



Import Trade Trends

FY 2004 Mid-Year Report (October - March)

Published July 2004



U.S. Customs and Border Protection

Executive Summary

- **Import value is projected to grow to a new high of \$1.36 Trillion in FY2004.**
- **For the last five fiscal years, 68% of all import value was duty free.**
- **Duty collections for FY 2004 are projected to reach \$25 Billion.**
- **The number of summaries and lines is increasing by 7% annually.**
- **Consignee volume should reach 772,000 by the end of FY 2004.**
- **Compliance rates for non-security issues are at an all-time high.**
- **Imports from CSI ports by lines comprise 36% of all sea traffic.**
- **Sea vessel imports account for 42% of all import value.**
- **C-TPAT and ISA participants account for 36% of all import lines.**
- **At current rates of growth, China should surpass Canada as our top trading partner within five years.**



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Import Value

Import value was \$664 Billion during the first half of FY 2004.

Projections for FY 2004 indicate that the value of goods imported into the U.S. could grow by an additional \$701 Billion to \$1.36 Trillion.

- Import value was \$334 Billion in the first quarter, and \$330 Billion in the second quarter of FY 2004
- Import values for the first half of FY 2004 have exceeded projections, and annual growth could increase as much as 10% by the end of FY 2004
 - This would be the largest percentage increase in import value in the last 4 years.



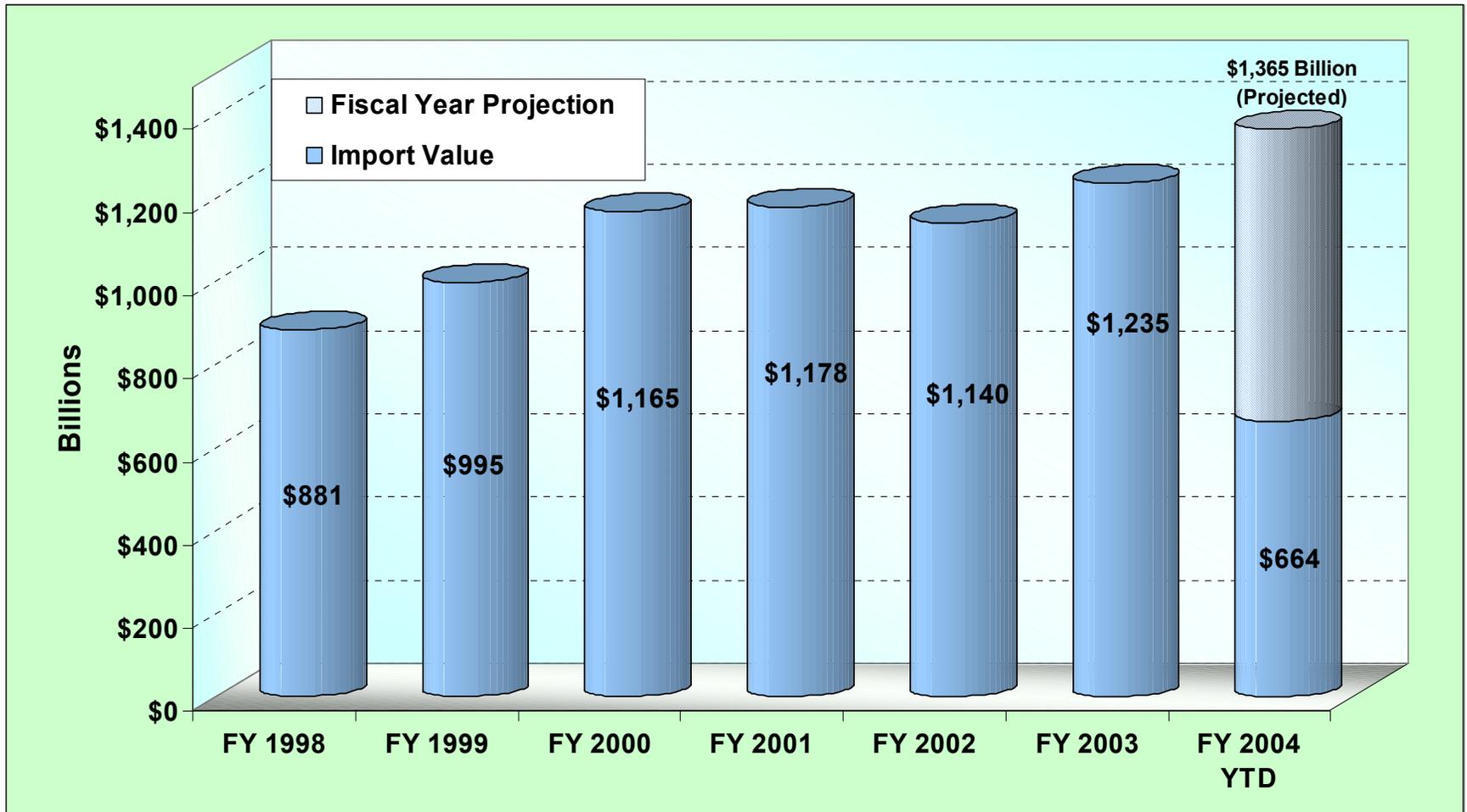
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Import Value by Fiscal Year

Through FY 2004 Mid-Year



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Import Value by Dutiable Status

32% of import value in FY 2004 is dutiable.

- \$212 Billion (32%) was subject to duty
- \$139 Billion (21%) was conditionally free under special trade programs
- \$312 Billion (47%) was duty free
- These percentages have been consistent over the last several years

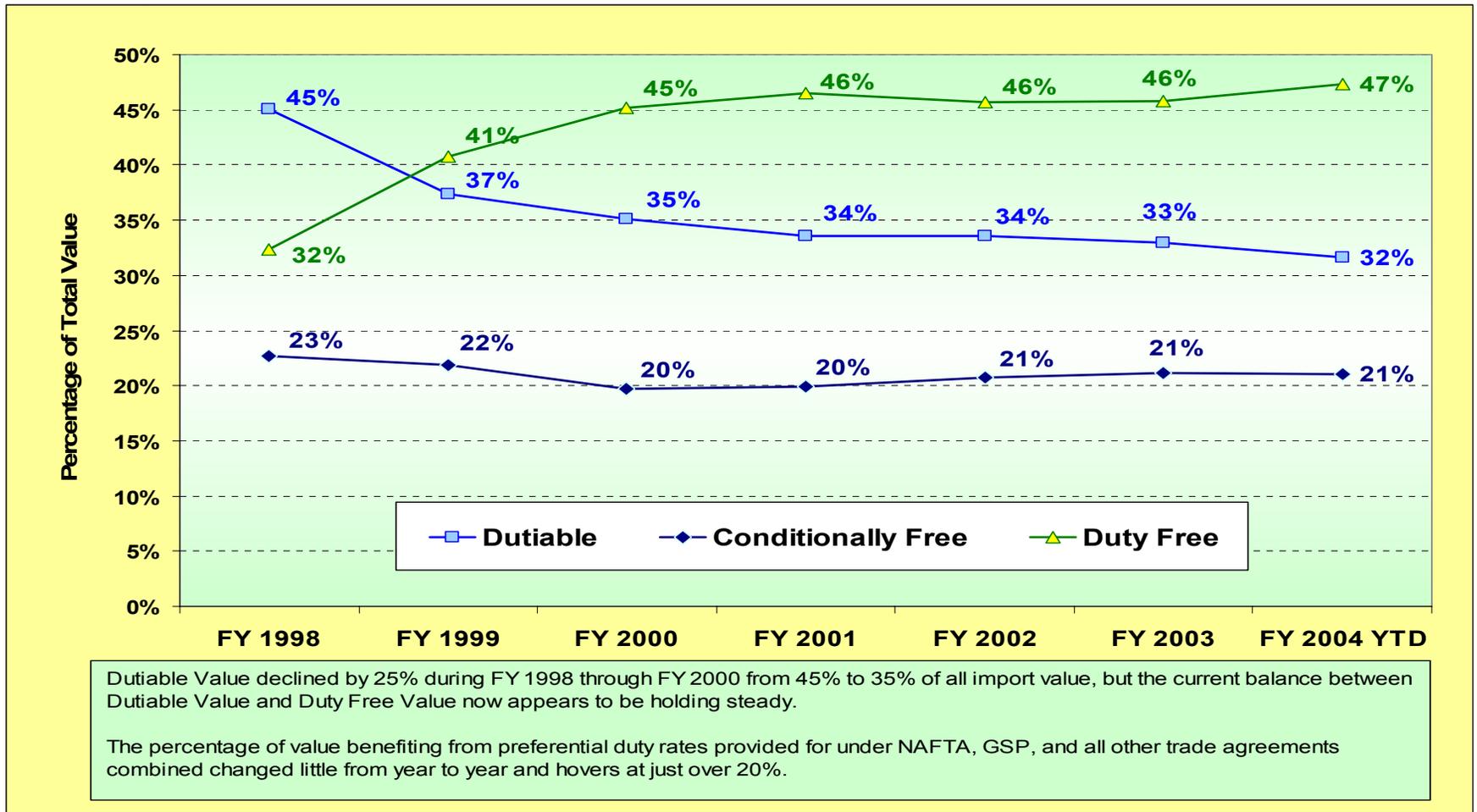
During the first half of FY 2004, approximately 68% of all import value was duty free.



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Import Value by Dutiable Status

Through FY 2004 Mid-Year



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Revenue Collections

\$12.2 Billion in revenue was collected in the first half of FY 2004.

Although duty rates are in decline, total collections are projected to reach \$25 Billion in FY 2004.

