



June 2022

MARITIME CARGO SECURITY

CBP Should Provide Additional Guidance for Certain Non-Containerized Cargo Inspections

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Why GAO Did This Study

In 2020, non-containerized cargo accounted for about 32 percent of the \$1.5 trillion total maritime cargo value. Non-containerized cargo includes goods, such as liquids, grains, and those transported individually or packaged and shipped on pallets or crates. GAO was asked to review CBP's policies and procedures for securing non-containerized maritime cargo.

This report examines the extent to which CBP's inspections of inbound non-containerized maritime cargo vary across selected U.S. seaports.

GAO reviewed CBP policies, procedures, and documentation for inspecting inbound non-containerized maritime cargo. GAO also interviewed CBP headquarters and field officials to gather information about how the agency implemented the policies and procedures. This included interviewing officials from a non-generalizable sample of 11 U.S. seaports and four field offices. GAO selected seaports that varied based on port size (i.e. total volume of cargo processed), types of non-containerized maritime cargo processed, and geographic location.

What GAO Recommends

GAO recommends that CBP (1) identify additional actions that CBP personnel at seaports should take to address the identified risks of crated cargo and (2) update national maritime cargo processing guidance to reflect the identified actions. The Department of Homeland Security concurred with these recommendations.

View GAO-22-104210. For more information, contact Heather MacLeod at (202) 512-8777 or MacleodH@gao.gov.

What GAO Found

U.S. Customs and Border Protection (CBP) policies and guidance allow for variation in maritime port of entry (seaport) inspections of non-containerized cargo—goods not transported in traditional shipping containers—provided CBP personnel at seaports follow minimum inspection requirements. CBP's inspection procedures and practices for non-containerized cargo varied across the 11 seaports GAO reviewed. Local factors such as the availability of inspection equipment and the type and size of cargo contributed to this variation.

However, inspection approaches at some seaports GAO reviewed may not fully address the increasing risks related to one type of non-containerized cargo—crated cargo. Specifically, CBP's guidance states that some crated non-containerized cargo has grown in size and these shipments pose increasing levels of risk in the maritime environment. This is because crated cargo offers the same level of concealment for contraband or other restricted items as a shipping container and may present additional barriers to examination.

Examples of Crated Non-Containerized Cargo



Source: U.S. Customs and Border Protection. | GAO-22-104210

CBP inspection requirements for all non-containerized cargo provide that CBP personnel at seaports are to review information for shipments identified as high-risk. Further, personnel are to, at minimum, physically examine shipments placed on hold for examination through its risk assessment process. However, CBP did not identify additional inspection actions above the minimum requirements for CBP personnel at seaports to address crated cargo risks.

At the nine seaports GAO reviewed that processed crated cargo, CBP applied a range of approaches to its inspections. For example, at five seaports, CBP had additional procedures that may address crated cargo's risk, such as subjecting all crated cargo shipments to examination. However, CBP's procedures at the other four seaports follow CBP's minimum requirements for examining shipments flagged as high-risk and do not subject other crated cargo to examination. As a result, these four seaports' procedures may not address the risks posed by other crated cargo shipments. By identifying additional actions to address crated cargo risks at seaports and updating guidance accordingly, CBP could better ensure it addresses these risks while implementing national policy in a uniform manner.

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Abbreviations

ATS	Automated Targeting System
CBP	U.S. Customs and Border Protection
DHS	Department of Homeland Security
OFO	Office of Field Operations

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

June 22, 2022

The Honorable Gary C. Peters
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Tim Walberg
House of Representatives

The U.S. economy depends on the expeditious flow of millions of tons of cargo each day throughout the global supply chain. According to the U.S. Department of Transportation, the majority of U.S. cargo arrives by ocean vessel, with maritime cargo shipments accounting for about 40 percent of total cargo value, or over \$1.5 trillion, shipped in 2020.¹ While 68 percent of this maritime cargo was shipped in traditional shipping containers, 32 percent was shipped as non-containerized cargo.² This non-containerized cargo includes liquids (such as crude oil), grains, goods transported individually such as large generators, and goods packaged and shipped on pallets or in crates. Given that individuals have exploited vulnerabilities in the supply chain by using maritime cargo to smuggle narcotics, stowaways, and other contraband into the United States, it is important to ensure that all maritime cargo, containerized or non-containerized, is secure.

U.S. Customs and Border Protection (CBP), part of the Department of Homeland Security (DHS), is responsible for, among other things, administering maritime cargo security programs and reducing the vulnerabilities associated with the global supply chain. This includes at

¹In comparison, cargo transported by air and truck respectively comprised about 31 percent and 18 percent of total cargo value in 2020. Cargo transported by rail, pipelines, and other modes of transportation accounted for the other 11 percent. See U.S. Department of Transportation, Bureau of Transportation Statistics, *2022 Port Performance Freight Statistics Program: Annual Report and Dataset*, (Washington, DC: 2022).

²In 2020, non-containerized maritime cargo accounted for \$500 billion in cargo value, which is about 13 percent of the \$3.8 trillion total cargo value across all modes of transportation.

155 U.S. maritime ports of entry (seaports).³ Part of CBP's mission is to balance its maritime security activities with its responsibility to facilitate and enable fair, competitive, and lawful trade by not unduly disrupting commerce arriving in the United States. We have previously reported on a number of CBP policies and programs related to securing non-containerized maritime cargo, such as targeting and examining high-risk shipments. We have made recommendations to enhance effectiveness, compliance with, and oversight of CBP programs and policies.⁴

You asked us to review CBP's policies and procedures for securing non-containerized maritime cargo and the agency's implementation of them across seaports. This report examines the extent to which CBP's inspections of non-containerized maritime cargo vary across selected U.S. seaports.

