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# **Impact of Federal Government Shutdown on Agency Operations**

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# Today's Agenda



- Overview of Government Shutdown
- Agency Furloughs as of October 1<sup>st</sup>
- Reported Effects on Imports into the US
- Reported Effects of Exports from the US
- Breakdown of Agencies' Operational Status
- US Antideficiency Act

- Shutdown: October 1, 2013
- First time in 17 years (1996)
- Essential vs. Non-Essential Employees
- Concessions Made for DHS and Military Personnel



# Employees Furloughed as of Oct. 1

Agency	Total Employees	Furloughed
Department of Homeland Security	231,117	31,295
- US Customs & Border Protection	58,000	6,000
USDA Food Safety & Inspection Service	9,633	1,218
Environmental Protection Agency	16,204	15,232
Commerce Department	46,420	40,234
Treasury Department	1,976	997
Consumer Product & Safety Commission	540	518
Internal Revenue Service	94,516	85,764

# Impacts on Imports into the US

- Greatest impact felt by importers of products subject to:
  - EPA
  - FDA
  - USDA
  - F&W
- Examples:
  - Pesticide imports delayed because of EPA shutdown
  - Food and pharmaceuticals (FDA, USDA)
  - Medical devices (FDA)
- Impact:
  - Delays in import clearance
  - Cargo backing up
  - Accrual of demurrage and storage costs by shippers
- Despite shutdown, National Retail Federal report on imports is optimistic

# Impacts on Exports from the US

- Inability of exporters to obtain export licenses
  - Certain computers and high-tech products
  - Defense articles
- BIS License Exception AGR approvals not being processed
- OFAC Specific Licenses, Trade Sanctions Reform Act licenses, etc. not being processed
- Pending license applications on hold
- USDA not issuing Veterinary Certificates or other Declarations required by some foreign countries import US goods



# US Trade Representative (USTR)

The shutdown will prevent the USTR from participating in the 2<sup>nd</sup> round of the Transatlantic Trade and Investment Partnership (TTP) in Belgium next week.





# Bureau of Industry and Security (BIS)

- Administers and enforces the Export Administration Regulations
- Controls exports/reexports of commercial goods and certain munitions
- Exports/reexports of 99% of all goods exported from the US
- Shutdown's impact on the BIS:
  - No longer accepting export license applications, classification requests, encryption reviews, encryption registrations, or advisory opinion requests.
  - Online SNAP-R licensing system not available
  - Pending license applications and requests are being held without action
  - Companies may request (via email) emergency processing of license applications for national security reasons



# US International Trade Commission (USITC)

- USITC publishes the HTSUS and provides free online version
- USITC website (including HTSUS) is offline
- CUSTOMS Info Global Data Mining company is offering a free PDF copy of the current USHTS via its website to the public.



# US Customs & Border Protection (CBP)

- CBP's mission is considered "essential"
- Only furloughed ~6,000 of total employees
- Offices/Functions Open & Functional:
  - Centers for Excellence and Expertise (CEEs)
  - Frontline and Agricultural officers
  - Import Specialists, Entry Specialists, Cargo Security, Border Security, Drawback Centers and FP&F
  - C-TPAT validations will not be processed
  - Port hours of operation remain the same
- CBP website not being maintained
- Technicians and program managers are furloughed (delays in bonds, licensing, in-bond desk, and processing FDA refusals)



# Food & Drug Agency (FDA)

- Import operations = excepted activity (698 excepted personnel)
- 578 workers are inspecting regulated products, reviewing imports for entry, recall operations, emergency response, making admissibility/detention decisions
- 120 workers focusing on event reporting, surveillance, product incidents
- Will not be accepting facility registrations
- Unable to add companies to Import Alerts
- Website provides general info about medical product activities only



# USDA - FSIS

- FSIS Inspections Continue (Meat, Poultry, Egg Products), more than 1,200 other FSIS employees furloughed
- APHIS' management, administrative and oversight employees have been furloughed
- No APHIS inspections for outbound shipments
- USDA website is down
- Mail not being received
- Notifications or permits for imports not being reviewed or authorized
- USDA Veterinary Certificates and Additional Declarations are not being issued for exports



# Environmental Protection Agency

- EPA website not being maintained
- EPA Regions 4, 5, 7, and 8 are not approving Notices of Arrival for pesticides and FIFRA-regulated processes.
- Reduced lab staff and emergency responders





- All activities suspended.
- However, *AES* and *AESDirect* will remain operational.





# Internal Revenue Service (IRS)

- 85,764 of the total 94,516 employees have been furloughed
- Not operational:
  - All audit functions
  - Examinations of returns
  - Processing of non-electronic tax returns
  - Non-automated collections
  - Legal counsel
  - Responding to taxpayers' questions (call sites)
  - Information systems functions (except to prevent data loss)
  - Planning, research, training activities



# Antideficiency Act

- Passed in 1870
- Prohibits government from incurring any monetary obligation for which Congress has not appropriated funds
- Violations may lead to-
  - Disciplinary action
  - Suspension
  - Fines, imprisonment or both
- Exemptions: Emergencies involving safety of human life and protection of property
  - Postal Service
  - Social Security Checks
  - Federal Prisons and Courts Open
  - Military and CIA





*Thank You*

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