- Revenue collections fell into three major categories:
 - Approximately \$9.9 Billion was from duty collections
 - \$1.2 Billion was derived from miscellaneous collections, such as various fees and interest payments
 - Another \$1.1 Billion was received as taxes
- Duties as a percentage of value, or the “overall duty rate” for the first half of FY 2004 dropped from 1.6% in FY 2003 to a new low of 1.5%



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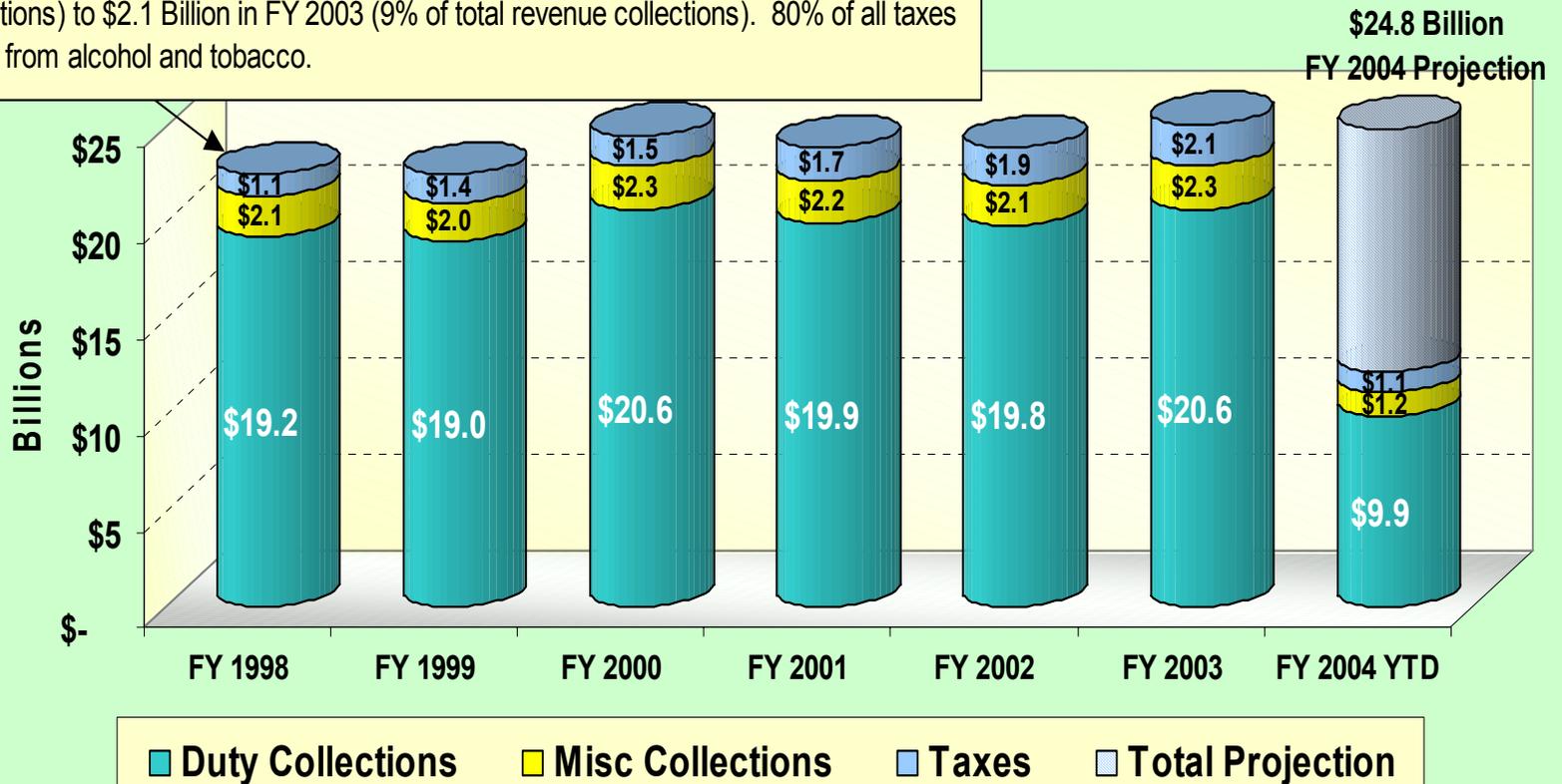
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Revenue Collections

Through FY 2004 Mid-Year

Tax Collections increased 91% from \$1.1 Billion in FY1998 (5% of total revenue collections) to \$2.1 Billion in FY 2003 (9% of total revenue collections). 80% of all taxes come from alcohol and tobacco.



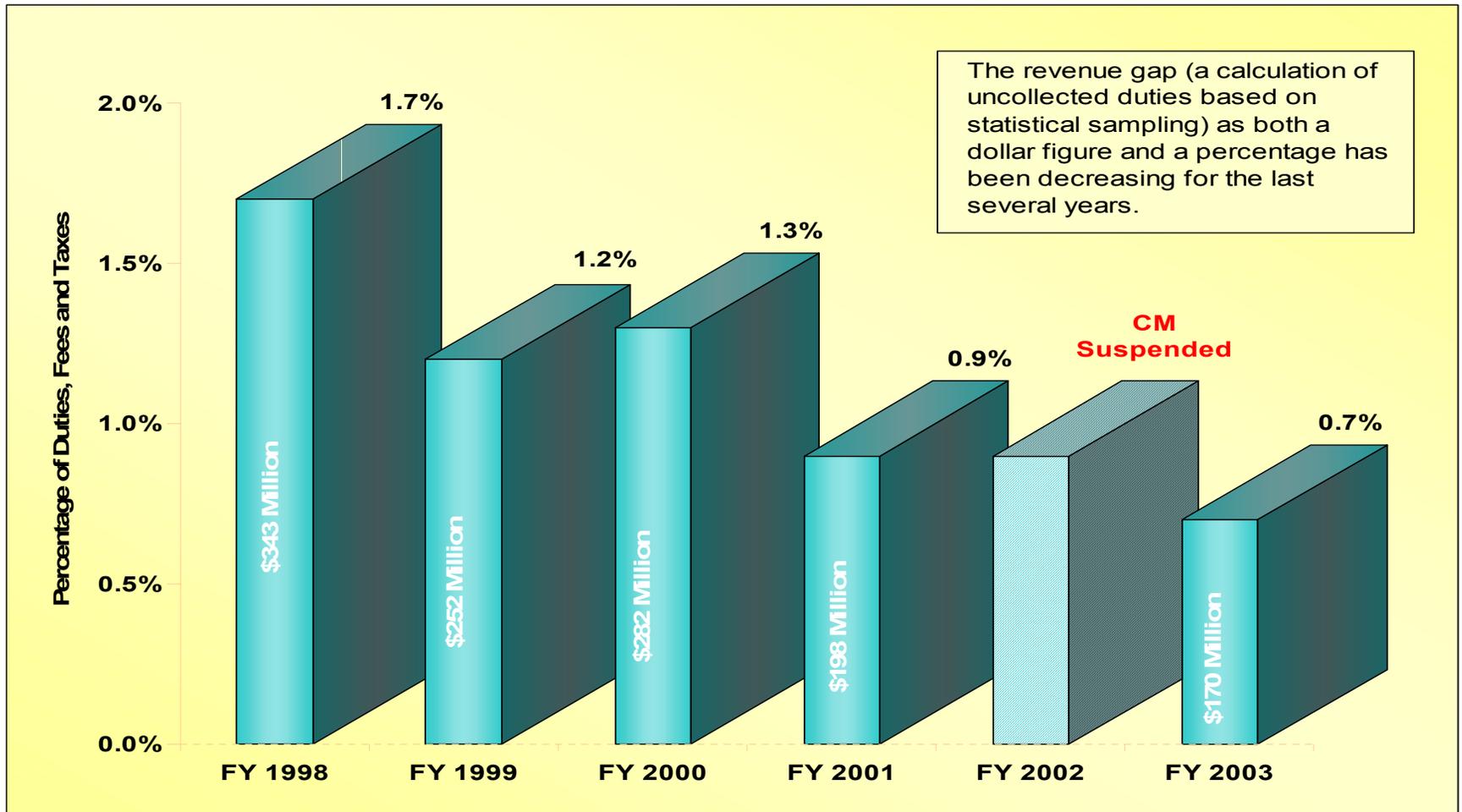
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Revenue Gap

FY 1998 through FY 2003



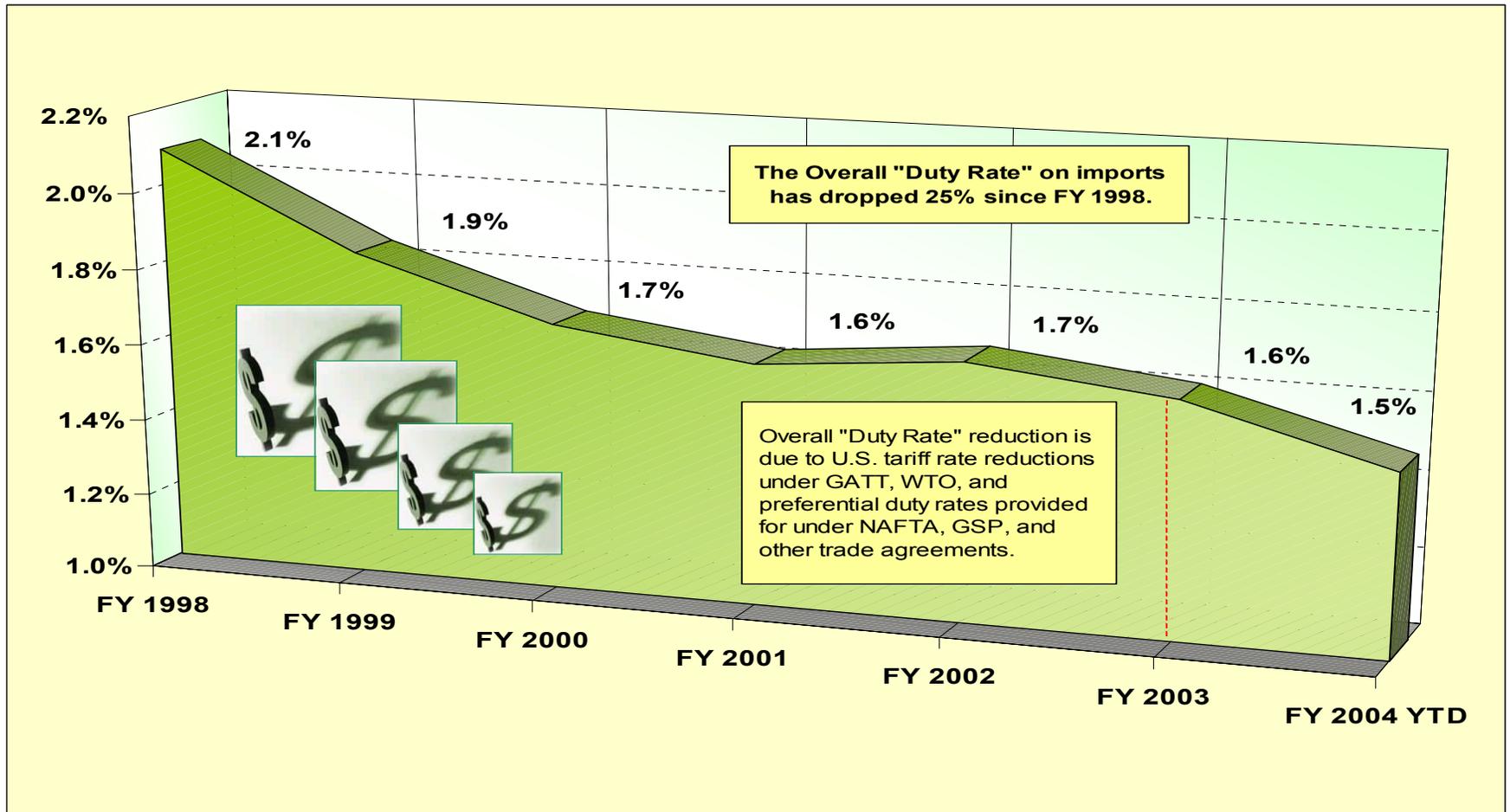
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Estimated Duties as Percent of Value

(Overall "Duty Rate" on All Imports)



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Revenue Collections (continued)

AD/CVD collections were \$720 Million in the first half of FY 2004.