To address the objective, we reviewed documentation on CBP's policies and procedures for inspecting inbound non-containerized maritime cargo. Specifically, we reviewed CBP's national-level policies and guidance to identify CBP's inspection requirements and general procedures for targeting—assessing and prioritizing risks—and examining non-containerized maritime cargo shipments. National-level policies and guidance include CBP's *Advance Cargo Targeting Procedures and Responsibilities Directive and Cargo Processing Guidelines—Maritime*.

We conducted interviews with relevant CBP officials at the headquarters and field office levels about these policies and procedures. We also interviewed CBP port officials—including port directors, supervisors, and

³CBP officials stated that there are no statutory or other definition that identifies seaports within the U.S. CBP provided a list of ports of entry that process ocean vessels, ocean containers, and pleasure boats and we identified 155 total active seaports from this list. The 155 active seaports we identified may not include all seaports.

⁴GAO, *Supply Chain Security: CBP Needs to Enforce Compliance and Assess the Effectiveness of the Importer Security Filing and Additional Carrier Requirements*, GAO-17-650 (Washington, D.C.: July 20, 2017); *Supply Chain Security: CBP Needs to Enhance Its Guidance and Oversight of High-Risk Maritime Cargo Shipments*, GAO-15-294 (Washington, D.C.: Jan. 27, 2015); *Supply Chain Security: DHS Could Improve Cargo Security by Periodically Assessing Risks from Foreign Ports*, GAO-13-764 (Washington, D.C.: Sept. 16, 2013). DHS and CBP have taken actions to implement our recommendations to address the enforcement, compliance, and oversight of CBP's policy and programs for identifying high-risk shipments and assessing supply chain security risks at foreign ports, among others.

targeting and examination officers—at 11 of the 155 seaports.⁵ In addition, we reviewed available documentation CBP had in place at each of these 11 seaports to (1) identify the specific targeting and examination policies and procedures for non-containerized maritime cargo used and (2) summarize and assess any variations in these inspection policies and procedures across the seaports and with national-level policies and guidance.⁶ The information we obtained from our interviews with CBP officials from the 11 seaports cannot be generalized to all seaports nationwide. However, it provides important context and insight into the range of targeting and examination policies and procedures used and illustrative examples of how these efforts may vary across seaports.

To inform our review, we also interviewed a non-generalizable sample of nine maritime stakeholders that serve or represent the maritime industry, operate in some of the locations of the 11 seaports, and have regular interaction with CBP officials at these seaports. These interviews included maritime stakeholders such as port authorities, port terminal operators, trade associations, and vessel agents. We obtained their perspectives on CBP's inspection activities for non-containerized maritime cargo within stakeholders' areas of operation.

We assessed CBP's targeting and examination procedures implemented at the 11 seaports included in our review against principles for designing and implementing control activities to respond to risks, as outlined in *Standards for Internal Control in the Federal Government*.⁷ We also assessed CBP's procedures against its policy, laid out in *U.S. Customs and Border Protection Field Offices and Ports of Entry*, which establishes

⁵We selected seven of the 11 seaports to provide variations in port size (i.e. total volume of cargo processed), types of non-containerized maritime cargo processed—such as different types of bulk and break cargo, and geographic locations. CBP officials from two of the selected seaports further invited officials from four additional seaports that operate under their management to participate in our interviews.

⁶We interviewed CBP Office of Field Operations (OFO) headquarters officials from the Office of Cargo and Conveyance Security and the National Targeting Center about CBP's national-level policies and guidance for inspecting inbound non-containerized maritime cargo. Further, we interviewed OFO field office officials responsible for overseeing some of the selected seaports included in our review. We excluded the names of seaports and associated field offices due to the sensitive nature of the information reported.

⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 2014).

the roles and responsibilities of the field offices and seaports for executing national policy in a uniform manner.⁸

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

Background

Types of Maritime Cargo

Maritime cargo can be categorized as containerized or non-containerized, based on how the cargo is packaged, loaded, and stored on a vessel. Containerized maritime cargo are goods transported in intermodal containers, which are reusable steel receptacles of a rigid construction, rectangular configuration, and fitted with devices to permit ready handling.⁹ See figure 1.

⁸Department of Homeland Security, *U.S. Customs and Border Protection Field Offices and Ports of Entry*, CBP Directive 2130-006A (November 26, 2010).

⁹The International Convention for Safe Containers defines containers as an article of transport equipment of a permanent character and accordingly strong enough to be suitable for repeated use. They are especially designed to facilitate the transport of goods, by one or more modes of transport, without intermediate reloading and designed to be secured and/or readily handled. Containers have corner fittings of a size such that the area enclosed by the four outer bottom corners is either at least 14 square meters (150 square feet), or at least 7 square meters (75 square feet) if it is fitted with top corner fittings. 29 UST 3707 (1972).

