

Expansion of the Account Manager Program Emphasizes Customs Account Processing  
Approach\*  
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The United States Customs Service has, during the last five years (since the enactment of the Customs Modernization Act, December 1993), undergone a dramatic reorganization accompanied by significant reorientation in its approach. One indication of this change is the modification of its mission statement. In 1991, in a full-paragraph statement, Customs indicated its basic role by stating that its "primary duties include the assessment and collection of all duties, taxes, and fees on imported merchandise, the enforcement of Customs and related laws, and the administration of certain navigation laws and treaties." In fiscal year 1998, the mission statement now reads: "The mission of the United States Customs Service is to ensure that all goods and persons entering and exiting the United States do so in compliance with all United States laws and regulations."

There are two striking differences in these statements. The first is that a long-stated primary mission of the Customs Service, the "protection of the revenue," is no longer specifically spelled out in the mission statement. While Customs is still a major revenue collection agency and will vigorously pursue lawful duties and fees due the government, changes in international trade and government financing have reduced the primacy given this goal.

The new emphasis which has been created is clearly on compliance, not only with regard to revenue issues, but also with the myriad other Customs requirements and the requirements of the multitude of federal agencies whose rules are enforced by Customs with regard to imports. Customs has indicated that one of its "challenges" is to "strive to achieve 100% compliance with Customs and other agency laws." Specific goals established in its five-year plan (1997--2002) are to increase compliance to 90% overall, and 95% in primary focus industries (PFIs), while continuing to collect at least 99% of the revenue.

#### Account Processing

A major component in Customs' plans to increase compliance levels is the shift in focus from the historical transaction-by-transaction processing, which has looked at each importation individually, to account-based processing, which looks at how individual "accounts" (importers, brokers) handle numerous transactions. Part of the process is to engage the "account" in the process, with the importer or broker developing its own internal procedures (monitored by U.S. Customs) which will lead to increased compliance.

Several aspects of Customs' compliance strategies have been discussed in previous articles, including "Compliance Assessments and Customs Audits", Corporate Counsel's International Adviser, Issue No. 140, January 1, 1997; "U.S. Customs' Commercial Compliance Measurement Program and It's Effect on Cargo Inspections", Issue No. 144, May 1, 1997; and "Customs' Compliance Strategies for the Corporate Environment", Issue No. 149, October 1, 1997, which included an introduction to the account management program. Customs has continued to expand the

National Account Management program; advanced Port Account Management from a prototype to a permanent program; and introduced a prototype Broker Account Management program.

One of the bases for developing the account process is Customs' determination that the top 379 importers account for 50% of all Customs value, and the top 7,172 importers (fiscal year 1995) (\$10 million and above in Customs value annually) account for 82% of all Customs imports. Ideally, once fully developed, Account Managers and Port Account Teams would be assigned to all of the \$10 million and above import accounts (about 7,400 currently). The top 379 (in the PFIs) will normally be assigned managers at the national level. The balance of the accounts will be handled by Port Account Teams.

### Account Management

Account managers for the largest importers are normally Customs employees assigned on a full-time basis. The number of accounts to be handled by each manager will depend upon the size and complexity of the account. In an update provided in March 1998, Customs indicated that there are currently 25 account managers, at 18 locations throughout the U.S., with just over 125 importer accounts. Expansion, selection, and assignment for the remainder of the top 379 PFI accounts will be based upon Customs' strategic needs, including an importer's volume, the work load it presents to Customs, and the level of PFI importations.

Port account management, normally covering accounts ranked 380 and below, was a prototype operation through March 1998. It was operating in 12 ports, with approximately 130 accounts. Beginning in April, it is expanding to all Customs Service ports having two or more Import Specialists. Ports can choose the accounts on which to focus, with priorities given to PFI importers (50% or more of imports in a PFI). Current selection criteria call for the importer to be among the top 5 in a given PFI within the port, and have at least 15% of its volume imported through that port. Where multiple ports of entry are involved for an importer, it is expected that other port approval of the selection will be secured.

Further expansion of account management at the port level will be reviewed in December 1998. As indicated above, it is the current intention to have account managers assigned to all \$10 million and above importers within the next several years.