- AD Duties totaled \$301 Million for the first half of FY 2004
- CV Duties totaled \$419 Million for the first half of FY 2004
- Softwood lumber from Canada accounts for 53% of AD Duties and 96% of CV Duties
- Garlic, mushrooms, honey and Color TV's from China account for an additional 19% of AD Duties

If current year-to-date trends continue, total AD/CVD duties for FY 2004 could reach as high as \$1.5 Billion.



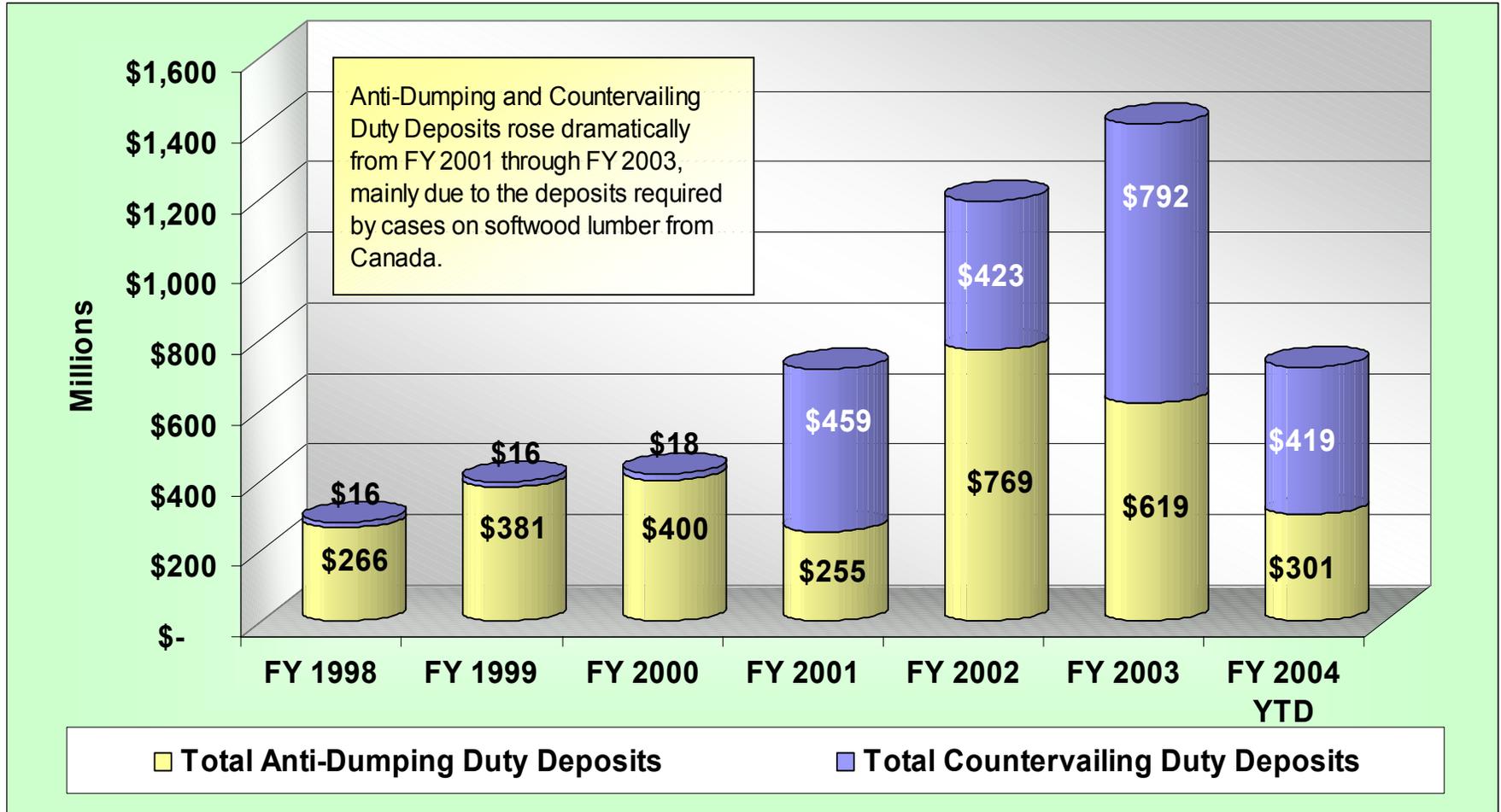
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AD / CVD Deposits

Through FY 2004 Mid-Year



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Import Volume and Entry Processing

CBP processed 11.7 million entry summaries in the first half of FY 2004.

As a measure of CBP trade workload and processing demands, Summary and Line growth average about 7% each fiscal year.

- This is a 6% increase compared to the first half of FY 2003
- Entry Summary volume could reach 28 Million Summaries by the end of FY 2004
 - 24 Million Formal Summaries
 - 4 Million Informal Summaries
- Entry line volume was static at 38 Million lines for the first half of FY 2004



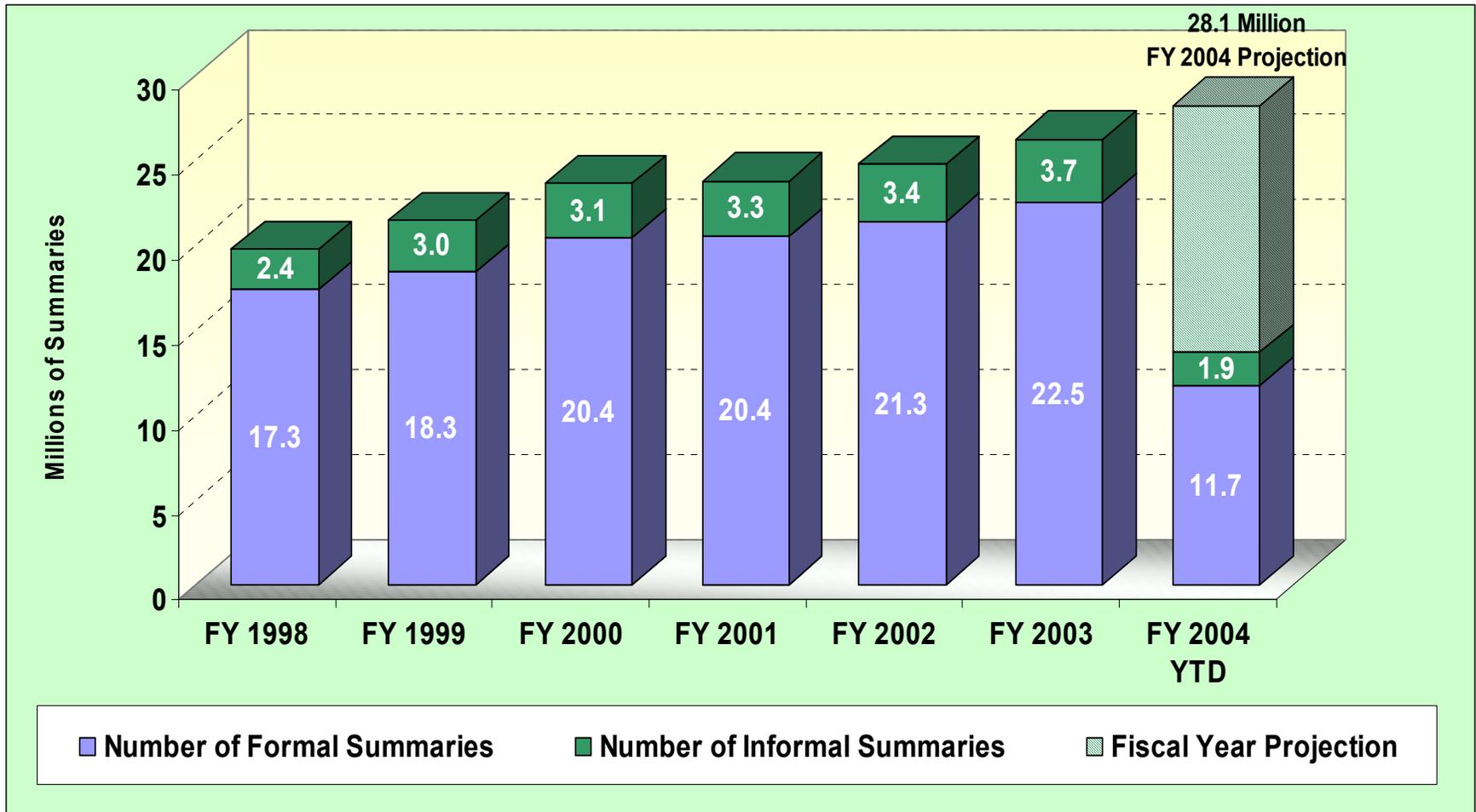
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Entry Summary Volume