Figure 1: Example of Containerized Cargo

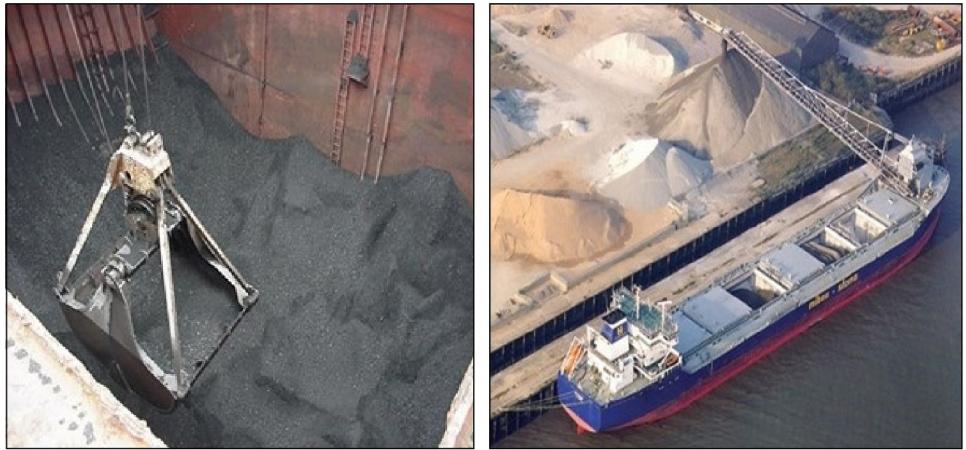


Source: U.S. Customs and Border Protection. | GAO-22-104210

Non-containerized maritime cargo includes goods transported by any means other than a shipping container. The two primary types of non-containerized maritime cargo—bulk and break bulk cargo—are described as follows:

Bulk cargo. Bulk cargo is homogeneous, unpackaged cargo that carriers transport loose in a hold of a vessel. Bulk cargo is further categorized into subtypes and includes (a) liquid bulk such as crude oil, vegetable oil, chemicals, natural gas, and liquid petroleum gas or (b) dry bulk such as grain, coal, ore, bricks, lumber, and steel beams. At ports, liquid bulk cargo is usually poured or siphoned from the hold of the ship into onshore storage tanks. Carriers offload dry bulk cargo from the vessel using shore-crane equipped with buckets, funnels, and conveyor belts. See figure 2 for examples of bulk cargo.

Figure 2: Examples of Bulk Cargo



Source: U.S. Customs and Border Protection. | GAO-22-104210

Break bulk cargo. Break bulk cargo comprises goods that carriers load or unload individually or in groups from a vessel. It may be transported in large, free-standing pieces such as wind turbine blades, generators, pipes, or packaged or bundled in racks, drums, bags, pallets, crates, or bales. Roll-on/roll-off cargo is a subtype of break bulk cargo, which rolls on or off a vessel by wheels. Examples of roll-on/roll-off cargo include self-driven goods such as cars, buses, and tractors, as well as other goods that are wheeled and towed. See figure 3 for examples of various types of break bulk cargo.

Figure 3: Examples of Various Break Bulk Cargo

General break bulk



Palletized break bulk



Crated break bulk



Roll-on/roll-off break bulk



Source: U.S. Customs and Border Protection. | GAO-22-104210

CBP's Roles and Responsibilities

CBP is the lead federal agency responsible for, among other things, identifying and mitigating risks associated with maritime cargo shipments that (1) pose a threat to national security, such as weapons of mass destruction; (2) contain contraband such as illegal weapons and narcotics; and (3) involve trade and agricultural violations. Specifically, staff from CBP's Office of Field Operations (OFO) are responsible for inspecting cargo at the 155 U.S. seaports that receive international cargo

shipments.¹⁰ OFO has 20 field offices nationwide that oversee all port of entry operations within their designated areas of responsibility, including cargo security operations at seaports. Further, CBP port directors are responsible for the day-to-day cargo security operations for seaports within their geographic areas of responsibility, implementing and executing national policy, and maintaining an ongoing cargo inspection program.¹¹

CBP's Non-Containerized Maritime Cargo Inspection Process

CBP uses a risk-based inspection approach to identify and mitigate potential high-risk non-containerized maritime cargo shipments that could pose a threat.¹² These shipments could contain dangerous weapons, narcotics, agricultural pests, counterfeit merchandise, or other contraband. Specifically, CBP's inspection process includes a screening evaluation of all inbound non-containerized cargo shipments for risks and further targeting of potential high-risk shipments. Based on the risks they identify during the screening and targeting process, CBP personnel may select non-containerized cargo shipments for examinations.¹³

Screening and targeting. CBP's inspection process begins with screening and targeting—i.e. conducting an individualized assessment of risk for each shipment—to identify potential high-

¹⁰OFO's National Targeting Center, Office of Cargo and Conveyance Security, and Agriculture Programs and Trade Liaison are the three main directorates responsible for implementing and overseeing maritime cargo security policies, procedures, and operations.

¹¹CBP Port Directors may report to an Area Port Director who is responsible for more than one seaport within a designated area of responsibility.

¹²Inspection is the comprehensive process used by CBP to assess goods (cargo) entering the United States to appraise them for duty purposes, to detect the presence of restricted or prohibited items, and to ensure compliance with all applicable laws. 6 U.S.C. § 901.

¹³CBP defines examination as physical intrusion, or observational non-intrusive review of documents or cargo to detect the presence of unmanifested, misdeclared (inaccurate), restricted, or prohibited items. Unlike for non-containerized cargo, federal law requires, at minimum, radiation scanning for all containerized cargo entering the United States through the 22 ports through which the greatest volume of containers enter the United States by vessel. 6 U.S.C. § 921. CBP policy provides that all containerized cargo must be scanned for radiation.

risk non-containerized cargo shipments.¹⁴ In particular, each non-containerized cargo shipment undergoes an automated risk assessment using the CBP's Automated Targeting System (ATS). Through this process, ATS flags potential high-risk shipments and places a hold on them in the system for further review by CBP's targeting personnel at seaports.¹⁵ Targeting personnel at seaports then conduct additional research and analysis to further assess risk and determine which of the ATS-identified high-risk non-containerized shipments to examine. Based on screening and targeting risk assessments, CBP officers examine certain non-containerized cargo shipments to mitigate their potential threats. CBP also encourages targeting personnel at seaports to conduct discretionary targeting to assess risk and identify other potentially high-risk non-containerized shipments that ATS did not automatically flag.¹⁶

Examination. CBP's national maritime cargo processing guidance requires personnel to examine high-risk non-containerized cargo shipments identified by ATS or other shipments placed on hold by local CBP targeting personnel.¹⁷ Specifically, CBP's July 2021 *Cargo Processing Guidelines—Maritime* requires, at minimum,

¹⁴CBP defines screening as the visual or automated review of data about goods, including a ship's manifest or entry documentation accompanying an imported cargo shipment, to assess the level of threat posed by such shipments. See 6 U.S.C. § 901. In this report, "targeting" refers to the synthesis and use of information from a variety of sources to further evaluate risks to identify and prioritize shipments that pose a security risk.

