, no mechanism existed for CPSC to gather these data electronically. To support the Beta Pilot, each of these technical solutions will require updates, documentation, and ongoing support. Staff anticipates that required changes include those necessary to update the system based on changes from the Alpha Pilot to the Beta Pilot, as well as to scale the systems from 8 users to approximately 100 users.

To support the primary objective of the Beta Pilot, which is to use targeting/enforcement data to develop risk score algorithms, staff must integrate the PGA Message Set data filed by participants into the RAM. Data integration will allow CPSC to test the implementation of rules to increase or decrease an entry line's score based on the data filed. CPSC must update the RAM user interface to display the new data, and test all systems and integration.

CPSC staff must document and create user instructions for all of the development, enhancements, and updates for filing data electronically, while providing ongoing support for all systems and interfaces used by the volunteers and their brokers.

C. Paperwork Reduction Act (PRA) Requirements

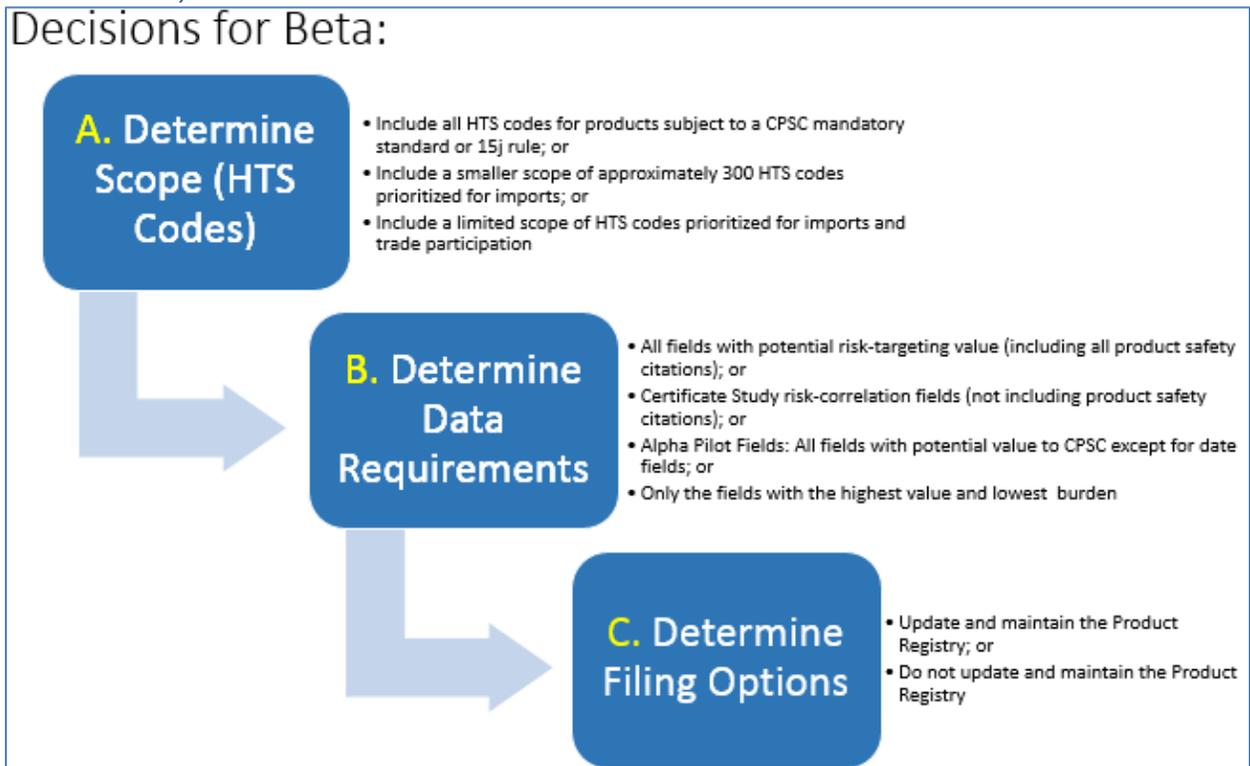
Before participants can be recruited for a Beta Pilot, the project will need to apply for and receive a Paperwork Reduction Act (PRA) control number. This process can take six months or more and needs to be considered and incorporated into the planning and timeline. In accordance with the PRA, OMB approval must be obtained prior to collecting federally sponsored data if information is collected from 10 or more respondents. If CPSC uses standardized questions to solicit information, the PRA applies whether responses to the request for information are voluntary or mandatory, and whether they are delivered in-person, on the phone, or online. The PRA imposes a number of procedural requirements on CPSC to implement a reporting or recordkeeping requirement on the public, including an analysis of the estimated burden imposed on the public and the government to collect and maintain the information. The CPSC is required to publish notice of a proposed collection in the *Federal Register* and allow at least 60 days for public comments on the need for and burden related to the collection. The CPSC must respond to the comments, if any, and publish such responses in the *Federal Register* with an additional notice and 30 day comment period.

Section IV: Conclusion

The results of the eFiling initiatives to date have been extremely positive. Through the Alpha Pilot and the Certificate Study, CPSC staff has demonstrated that the agency can derive significant value in collecting targeting and enforcement data electronically in advance of entry to enhance our import surveillance capability and advance our mission to protect consumers from unreasonable risks associated with consumer products.

If the Commission chooses to move forward with a Beta Pilot, the Commission must make three key decisions. Staff recommends that the Commission make these decisions by balancing the value, cost, and burden of each option to importers and CPSC.

Figure 6: Beta Pilot Key Decision Points



Appendix D

APPENDIX D

Overview Timeline for Full Implementation of eFiling

Overall, staff anticipates that the implementation of a permanent eFiling program would be at least a 4-year commitment.

Staff estimates the duration of each phase of the entire project, as follows:

1. Recruit a full-time dedicated eFiling Program Manager: approximately 3 to 6 months.
2. Plan for the eFiling Beta Pilot: approximately 1 year.
3. Conduct the Beta Pilot: approximately 1 year of active filing by participants.
4. Initiate rulemaking: approximately 1 to 2 years.
5. Implement final stages of permanent eFiling program: roll out over 1 year.

Total estimated timeframe: 4 to 5 years.