Through FY 2004 Mid-Year



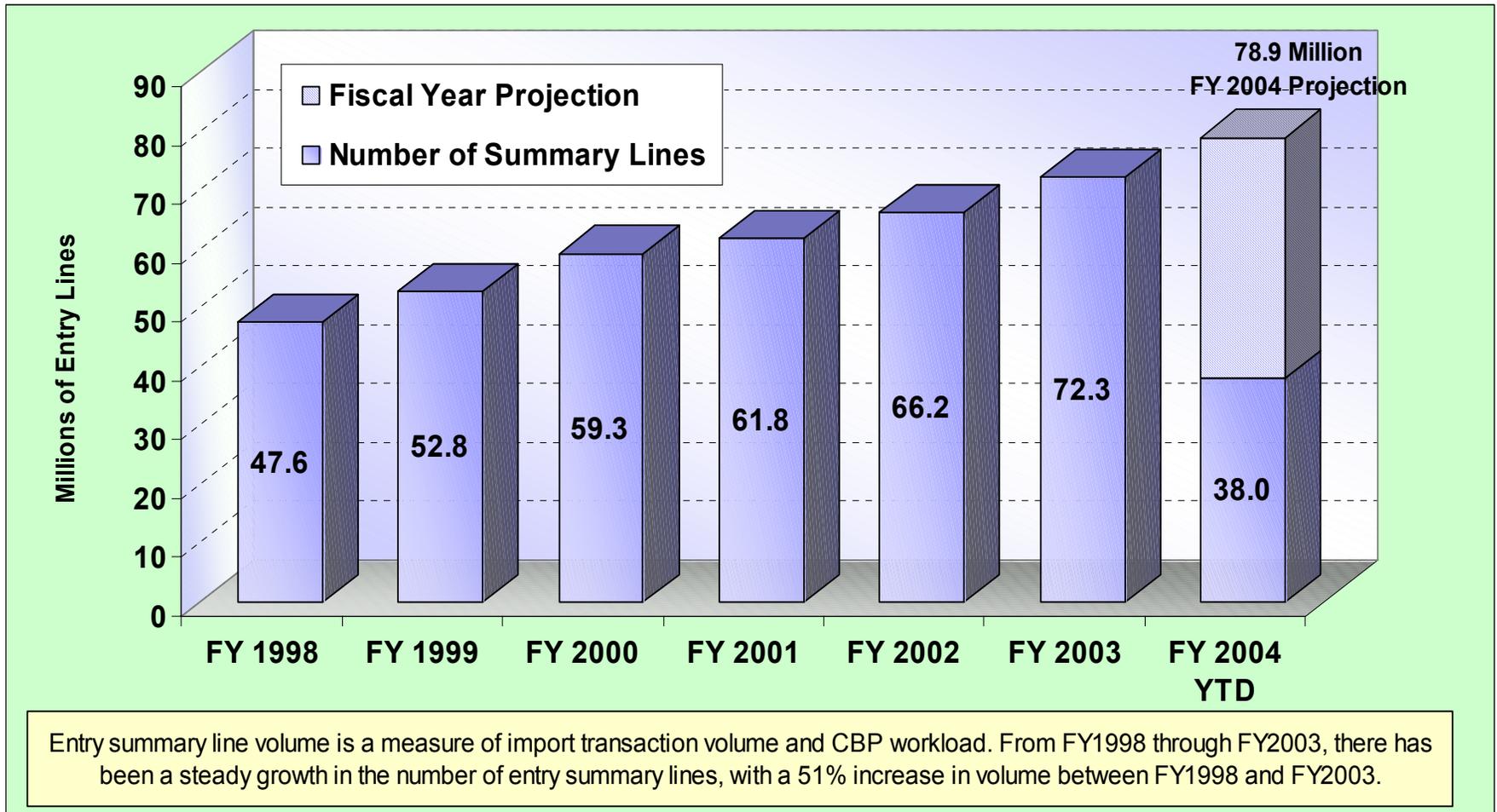
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Entry Summary Line Volume

Through FY 2004 Mid-Year



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Consignees

Over 523,000 consignees have imported in the first half of FY 2004.

The total number of consignees is projected to reach a record high of 772,000 by the end of the fiscal year.

- **The top tiers of consignees import the majority of goods**
 - The Top 100 consignees account for 34% of all import value and 28% of entry lines
 - The Top 1000 consignees account for 63% of all import value and 50% of entry lines
 - The Top 3000 consignees account for 76% of all import value and 63% of entry lines
- These percentages are consistent with previous fiscal years



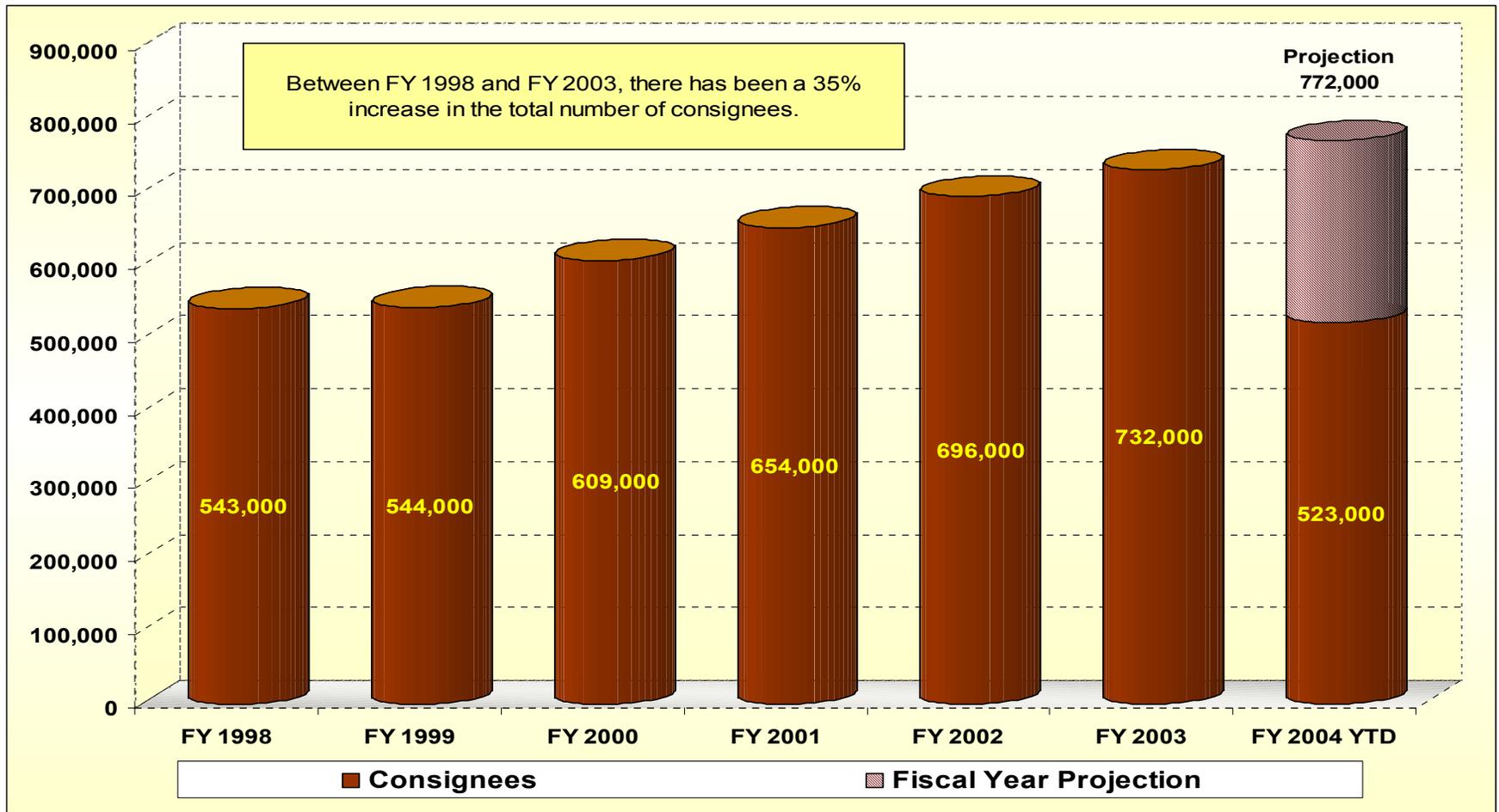
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Number of Consignees

FY 1998 through FY 2004 Mid-Year



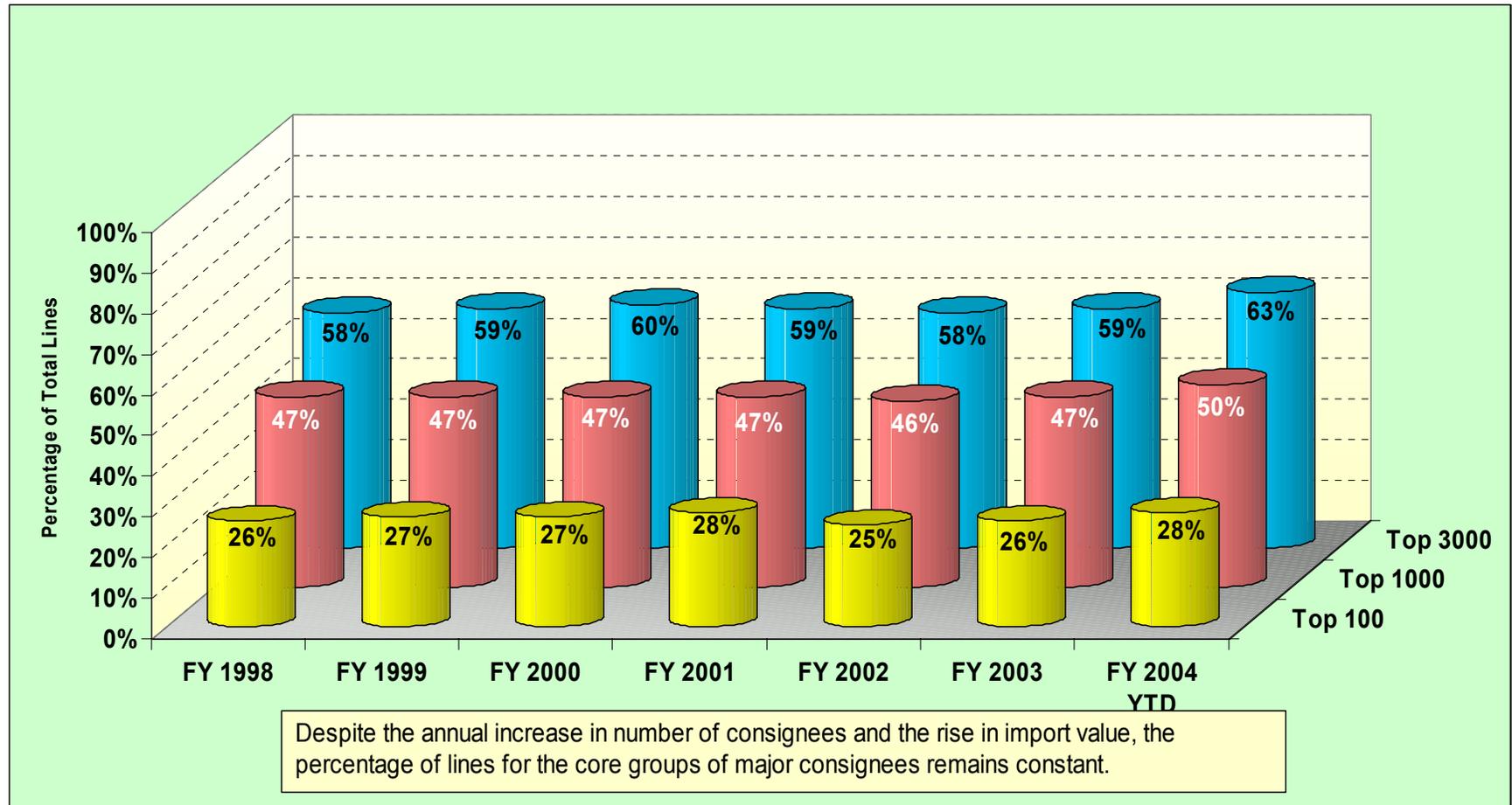
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Top 100, 1000, 3000 Consignees

FY 1998 through FY 2004 Mid-Year by Entry Lines



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Compliance Measurement (CM)

To date, 95% of all FY 2004 entries sampled for trade laws are compliant.

