



DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE

PORT OF CHICAGO PIPELINE

NO. 96-17

April 23, 1996

TO : Customhouse Brokers, Importers and Others Concerned

SUBJECT: Compliance Measurement Examinations

The Compliance Measurement (CM) program came into existence because of Congressional criticism leveled at the Customs Service due to its inability to provide an accurate measurement of commercial compliance and to accumulate accurate information on importations not focused solely upon past discrepant findings. The recently passed legislation, "Customs Modernization and Informed Compliance Act" (Mod Act), directs Customs to implement a commercial compliance program and issue periodic compliance reports to Congress.

In order to comply with Congressional mandates, Customs embarked on redesigning the Cargo and Entry Summary Selectivity Systems to incorporate an objective selection process to effectively measure commercial compliance. A key component of the selection process is "stratified sampling." Stratified sampling is a statistically valid random selection of cargo "lines" from entries submitted nationwide. The harmonized tariff schedule (HTS) is the basis for "stratified sampling." This means that CM exams are performed on the imported articles associated with the targeted "line(s)" only. Therefore, the entry documents need to clearly identify which items are associated with each line. Also, brokers and importers who transmit the same tariff number on multiple lines must be able to designate what freight belongs to what line item.

To maintain statistical validity, all CM exams are conducted pursuant to Service HQ guidelines. Before an exam can be performed, the Selectivity inspector must first be able to identify what, where and how much freight is associated with the targeted line item. This can only be accomplished by reviewing a packing list and container load sheet, in the case of multiple containers. Customs Regulation 141.86 requires a packing list that adequately details what merchandise is contained in each individual package with each entry. Entries without an adequate invoice and packing list will be rejected resulting in a delay in the exam and clearance of the shipment.

Questions regarding this pipeline may be directed to Supervisory Inspector Mary McCarthy at (847) 616-4086.

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