

Vital Briefing—Tariff Insights

U.S. to build AI tariff surveillance tools

By Thomas Thompson

The Trump administration initiated steps this summer to enforce its high tariff policy by developing and deploying AI technology to gather detailed information about the supply chains that provide imported goods to the U.S. market. The “Detective Border” will integrate shipment data, routing histories, product classifications, ownership relationships, production-capacity indicators, anomaly detection, computer vision, and other analytical methods.

On Tuesday, September 1, Customs and Border Protection (CBP) published an [advance notice of proposed rulemaking](#) in the *Federal Register*. Seeking stakeholder input on the “full breadth” of foreign export documentation, CBP asks 64 questions across four specific topics.

The agency states, “With these proposals, CBP seeks to more effectively detect and interdict illicit importations, especially those that are illegally transshipped to evade compliance with U.S. customs and trade laws.” Comments are invited until December 1.

Customs enforcement. CBP’s notice follows a June 3 [executive order](#), *Strengthening Customs Enforcement*. With the total value of customs collections rising sharply since January 2025, the significance of tariff collections to the U.S. federal budget has increased.

The nonpartisan Tax Policy Center estimates the U.S. will collect about \$177

billion in tariffs this year and \$1.7 trillion over the 10-year budget horizon if current tariff policies remain in place.

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The administration set up the Justice Department and DHS joint Trade Fraud Task Force in August 2025 to buttress tariff enforcement. Announcing a record \$1 billion in civil and criminal recoveries, DOJ [said](#) in a July 14 press release, “This

milestone reflects a fundamental shift in the federal government’s approach to customs and trade enforcement, emphasizing rigorous criminal prosecution and civil enforcement under the False Claims Act (FCA).”

Transshipment. On August 13, 2026, the White House published *The Great Transshipment Scam*, [accusing](#) more than 60 countries of being associated with “elevated illegal transshipment risk” as products are routed from high-tariffed China to low-tariffed third countries before being exported to the U.S. The report does not make specific allegations nor provide evidence of transshipment abuses.

The report was prepared by the White House Office of Trade and Manufacturing Policy, headed by senior Trump counselor Peter Navarro.

The report presents five public and private-sector estimates of potential transshipment or related trade-transfer exposure whose value could range between \$40 billion and \$303 billion per year. The trade office estimates \$26 billion in tariffs are lost to illegal transshipment.

“China began using these third countries for minor processing, relabeling, repackaging, re invoicing, or routing changes that created the appearance of a new national origin while leaving the underlying Chinese content largely intact,” the report alleges. The practice creates “a profit pool,” and “a global business model.”

The report identifies the “Shadow Transshipment Network” which includes economies like Canada, Japan and the E.U. at the top tier and small countries like Argentina, Laos and Switzerland in the bottom third tier.

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AI Detective Border. The transshipment report calls for CBP to expand its use of AI tools and machine learning. “The U.S. needs a system capable of ingesting and analyzing global trade data with lightning speed, identifying anomalous routing patterns, validating production capacity, and directing enforcement toward the highest-probability offenders,” according to the White House report.

It further states, “The objective is clear: every bill of lading, shipping manifest, and certificate of origin should pass through an AI-driven net that never sleeps, never tires, and never forgets.”

“Under Trump leadership, CBP’s emerging AI architecture is fusing anomaly detection, link analysis, capacity validation, and mirrored-flow verification into a single predictive platform—the foundation of what can now be called America’s Detective Border.”

The report does not discuss the activities of the Trade Fraud Task Force.

“Ugly Sisters.” To illustrate the transshipment network, the report pairs what it calls individual “Ugly Sister Cities,” foreign industrial regional hubs, to U.S. manufacturing corridors with similar manufacturing bases. It speculates the ugly sisters thrive at the cost of the corresponding U.S. locales.

For example, the report notes that Ho Chi Minh City’s growing specialization in “circuit protection and switching

apparatus” production aligns with similar decline in production in the Chicago-Milwaukee region. The pairing was created simply “by matching high-volume illegal transshipment-risk HTS [harmonized tariff schedule] product lines to the corresponding U.S. industrial base.”

Asked about the transshipment report at a news conference, the Vietnamese Foreign Ministry spokesperson Pham Thu Hang addressed the negative inferences, [saying](#), “We will continue to engage in dialogue regarding the U.S. concern in a constructive manner and consistent with the Vietnam-U.S. Comprehensive Strategic Partnership.” Vietnam is often pointed to as a likely hub in transshipped exports.

The White House report says India’s Pune-Gujarat-Chennai region operates the same way for pumps and compressors relative to Cincinnati as in the Ho Chi Minh City-Chicago example. In remarks to reporters, Navarro [said](#), “A Chinese pump that leaves Pune as Indian is a pump not machined in Cincinnati, Dayton or Columbus.”

The Indian press reacted to the transshipment report and Navarro’s comments. Critical reports appeared in Indian news outlets leading Navarro to complain to reporters at the White House, “I actually got firebombed by the Indian continent on the internet with all sorts of nasty little attacks.”

“That’s not how we resolve problems here in America,” he added.