¹⁵ATS is an enforcement and decision support system that uses risk assessments to identify potential high-risk maritime cargo shipments. It compares information about the shipment against law enforcement, intelligence, and other data using risk-based assessments to identify patterns that could be indicative of a potential high-risk maritime cargo shipment. ATS also draws on information from many law enforcement, intelligence, and other enforcement databases, including the Terrorist Screening Database, the Department of Justice's National Crime Information Center, and the Social Security Administration's Death Master File.

¹⁶According to CBP's *Advance Cargo Targeting Procedures and Responsibilities Directive*, CBP targeting personnel at seaports are to conduct discretionary targeting based on local intelligence and trends to identify additional potential high-risk shipments.

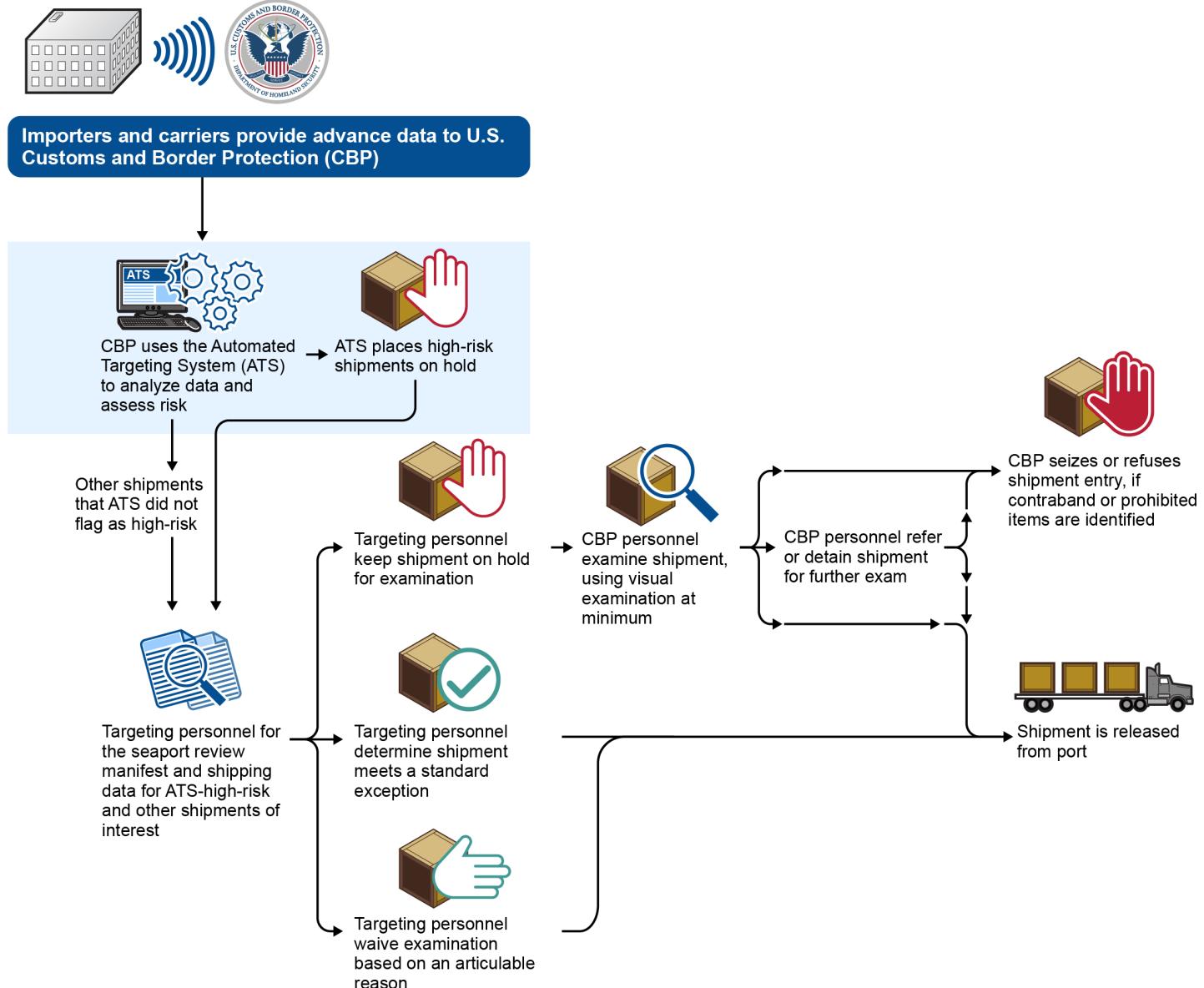
¹⁷CBP targeting officers can waive examinations of high-risk shipments identified by the ATS risk assessment if they determine that a shipment meets a "standard exception" or an "articulable reason." CBP policy allows officers to waive an examination of a high-risk shipment if they determine through research that (1) the shipment falls within a predetermined category of stated exceptions (standard exception) or (2) they can articulate why the shipment should not be considered high-risk (articulable reason).

that CBP officers at seaports conduct an observational examination of bulk cargo and a visual examination of other high-risk non-containerized cargo.¹⁸ In addition, CBP officers at seaports are to determine further levels of examination necessary to mitigate the identified risks based on the type(s) of risk, local standard operating procedures, the availability of staff and inspection equipment, and the training, knowledge and experience of the officers. Examination methods include the use of non-intrusive inspection technology, such as X-ray equipment and radiation detection monitors to scan and image the cargo; physical searches; visual observations while the cargo is unloaded; and use of canine detection.¹⁹ Figure 4 provides an overview of key steps in CBP's screening and targeting and examination procedures for non-containerized cargo.