CM rates for Major Transactional Discrepancies (MTD) have been increasing over the last several years, and are now at their highest historical levels.

- Overall CM rates for trade were at an all time high of 93% in FY 2003
 - Participants in CSI, C-TPAT and ISA and major importers typically have a higher CM rate for trade than the national average.
- Over 30,000 trade compliance exams were conducted by the end of the first half of FY 2004
 - This is 51% of the 60,000 allotted CM exams for the fiscal year



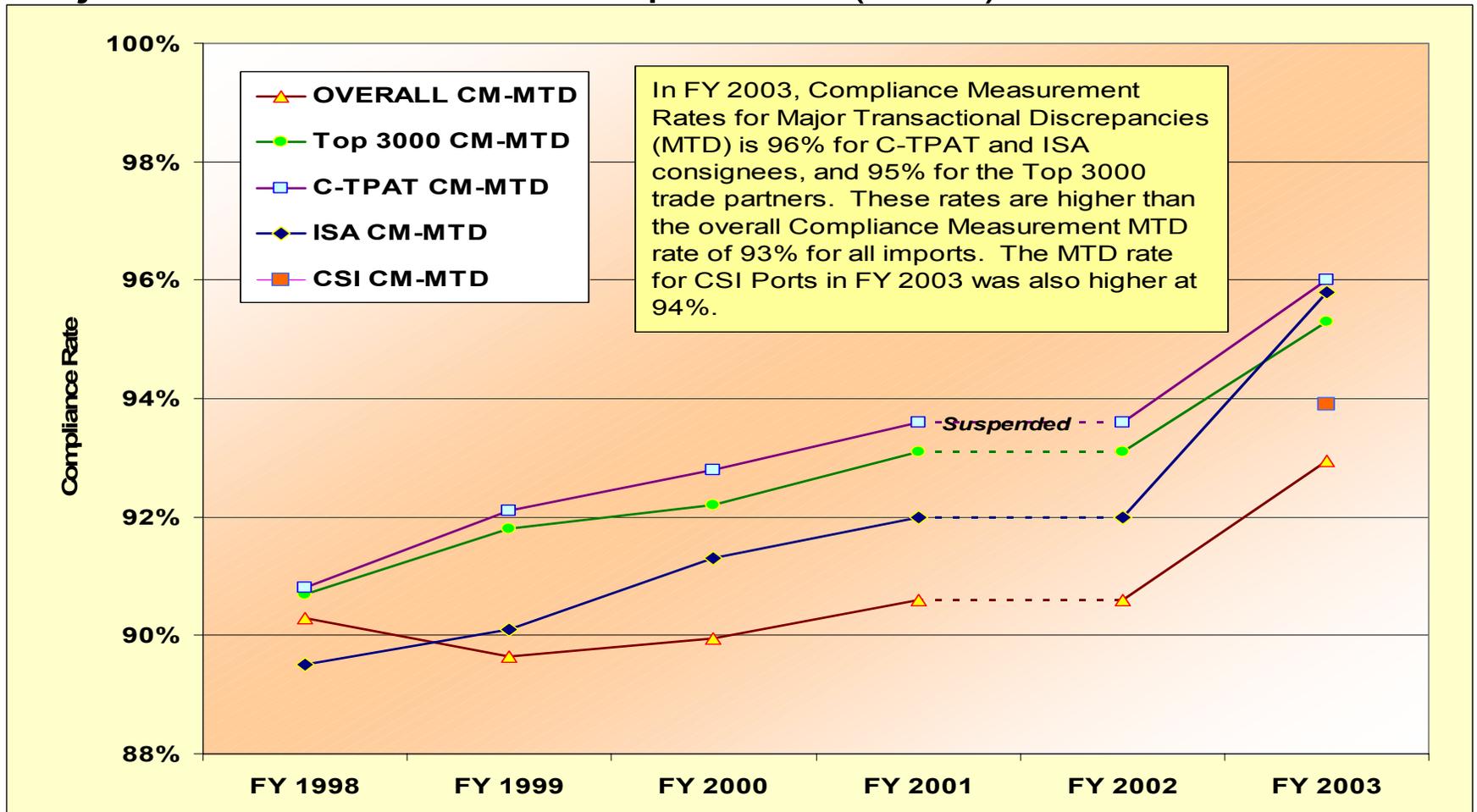
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Compliance Measurement Rates

Major Transactional Discrepancies (MTD)



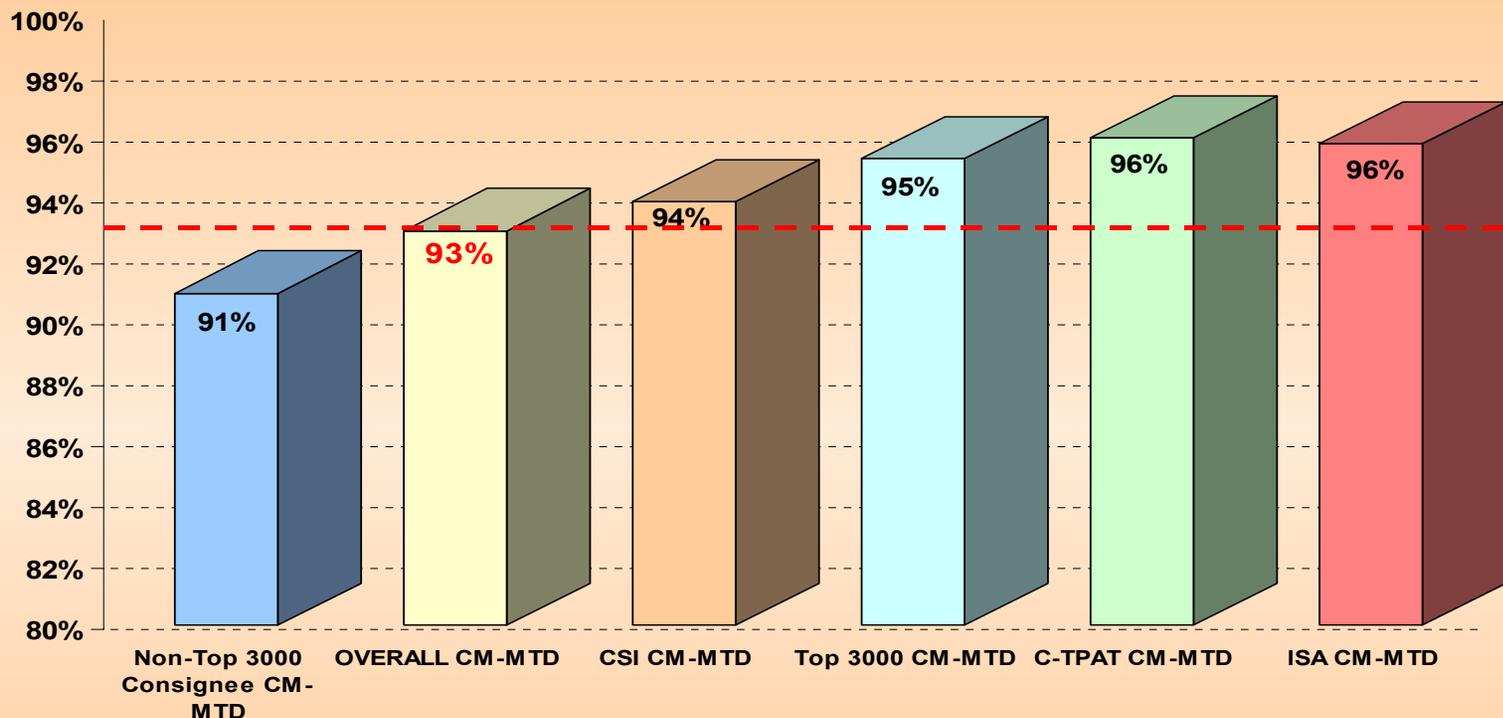
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Compliance Measurement Rates

FY 2003 Major Transactional Discrepancies (MTD)



In FY 2003, Compliance Measurement Rates for Major Transactional Discrepancies (MTD) is 96% for C-TPAT and ISA consignees, 95% for the Top 3000 trade partners, and 94% for CSI Ports. These rates are higher than the overall Compliance Measurement MTD rate of 93% for all imports.



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Container Security Initiative (CSI)

Active CSI Ports account for 36% (3.2 Million) of all entry lines for sea container traffic.

Almost 70% of the total number of sea containers brought into the U.S. come from an Initial CSI Port.

- Expansion CSI Ports comprise an additional 25% (2.2 Million lines) to this total
 - Year-to-Date Active CSI Port imports are valued at \$59 Billion, while Expansion CSI Ports account for \$51 Billion
- 18 CSI Ports were active by the middle of FY 2004, with expansion planned to another 14 ports by the end of the year



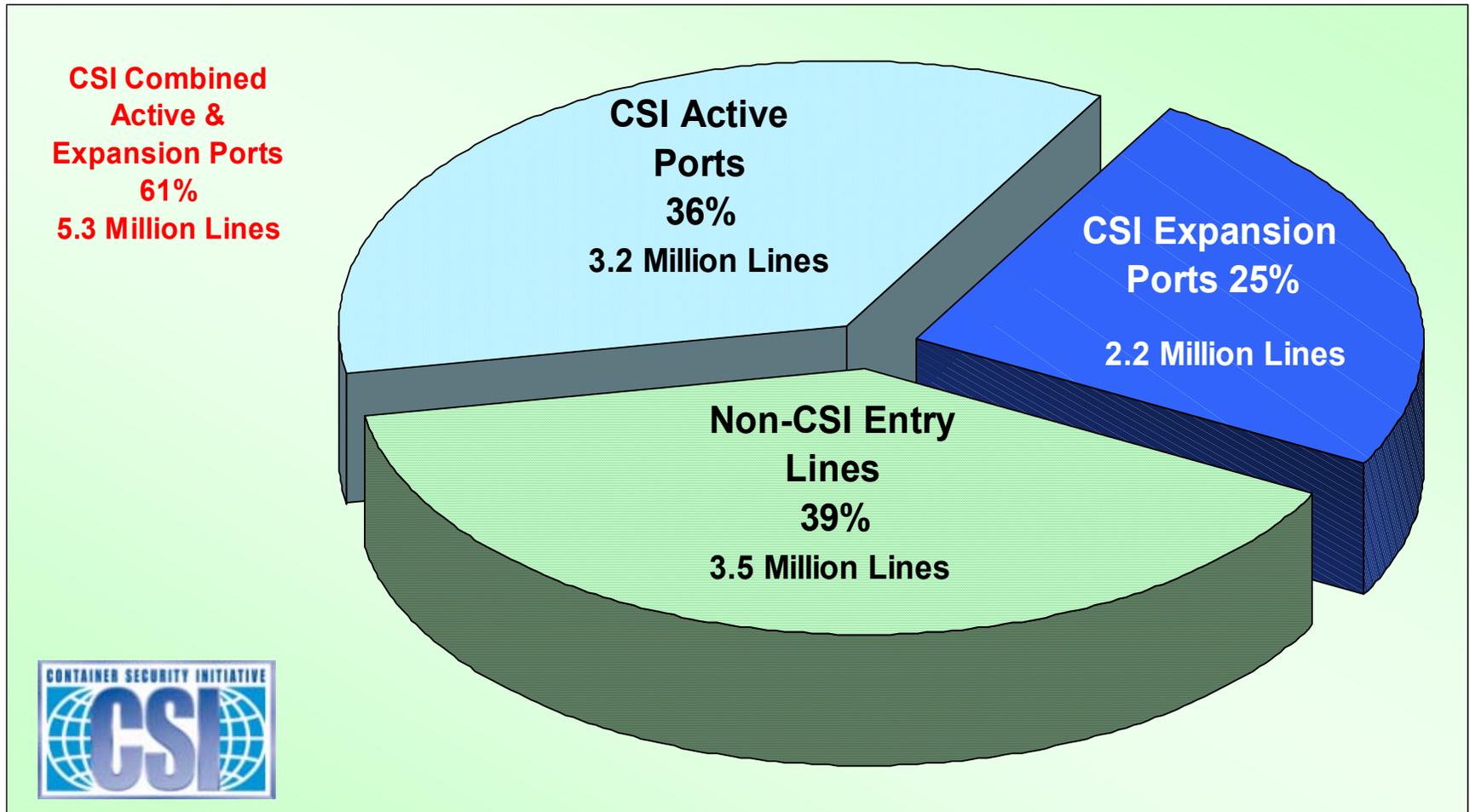
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Container Security Initiative (CSI)