Port account management will be accomplished by a team of individuals (known as the Port Account Team), which will be headed by an Import Specialist and include other individuals (inspectors, data processing experts, Customs lab technicians, etc. as appropriate). Although working from one individual port, they will be assigned to work with accounts on a national scope; an importer will not have more than one account manager or Port Account Team.

The purpose of account management is to increase compliance, inform accounts of their responsibilities to Customs, reduce costs for both Customs and the importer account, and to increase customer satisfaction. In addition to the goal of maximized compliance, the approach is intended to

create national uniformity in the treatment of accounts, streamline communication, and increase efficiency.

Account Managers and Port Account Teams are responsible for reviewing the account's compliance, identifying issues that are creating difficulties, developing an action plan, conducting outreach and performing informed compliance procedures. They will also monitor and work to maintain their accounts' performance. The Account Manager/Team is intended to be a two-way problem solver and a primary point of contact at the Customs Service for the account.

Account Managers will not process any transactions for their accounts. Port Account Teams will process the transactions through their port, but, like Account Managers, will not have the authority to order other ports to take any specific actions. All Account Managers and Teams will coordinate with other ports, and work to resolve any differences through existing administrative procedures. Account Managers and Port Account Teams will neither target accounts for nor make any decisions in investigative cases, but will formally identify issues and work with the account to develop an action plan for resolution of any problems.

Customs has indicated that active participation in the account process can be considered some evidence of an importer's using "reasonable care" in conducting its Customs business. Customs emphasizes its desire to have high-level management personnel involved in the process, with sufficient authority to implement needed changes or take advantage of possible improvements.

### Operational Issues

Account management begins with identification of the target accounts by the Customs Service. In the prototype period, participation by importers as accounts was voluntary. Now, after selection, Customs will notify an account that it has been selected, on a national or port basis.

Following notification, an initial meeting will be set up. It is at this point that companies can demonstrate their commitment by including appropriate senior management. The initial meeting begins the process, and follow-through on the general questionnaire and interview process will allow Customs to become acquainted with the company and its operations, and the company more familiar with Customs' expectations. The parties, together, will seek to develop action plans, resolve problem areas, and establish a continuing relationship.

Accounts are established by Customs directly with importers. At the national level, the largest companies generally use multiple ports of entry and multiple Customs brokers. Whether and how the company involves its Customs brokers in the account management process depends largely on how dependent the importer is on any particular broker or brokers for its internal Customs procedures. (Brokers file upwards of 95% of all entries of commercial goods.)

At the port level, Customs will again initiate the management process directly with the importer account. Importers are encouraged (but not required) to include their brokers as an integral

part of the management process. Customs appears to be using account management, along with other programs, to ensure that importers themselves have a higher degree of knowledge about and competence in handling and processing Customs entries. Nevertheless, there is, at least at the local level, a recognition of the important role played by brokers in this area.

### Broker Account Management

The newest account management tool is the development of a broker account management prototype. This seeks, once again, to raise the compliance level of importers, but this time by working through the Customs brokerage community. Customs sees brokers as playing a vital role in establishing and raising the compliance levels of their clients. By acting as import experts, they can help Customs reach the goal of raising overall compliance levels.

Customs has made an analysis of brokers, finding that the top five account for 25% by value and 26% by number of entries of all merchandise imported into the United States, with the top 200 accounting for 74% by value and 76% by number of entries. In the initial broker account management prototype, brokers were selected from the top 25 (50% of all value) as a base. For these brokers, Customs identified all broker-importer combinations for target PFIs and selected participants based on several factors including compliance rates and industry issues. All existing national and port importer accounts were edited out of the broker process; broker account management is intended to work on increasing compliance for those importers who would not normally be reached by other Account Management programs.

The broker account management prototype will be evaluated at six-month intervals and expanded if appropriate.

### Conclusion

The U.S. Customs Service has set high goals for compliance by importers with all Customs and other import-related agency requirements. In order to meet those goals, it is necessary to develop and foster compliance programs within the trade community, so that importers and brokers will generally have arranged compliant transactions before presenting them to Customs. Account management, and evaluation of importer and broker performance on an account basis, is an important part of this compliance process.

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