¹⁸An observational examination is watching as cargo is loaded or unloaded from the vessel. Visual examination is a type of physical search of cargo using eyesight to examine merchandise or goods and may be as intrusive as reasonably necessary to address the risk identified.

¹⁹Radiation detection equipment detects emissions of radiological or nuclear material isotopes coming from a cargo package. Non-intrusive imaging scanning equipment uses X-rays or gamma rays to scan a cargo and create images of the cargo's contents without having to open it. Through a non-intrusive scan, CBP can identify anomalies in a cargo shipment image that could, among other things, indicate the presence of material to shield weapons of mass destruction or other contraband.

Figure 4: Key Steps in CBP's Inspection Procedures for Non-Containerized Maritime Cargo



Source: GAO analysis of CBP documents. | GAO-22-104210

Note: CBP personnel are to record standard exceptions, waivers, examination results, and enforcement actions, such as seizures, in ATS.

CBP Inspection Procedures May Not Fully Address Certain Non-Containerized Cargo Risks

Non-Containerized Cargo Inspection Procedures Varied at Some Seaports Reviewed Due to Local Factors

Provided that its personnel at seaports implement minimum national requirements, CBP allows for some variation in maritime cargo inspection activities due to differences in local factors such as CBP's resources at seaports, type of cargo processed, and size of ports.²⁰ Across the 11 seaports in our review, we found that CBP's procedures and practices for inspecting inbound non-containerized maritime cargo varied based on local conditions. Specifically, CBP officials at seaports we reviewed described differences in their inspection procedures and capabilities based on: (1) the availability of inspection equipment, (2) local priorities, and (3) type and size of cargo, as shown in table 1.

Table 1: Factors that Affect CBP Seaport Inspection Procedures for Non-Containerized Cargo

Factors	Examples cited by Customs and Border Protection (CBP) seaport officials
Availability of inspection equipment ^a	<ul style="list-style-type: none">CBP's examination methods differed due to the availability of non-intrusive inspection equipment at seaports. Officials from three seaports that have non-intrusive imaging equipment said that they generally use it to examine non-containerized cargo before implementing other more intrusive examination methods, such as physical searches. In comparison, officials from three seaports that did not have this equipment stated that they relied on physical searches to examine cargo that was determined to be potentially high-risk.
Local priorities	<ul style="list-style-type: none">CBP's targeting and examination activities also varied to reflect intelligence or priorities specific to their area of responsibility. Officials from one of the 11 seaports stated that they regularly target and examine roll-on/roll-off non-containerized cargo shipments due to the high volumes received at the seaport and the local determination that these tightly-packed shipments are a higher risk for hidden contraband.^b In comparison, at three seaports that primarily receive single-commodity bulk shipments (such as sand or grain), CBP officials said they are more likely to target and examine other non-bulk shipments that the seaport receives infrequently.^c

²⁰OFO's Cargo and Conveyance Security directorate is responsible for all cargo-related policy and oversees CBP's cargo security programs. CBP personnel at seaports are to (1) target non-containerized cargo shipment identified as high-risk during the national risk assessment process and placed on hold in the ATS; and (2) at a minimum, visually examine those shipments that targeting personnel determined were unresolved during the targeting process and placed on hold for examination.

Factors	Examples cited by Customs and Border Protection (CBP) seaport officials
Type and size of cargo	<ul style="list-style-type: none"> The type of inbound non-containerized cargo and the size or dimensions of the cargo also affect the extent of CBP's examination activities. Officials from nine of the 11 seaports we reviewed stated that examining bulk cargo, such as salt, sand, or oil, can be hazardous and present risk of physical injury or safety concerns for inspection officers. As a result, officials from seven of these nine seaports stated that, for this type of non-containerized cargo, they are generally limited to conducting visual observations as the vessel unloads.

Source: GAO analysis of U.S. Customs and Border Protection information. | GAO-22-104210

Note: CBP's inspection procedures refers to CBP's targeting—an individualized assessment of risk for each cargo shipment to identify potential high-risk shipments—and examination procedures to mitigate shipments identified as a potential threat.

^aNon-intrusive inspection equipment includes radiation detection and imaging equipment. Radiation detection equipment detects emissions of radiological or nuclear material isotopes coming from a cargo package. Non-intrusive imaging equipment uses X-rays or gamma rays to scan cargo and create images of the cargo's contents without having to open it.

^bRoll-on/roll-off cargo rolls on or off a vessel by wheels.

^cBulk cargo is homogeneous, unpackaged cargo that carriers transport loose in a hold of a vessel, such as crude oil, liquid petroleum gas, grain, and coal.