All Container Vessel Imports by Entry Lines Through FY 2004 Mid-Year



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Imports by Mode of Transportation

The primary method of shipping to the U.S. is by sea vessel.

Import Value by Mode of Transportation:

Sea:	\$278 Billion
Air:	\$176 Billion
Truck:	\$120 Billion
Rail:	\$36 Billion
FTZ / Whse:	\$36 Billion
Other:	\$17 Billion

- Sea vessel imports account for 42% of all imports in FY 2004
- The proportions of imports for all modes have remained relatively static since FY 1998



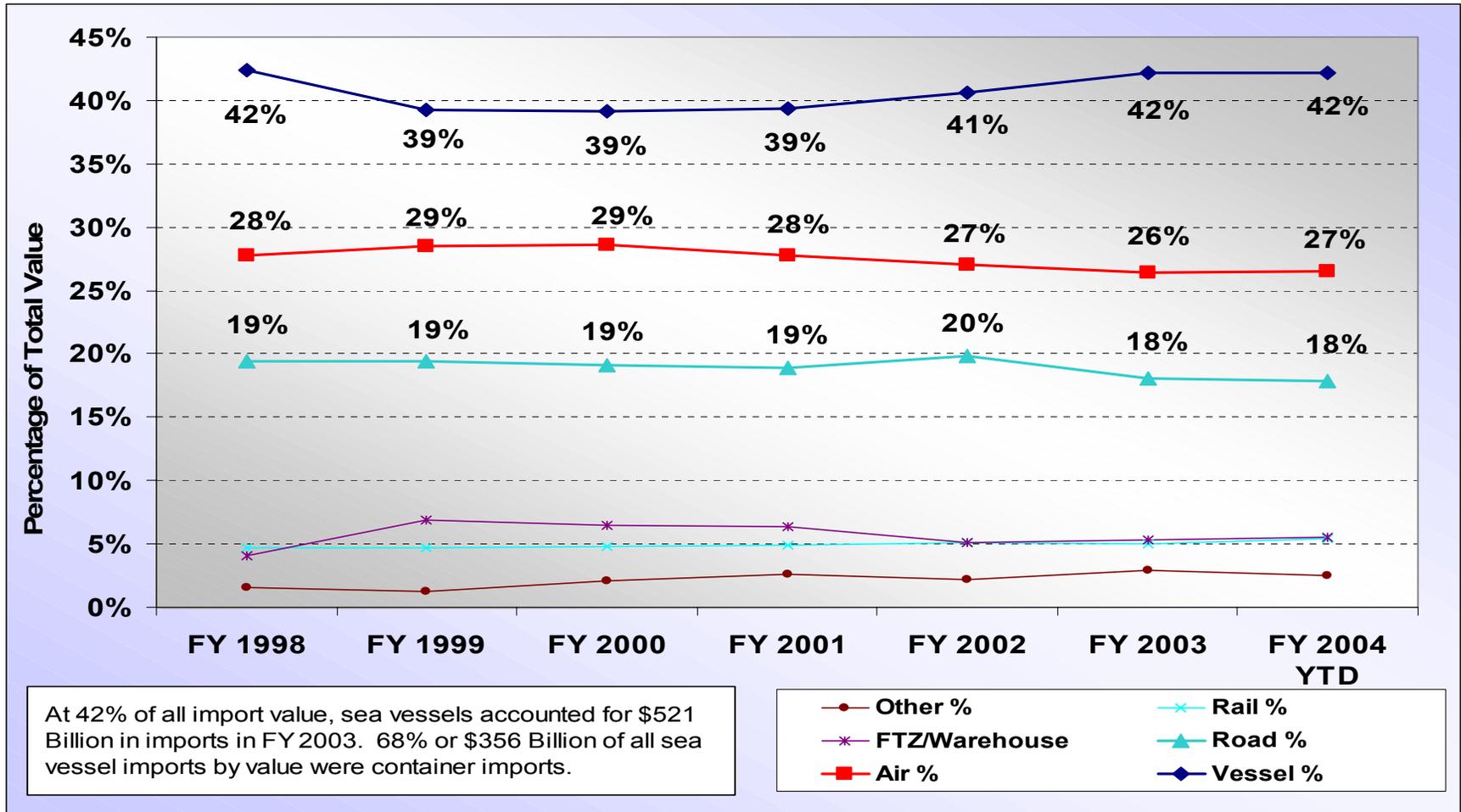
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Percentage of Import Value by Mode

Through FY 2004 Mid-Year



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C-TPAT / ISA Participation

C-TPAT imports account for 36% (13.8 Million) of all entry lines.

C-TPAT and/or ISA participation as a percentage of entry lines:

C-TPAT Only:	22%
C-TPAT & ISA:	14%
TOTAL:	36%

- C-TPAT participants not involved in ISA accounted for \$177 Billion in imports
 - This is 27% of the total import value for the first half of FY 2004
- C-TPAT participants who are also ISA participants accounted for \$81 Billion in imports
 - This is 12% of the total year-to-date import value for the first half of FY 2004



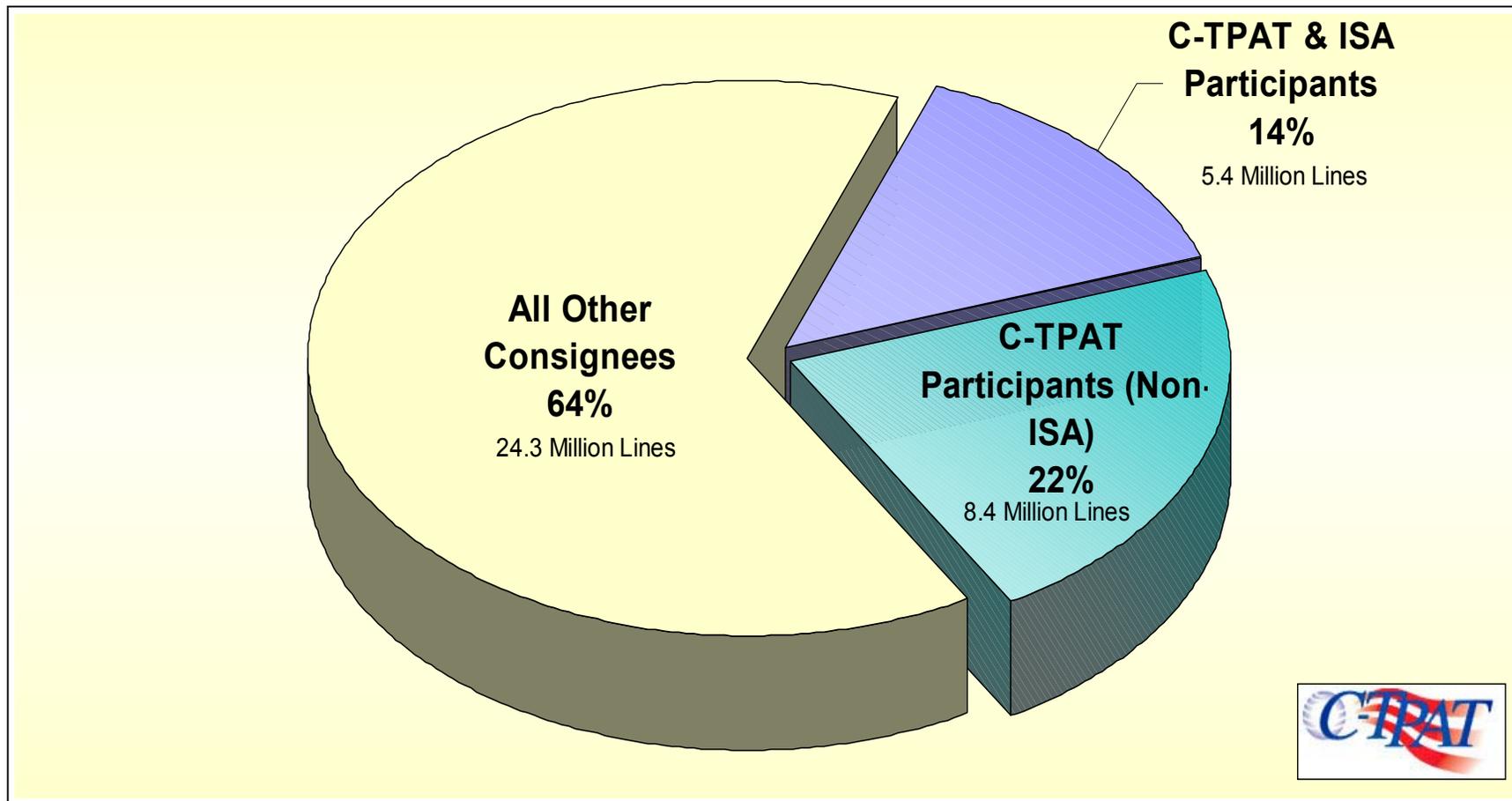
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C-TPAT Entry Lines

Percentage of Total Entry Lines Through FY 2004 Mid-Year



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Top Countries of Origin

53% of all year-to-date imports come from the top five countries.