Maritime stakeholders and CBP seaport officials we interviewed also identified some general challenges that impact CBP's overall maritime cargo security operations at seaports, including non-containerized cargo inspections. Specifically, these challenges included CBP staffing levels, the allocation of non-intrusive inspection equipment, and the adequacy of inspection facilities at seaports. For example, five of the nine maritime stakeholders we interviewed told us that, in their experience, CBP does not have enough staff to meet their seaport's maritime cargo processing needs or planned expansion of the seaport's maritime cargo services. These stakeholders added that, as a result, they have experienced longer wait times for CBP to clear cargo or incurred additional costs for CBP officers' related overtime hours used to inspect maritime cargo shipments.²¹

Similarly, CBP officials representing two of the 11 seaports we reviewed stated that their staff resources are not sufficient to conduct maritime cargo inspection operations across the large geographic areas or the

²¹Maritime stakeholders said they cover costs for certain cargo inspection services, such as officers' overtime hours, through CBP's Reimbursable Services Program. Under its Reimbursable Services Program, CBP enters into public-private partnerships with maritime stakeholders, such as port authorities or local municipalities that own or manage the ports or private companies. The program enables CBP to provide new or additional services upon the request of partners, and may cover costs such as salaries, benefits, overtime expenses, administration, and transportation costs. See 6 U.S.C. § 301.

number of terminals for which they are responsible.²² For example, CBP officials representing one seaport told us that they do not have enough staff to conduct time-intensive examinations, such as physical searches, of shipments that may include non-containerized cargo. In addition, CBP officials representing two of the 11 seaports we reviewed stated that they would benefit from having additional non-intrusive imaging equipment or new technology to operate radiation portal monitors to help expedite maritime cargo examination processes. However, officials at one of those seaports said their seaport may be a lower priority for receiving this non-intrusive imaging equipment from CBP given other seaports' operational needs.

Inspection Procedures for Certain Non-Containerized Cargo May Not Fully Address Its Risks

Inspection approaches at the seaports we reviewed may not fully address the risks related to the physical attributes of one type of non-containerized cargo—crated break bulk cargo. Specifically, CBP's July 2021 *Cargo Processing Guidelines*—Maritime state that break bulk cargo shipments have grown in size to where some pieces (i.e. crated cargo) are the same size and shape as shipping containers. In addition, the guidelines state that these shipments pose increasing levels of risk if seaports do not subject them to the same level of inspections as containerized cargo.²³

According to the July 2021 guidelines and CBP officials, crated break bulk cargo is of particular concern because it offers the same level of concealment for contraband or other restricted items as a standard shipping container. Further, crated cargo may present additional barriers to examination because it is more difficult to open in comparison to a standard container that has sealed doors that CBP can open and reseal. Also, its irregular size, shape, and configuration may render certain

²²CBP uses a Workload Staffing Model to inform staffing decisions at ports of entry, including at seaports. CBP reported that, from fiscal year 2019 to fiscal year 2020, the model showed an estimated need for an additional 2,390 CBP officers within OFO, in order to maintain current processes and procedures; to meet the standards set by statute, regulation, and CBP policies; and to support anticipated growth in travel and trade volumes. See Department of Homeland Security, *Fiscal Year 2019 Report to Congress: Staffing Methodology at Ports of Entry*, (Washington, D.C.: October 8, 2019).

²³Federal law requires, at minimum, radiation scanning for all containerized cargo entering the United States through the 22 ports through which the greatest volume of containers enter the United States by vessel. 6 U.S.C. § 921. CBP policy provides that all containerized cargo must be scanned for radiation, which officers use to identify and mitigate radiological and nuclear threats. In addition, CBP is required by statute to subject containers identified as high-risk to non-intrusive (X-ray/gamma ray) imaging or physical examinations, which officers use to identify concealed contraband. 6 U.S.C. § 982.

inspection techniques ineffective.²⁴ In addition, the guidelines state that crated cargo carries a high-risk for wood boring pests, if the crates are wooden. Figure 5 provides an example of crated cargo's size and scale.

Figure 5: Examples of Crated Break Bulk Cargo



Source: U.S. Customs and Border Protection. | GAO-22-104210

Although CBP has identified that crated cargo presents increasing levels of risk based on its attributes, CBP policies and guidance provide CBP personnel at seaports with the same minimum inspection requirements for crated cargo inspections as they do for other non-containerized cargo. As previously discussed, CBP inspection policies and guidance require that CBP personnel at seaports review high-risk non-containerized cargo shipment information and, at minimum, conduct visual examinations of non-containerized cargo shipments identified as high-risk through the screening and risk assessment process.²⁵

At the seaports we reviewed, CBP personnel applied a range of approaches to crated cargo inspections with personnel at some seaports subjecting these shipments to the minimum inspection requirements for

²⁴We excluded the specific inspection techniques due to the sensitive nature of the information.

²⁵As provided in guidance, CBP seaport personnel may conduct additional types of examinations, such as radiation scanning and X-ray imaging, on non-containerized shipments, at their discretion.

non-containerized cargo and others taking additional actions that may address its risks. In particular, of the nine seaports we reviewed that processed crated cargo, CBP's inspection procedures at four followed the minimum inspection requirements to examine shipments flagged as high-risk and provided no additional practices or procedures to examine other crated cargo shipments. At another four of the nine seaports, CBP personnel implemented additional examination practices above the minimum examination requirements. CBP personnel had additional policies and procedures at the remaining seaport to specifically target crated cargo shipments for mandatory examinations. These approaches are summarized below.

Seaports following minimum examination requirements. At four of the seaports we reviewed, CBP procedures follow CBP's minimum inspection requirements for non-containerized cargo. CBP officials representing these seaports stated that officers conduct examinations of crated cargo that targeting officers flagged for an examination during the risk assessment process. At one of these four seaports, CBP officials said they encourage officers to conduct physical examinations of crated cargo shipments, but their procedures do not require it. Officials from the other three seaports said they did not regularly subject other crated cargo shipments to examinations. In addition, officials representing all four seaports said they typically conduct radiation scanning of crated cargo shipments when they identify a related risk.