Value from the top five countries of origin:

Canada:	\$100 Billion
China:	\$82 Billion
Mexico:	\$70 Billion
Japan:	\$62 Billion
Germany:	\$35 Billion

- In FY 2003, China became the second largest country importing to the US for the first time
- The value of imports from China rose 111% in the last 5 years
 - Given this rate of growth, China could surpass Canada as the number one trading partner with the US in the next five years



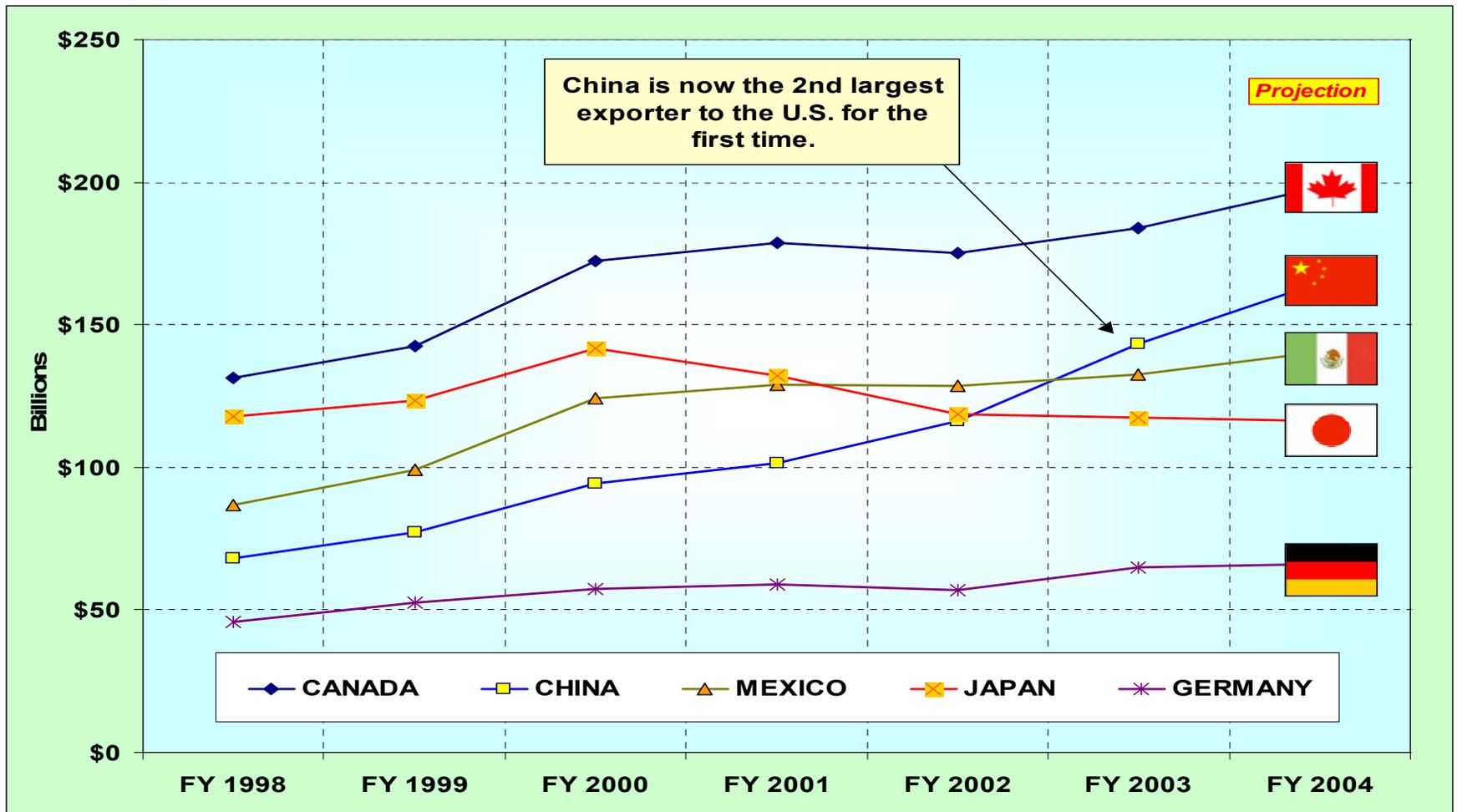
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Top Five Countries by Value

Through FY 2004 Mid-Year



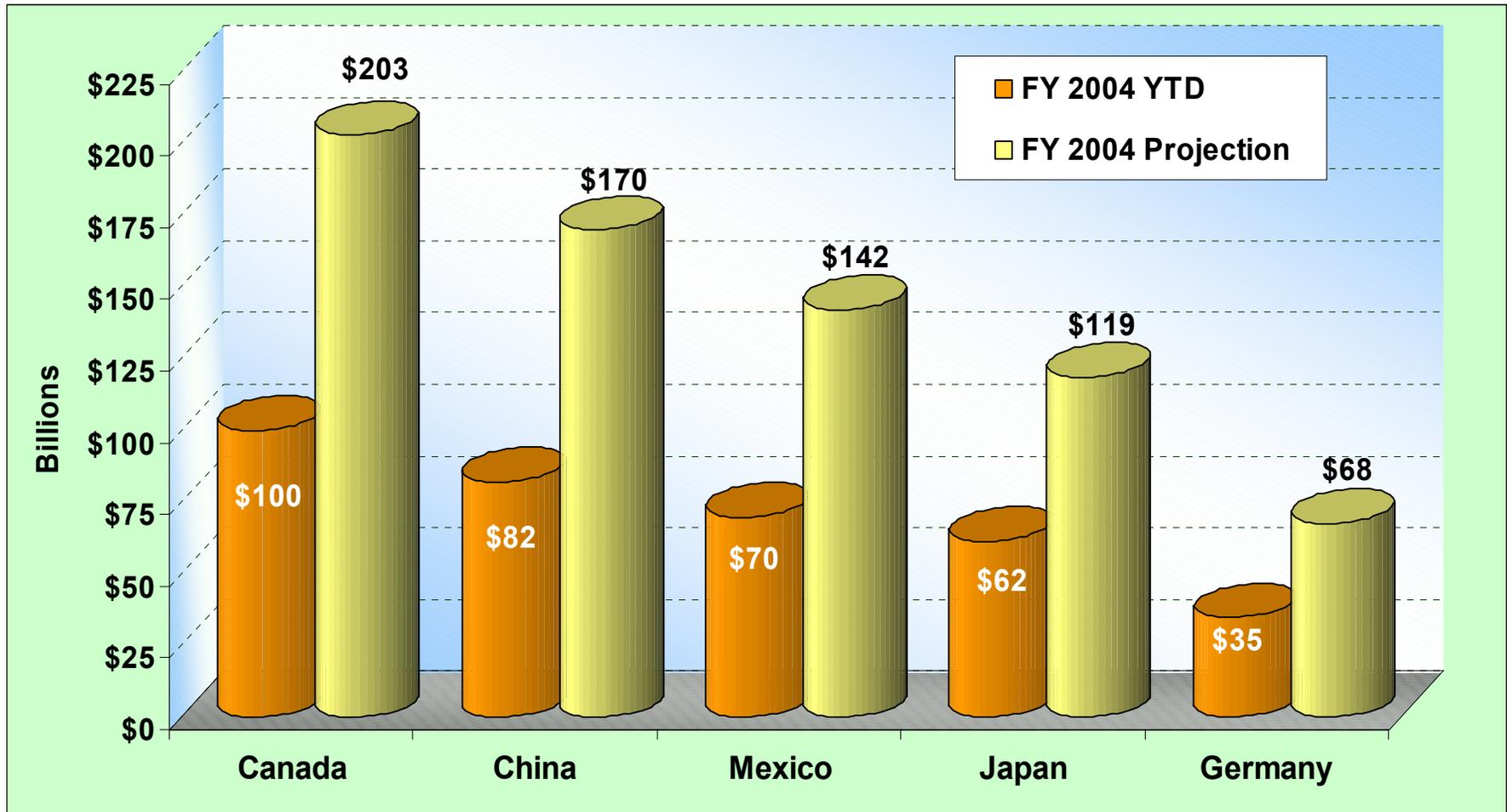
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Top Five Countries by Value

Through FY 2004 Mid-Year



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Top Countries of Origin (continued)

52% of all duties come from the top five countries.

- Year-to-date FY 2004 duties on Chinese imports totaled \$2.4 Billion
 - This is almost 25% of all duties collected so far
 - Chinese duties are expected to peak in the summer, and end the year at \$5.2 Billion
- 55% of all Chinese duties come from textile, handbag and shoe imports

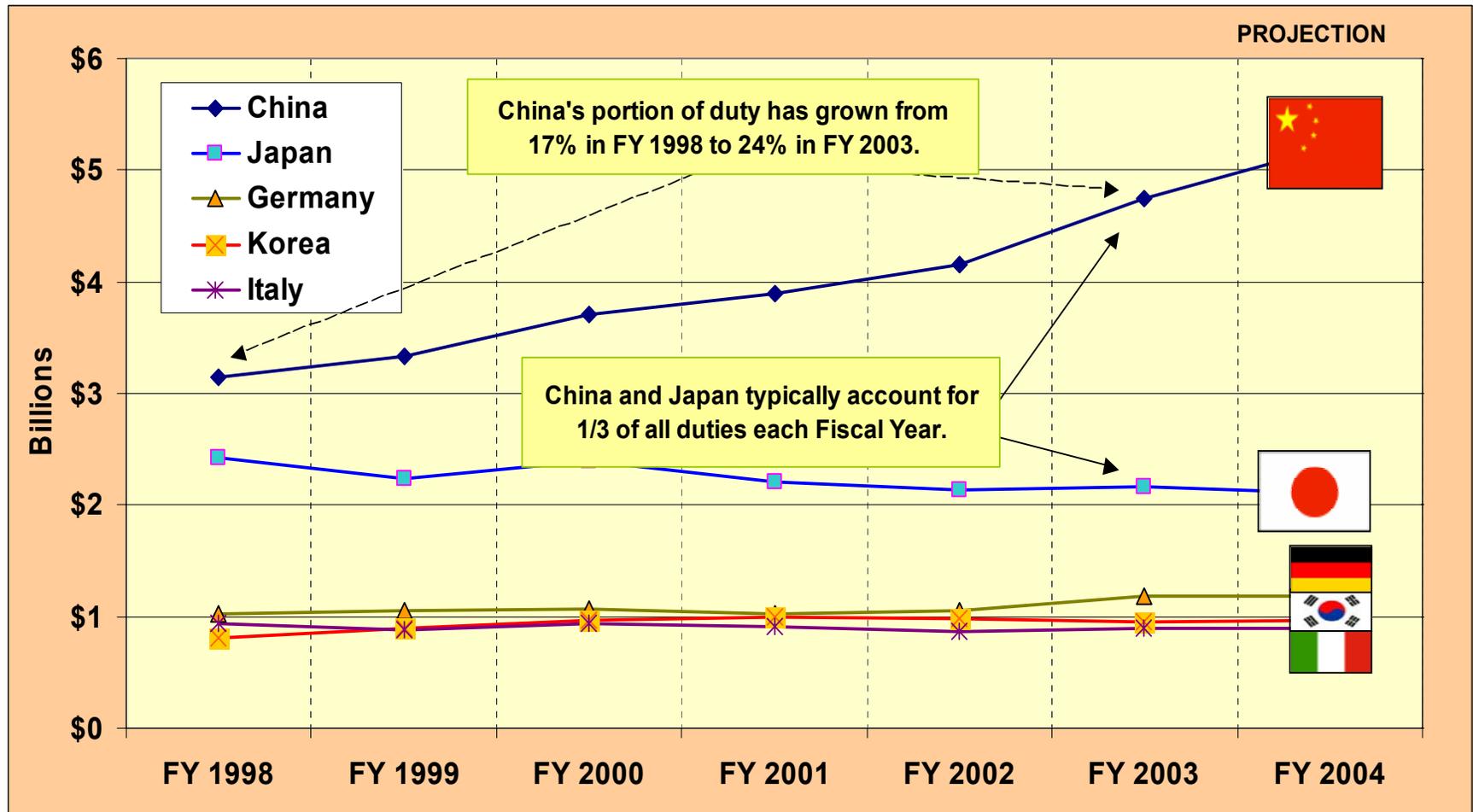
China and Japan together account for over 1/3 of all duties paid.



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Top Five Countries by Duty

Through FY 2004 Mid-Year



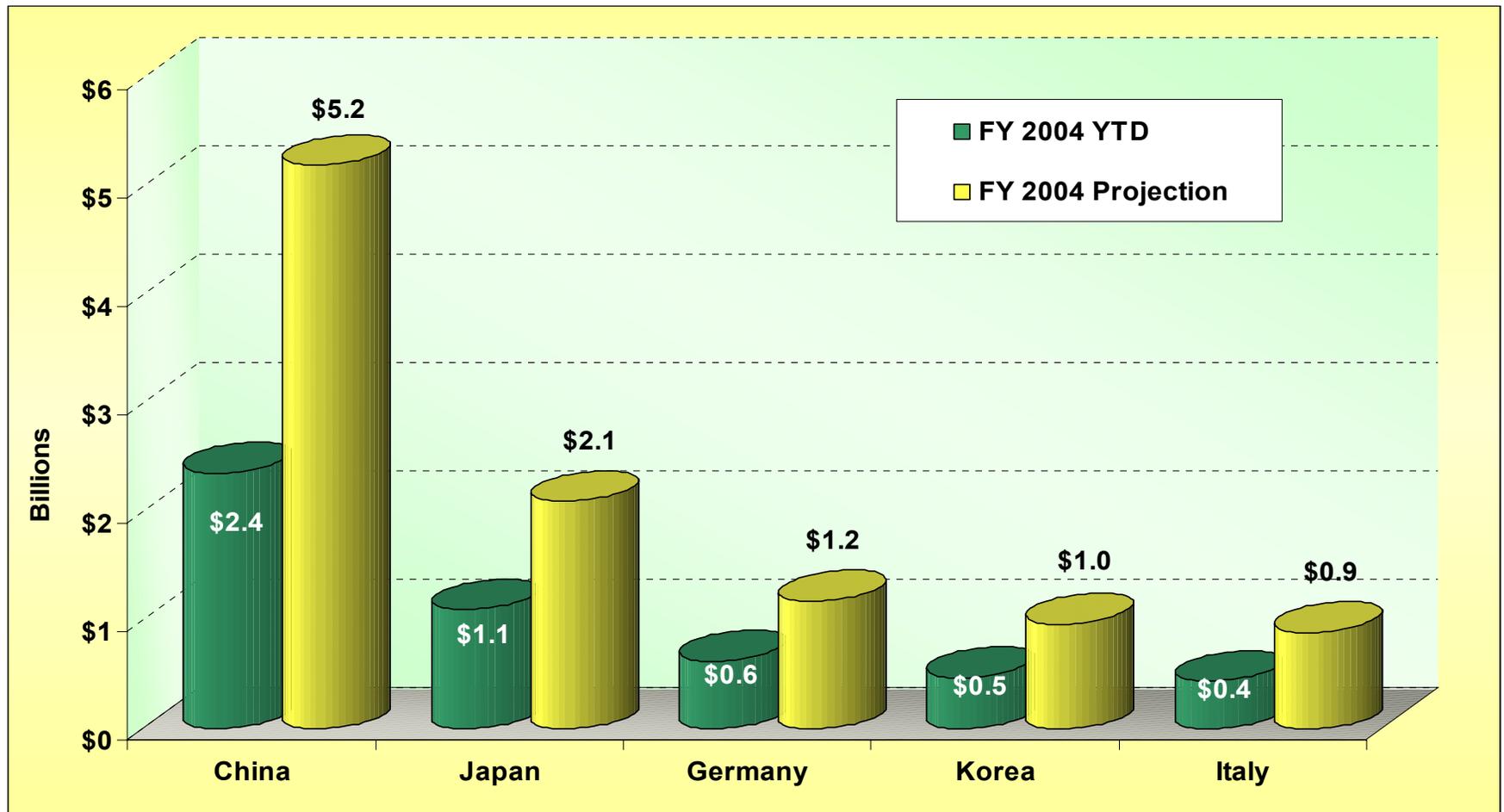
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Top Five Countries by Duty

Through FY 2004 Mid-Year



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Import Trade Trends Matrix

Description of Measure	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Projection	FY 2004 Mid-Year
VALUE								
Total ACS Value (in Billions)	\$ 881	\$ 995	\$ 1,165	\$ 1,178	\$ 1,140	\$ 1,235	\$ 1,365	\$ 664
Percentage of Dutiable Value	45%	37%	35%	34%	34%	33%	33%	32%
Percentage of Conditionally Free Value	23%	22%	20%	20%	21%	21%	21%	21%
Percentage of Duty Free Value	32%	41%	45%	46%	46%	46%	46%	47%
REVENUE								
Total Duty Collections (in Billions)	\$ 19	\$ 19	\$ 21	\$ 20	\$ 20	\$ 21	\$ 20	\$ 10
Total Revenue Collected (in Billions)	\$ 22	\$ 22	\$ 24	\$ 24	\$ 24	\$ 25	\$ 25	\$ 12
Projected Revenue Gap from CM Sample (in Millions)	\$ 343	\$ 252	\$ 282	\$ 198	Suspended	\$ 170		
Projected Revenue Gap as Percentage of all Duties and Fees	1.7%	1.2%	1.3%	0.9%	Suspended	0.7%		
Total ACS Estimated Duties as Percent of Total ACS Value - Overall "duty rate" on imports	2.1%	1.9%	1.7%	1.6%	1.7%	1.6%	1.5%	1.5%
Total Anti-Dumping Duty Deposits (in Millions)	\$ 266	\$ 381	\$ 400	\$ 255	\$ 769	\$ 619		\$ 301
Total Countervailing Duty Deposits (in Millions)	\$ 16	\$ 16	\$ 18	\$ 459	\$ 423	\$ 792		\$ 419
ENTRY SUMMARIES AND LINES								
Total Entry Summaries (in Millions)	20	21	24	24	25	26	28	14
Percentage of Change in Total Entry Summaries from Previous Year	10%	9%	10%	1%	4%	6%	7%	-
CONSIGNEES								
Total Number of Consignees	543,000	545,000	609,000	654,000	696,000	731,000	772,000	523,000
Percentage of Total Value for Top 100 Consignees	32%	33%	33%	34%	31%	32%	32%	34%
Percentage of Total Value for Top 1000 Consignees	60%	60%	60%	60%	59%	60%	60%	63%
Percentage of Total Value for Top 3000 Consignees	71%	72%	73%	72%	71%	72%	72%	76%
COMPLIANCE RATES								
Number of CM Exams and Reviews	81,000	85,000	99,000	72,000	13,000	51,000	60,000	30,000
Overall Compliance Rate - Major Transactional Discrepancies (MTD)	90%	90%	90%	91%	Suspended	93%		95%
Overall Compliance Rate of Top 3000 Consignees (MTD)	91%	92%	92%	93%	Suspended	95%		-
Overall Compliance Rate of C-TPAT Members (MTD)	91%	92%	93%	94%	Suspended	96%		-
Overall Compliance Rate of ISA Members (MTD)	90%	90%	91%	92%	Suspended	96%		-
Overall Compliance Rate of CSI Ports (MTD)					Suspended	95%		-



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Import Trade Trends Matrix

Description of Measure	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004 Projection	FY 2004 Mid-Year
CONTAINER SECURITY INITIATIVE - CSI								
Value of Active CSI Imports (in Billions)					\$ 112	\$ 113	-	\$ 59
Percentage of all Container Vessel Value from Active CSI Ports					33%	32%	-	31%
Percentage with Expansion CSI Ports					58%	57%	-	58%
MODE OF TRANSPORT								
Vessel Imports (in Billions)	\$ 374	\$ 391	\$ 456	\$ 464	\$ 463	\$ 521	\$ 560	\$ 278
Air Imports (in Billions)	\$ 245	\$ 284	\$ 333	\$ 327	\$ 308	\$ 326	\$ 345	\$ 176
Road Imports (in Billions)	\$ 171	\$ 194	\$ 222	\$ 223	\$ 227	\$ 224	\$ 240	\$ 120
Rail Imports (in Billions)	\$ 42	\$ 46	\$ 56	\$ 58	\$ 58	\$ 62	\$ 72	\$ 36
Other Modes & Warehouse Withdrawal	\$ 49	\$ 81	\$ 99	\$ 106	\$ 83	\$ 102	\$ 117	\$ 54
TRADE PARTNERSHIPS								
Import Value for CTPAT Applicants and Members (Billions)					\$ 340	\$ 366		\$ 257
CTPAT (including ISA) as Percentage of All Imports					36%	35%		39%
Import Value for ISA Applicants and Members (in Billions)					\$ 119	\$ 134		\$ 81
ISA as a Percentage of All Imports					10%	11%		12%
COUNTRIES								
Total Value from Top 5 Countries (in Billions)	\$ 450	\$ 495	\$ 590	\$ 600	\$ 595	\$ 642		\$ 349
Percentage of Total Import Value for Top 5 Countries	51%	50%	51%	51%	52%	52%		53%
Total Duty for Top 5 Duty Paying Countries (in Billions)	\$ 8	\$ 8	\$ 9	\$ 9	\$ 9	\$ 10		\$ 5
Percentage of Total Duties for Top 5 Countries	45%	46%	46%	47%	48%	50%		52%



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