Seaports with additional examination practices. CBP officials at four seaports we reviewed stated that they examine crated cargo shipments flagged as high-risk, and, similar to how they process containerized cargo, conduct radiation detection examinations of all crated cargo shipments entering their ports. Officials representing three of these seaports said they conduct additional X-ray examinations with non-intrusive imaging technology on selected crated cargo when feasible.

Seaport with mandatory examinations. CBP officials representing one seaport we reviewed follow a documented policy and procedures that require mandatory examinations of all crated cargo shipments. In particular, the CBP field office that oversees this seaport established an inspection policy in May 2020 specific to targeting and examination procedures for crated cargo.

According to the field office policy, shipments of large crated cargo fall outside of the traditional definition of break bulk cargo and are a security risk. Specifically, according to CBP officials from this field office, crated cargo poses similar risks as containerized cargo in the maritime environment and necessitates additional resources during inspection. The policy further states that crated cargo presents security risks that challenge CBP's ability to safely, efficiently, and effectively inspect this type of cargo due to its arrival at seaports that lack the proper facilities, tools, and technology to sufficiently inspect it.

To address these security risks, the CBP field office procedures require that all large crated maritime cargo shipments receive an advance case-by-case review and approval by CBP seaport officials to enter, receive inspection services, and unload the cargo at a seaport within its area of responsibility. This review process requires that importers or shipping agents provide CBP seaport officials additional information, such as photographs and invoices for crated cargo in advance of shipments leaving foreign ports.

Once approved for entry, the field office procedures further require that all crated shipments undergo radiation scanning upon arrival using large-scale radiation detection technology. These procedures also require shipping or vessel companies to cover CBP's expenses associated with examining the cargo shipment because the field office considers crated cargo inspections as a new or expanded service for this area of responsibility.²⁶ In addition to the field office procedures, CBP officials at this seaport implemented procedures that further require mandatory physical examinations of all crated cargo shipments.²⁷

In its July 2021 guidelines, CBP stated that crated cargo presents increasing levels of risk due to its level of concealment and includes

²⁶Under CBP's Reimbursable Services Program, CBP can provide new or additional services upon the request of partners, and may cover costs such as salaries, benefits, overtime expenses, administration, and transportation costs.

²⁷CBP officials from this seaport stated that they did not have large-scale non-intrusive imaging equipment readily available for inspections at the seaport and therefore resorted to physical examinations to mitigate crated cargo risks. CBP procedures at this seaport require officers to physically examine a portion, ranging from 25 to 100 percent, of each crated cargo shipment that enters the seaport based on the results of a risk assessment.

additional challenges for examination, but did not identify any additional inspection actions to ensure that CBP personnel across seaports are addressing these risks. CBP headquarters officials stated that seaports have to meet the established minimum inspection requirements for non-containerized cargo, which are to target and examine crated cargo shipments identified as high-risk. These officials further stated that CBP expects CBP port directors at seaports to assess their local environment for risks, including crated cargo risks, and determine the best allocation of inspection resources toward accomplishing CBP's security and trade facilitation missions.

However, because CBP guidance does not identify specific actions above the minimum inspection requirements, CBP's procedures for inspecting crated cargo at some seaports may not include actions that address the risks related to its physical attributes. For instance, at the seaports that do not have additional procedures above the minimum inspection requirements for crated cargo, CBP personnel may potentially release crated cargo shipments not flagged as high-risk into commerce without targeting the shipment or conducting any type of examination that can detect concealed contraband or other restricted items, such as a physical search or radiation scanning.

Moreover, by relying on seaports to exercise discretion without specific guidance, CBP may be allowing CBP personnel at seaports and field offices to impose crated cargo inspection procedures that could adversely affect the facilitation of trade and business in particular regions or locations. For example, officials representing two maritime stakeholders in the region with the documented crated cargo policy stated that, in their experience, the requirements for advance approval of inspection services for crated cargo are time-intensive. They said that these requirements and the added examination costs have the potential to divert trade away from the region as cargo carriers and importers seek to avoid them by shipping to seaports located in areas with less stringent requirements.

Standards for Internal Control in the Federal Government provides that management should design control activities, such as CBP's inspection procedures for non-containerized cargo, to achieve objectives and respond to risks and further, should implement these control activities through policies.²⁸ In addition, CBP's directive that establishes CBP field

²⁸[GAO-14-704G](#).

office and ports of entry roles and responsibilities provides that port directors are responsible for implementing and executing national policy in a uniform manner.²⁹ By identifying additional actions to address crated cargo risks and updating its national maritime cargo processing guidance to reflect them, CBP could better address the risks that crated cargo poses in the maritime environment and assure that CBP personnel at seaports are more uniformly deterring bad actors intent on exploiting weaknesses in CBP's inspection processes while facilitating fair and legitimate trade.

Conclusions

CBP cargo inspections at seaports serve as the final check prior to about \$1.5 trillion in maritime cargo shipments entering U.S. commerce. With this responsibility, CBP faces challenges in addressing the ever-evolving threats and risks to the supply chain, such as identifying and stopping individuals from using maritime cargo to smuggle narcotics, stowaways, and other contraband into the United States.

In its July 2021 *Cargo Processing Guidelines—Maritime*, CBP identified some crated non-containerized cargo as presenting increasing levels of risk in the maritime environment. These risks are due to its level of concealment, which is similar to that of a traditional shipping container, as well as additional barriers to examination. However, CBP's guidance does not identify additional actions or appropriate measures for CBP officers at seaports to implement in order to address these risks. Rather, CBP policy allows seaport personnel to exercise discretion in further inspecting these shipments above the established minimum requirements for all non-containerized cargo.

While CBP procedures at the seaports we reviewed follow the minimum requirements established in CBP's guidance, some seaports took approaches to crated cargo inspections that may not regularly address the risks posed by this type of non-containerized cargo or, in one instance, may be adversely affecting the facilitation of trade and business. CBP could better address the risks crated cargo presents in the maritime environment by providing CBP officials at seaports with clear direction in identifying additional actions intended to mitigate crated cargo risks. Further, updating national maritime cargo processing guidance to reflect

²⁹DHS, *U.S. Customs and Border Protection Field Offices and Ports of Entry*, CBP Directive 2130-006A (November 26, 2010).

those actions could help CBP personnel across seaports to more uniformly address the risks.

Recommendations for Executive Action

We are making the following two recommendations to CBP.

1. The Commissioner of CBP should identify additional actions that CBP personnel at seaports should take to address the risks of crated break bulk cargo. (Recommendation 1)
 2. The Commissioner of CBP should update national maritime cargo processing guidance to reflect the identified actions that CBP personnel at seaports should take to address crated cargo risks. (Recommendation 2)
-

Agency Comments

We provided a draft of this report to DHS for review and comment. In its comments, reproduced in appendix I, DHS agreed with our two recommendations. DHS stated that CBP plans to address our recommendations by (1) enhancing existing risk mitigation strategies for crated break bulk cargo to include identifying additional recommended measures, such as the use of canine resources and non-intrusive inspection technology to detect radiation, among others; and (2) updating its national maritime guidance to reflect the procedural enhancements. DHS also provided technical comments, which we incorporated as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees and the Secretary of the Department of Homeland Security. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>. If you or your staff members have any questions about this report, please contact Heather MacLeod at (202) 512-8777 or macleodh@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made significant contributions to this report are listed in appendix II.



Heather MacLeod
Acting Director, Homeland Security and Justice

Appendix I: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

June 7, 2022

Heather MacLeod
Director, Homeland Security and Justice
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management Response to Draft Report GAO-22-104210, “MARITIME CARGO SECURITY: CBP Should Provide Additional Guidance for Certain Non-Containerized Cargo Inspections”

Dear Ms. MacLeod:

Thank you for the opportunity to comment on this draft report. The U.S. Department of Homeland Security (DHS or the Department) appreciates the U.S. Government Accountability Office’s (GAO) work in planning and conducting its review and issuing this report.

Department leadership is pleased to note GAO recognition of U.S. Customs and Border Protection’s (CBP) responsibility for, among other things, administering maritime cargo security programs and reducing the vulnerabilities associated with the global supply chain. CBP’s mission of protecting the American people, safeguarding our borders, and enhancing the nation’s economic prosperity by facilitating lawful trade and travel is not only a critical component of national security, but is also a significant driving force of ensuring safety, prosperity, and economic security for the American people.

It is also important to note that although the COVID-19 pandemic adversely affected global trade, CBP has already returned to and exceeded pre-pandemic levels in both volume and value in the number of entries processed and duties collected. For example, CBP processed 36.9 million entries valued at more than \$2.8 trillion during fiscal year (FY) 2021 and collected approximately \$85.5 billion in duties, a 14.9 percent increase over FY 2020. Overall, CBP collected approximately \$93.8 billion in duties, taxes, and other fees on behalf of the U.S. government in FY 2021, representing a 133 percent increase over a five year timespan.

Appendix I: Comments from the Department of Homeland Security

DHS remains committed to administering maritime cargo security programs and reducing the vulnerabilities associated with the global supply chain, through balancing CBP's maritime security activities with its responsibility to facilitate and enable fair, competitive, and lawful trade by not unduly disrupting commerce arriving in the United States.

The draft report contained two recommendations for CBP with which the Department concurs. Enclosed, please find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, sensitivity, and other issues under a separate cover for GAO's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

JIM H CRUMPACKER  Digitally signed by JIM H
CRUMPACKER
Date: 2022.06.07 13:35:21 -04'00'

JIM H. CRUMPACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Enclosure

**Enclosure: Management Response to Recommendations
Contained in GAO-22-104210**

GAO recommended that the Commissioner of CBP:

Recommendation 1: Identify additional actions that CBP personnel at seaports should take to address the risks of crated break bulk cargo.

Response: Concur. CBP's Office of Field Operations (OFO) will enhance existing risk mitigation strategies to include additional recommended measures, such as the use of canine resources and non-intrusive inspection technology for radiation detection, and other non-intrusive imaging technology, such as backscatter imagery. CBP will also initiate radiation screening measures prior to exit from the terminal, as appropriate, for crated break bulk cargo deemed to be high risk for national security purposes. Estimated Completion Date (ECD): November 30, 2022.

Recommendation 2: Update national maritime cargo processing guidance to reflect the identified actions that CBP personnel at seaports should take to address crated cargo risks.

Response: Concur. CBP OFO will update its national guidance, "Cargo Processing Guidelines – Maritime," dated July 2021, to reflect procedural enhancements. Updating the guidance will provide OFO field personnel with the information necessary to use the full range of inspection tools and techniques available to them, and will further maximize CBP's effectiveness in balancing security with facilitation. ECD: November 30, 2022.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact	Heather MacLeod, (202) 512-8777 or MacLeodH@gao.gov
Staff Acknowledgments	In addition to the contact named above, Hugh Paquette (Assistant Director), Jamarla Edwards (Analyst-in-Charge), Dominick Dale, Elizabeth Dretsch, Eric Hauswirth, David Hooper, Muhammad Kara, Tracey King, Jeffrey Love, Lucas Smith, and Seyda Wentworth made key contributions to this report.

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