

**ADVISORY COMMITTEE ON CUSTOMS COMMERCIAL OPERATIONS OF
CUSTOMS AND BORDER PROTECTION (COAC)**

Government Report on: COAC Broker Regulations Working Group

April 2016

EXECUTIVE SUMMARY

- The COAC Broker Regulations Working Group has recommended to COAC more than 30 actions CBP should consider as CBP develops the regulatory proposal to modernize 19 CFR 111, the Broker Regulations.
- The recommendations are the result of extensive effort on behalf representatives of the trade industry including brokers, express couriers, importers, and CBP.
- CBP will review and consider the COAC recommendations prior to publishing a Notice of Proposed Rulemaking to update the Broker Regulations.

BACKGROUND:

- On January 13, 2016, the COAC Trade Modernization Subcommittee announced a new working group called the Broker Regulations Working Group.
- These recommendations are necessary to align the regulations with three significant circumstances: the 21st century's virtual operating environment, CBP's new structure under the Centers of Excellence and Expertise, and the new Automated Commercial Enterprise (ACE) capabilities.
- The entire working group met in-person twice for two full-days each and each of the four teams met at least once per week. All told, the working group members invested at least 1300 hours in less than 90 days.
- In October 2015, following extensive discussion with NCBFAA, CBP and NCBFAA agreed to convene a workgroup to include representation of all stakeholders impacted by changes to 19 CFR 111. This group built upon the strides made within the Role of the Broker initiative to provide recommendations to COAC on the best approach to modernize 19 CFR 111.
- Since 2011 and prior to 2016, CBP led 10 webinars reaching at least 400 participants each in 2012, 32 roundtables in 2012; and 7 collaborative meetings with NCBFAA in 2015 to identify and reach consensus on necessary regulatory changes to 19 CFR 111..

CURRENT STATUS

- COAC recently convened the Broker Regulations Working Group to provide recommendations to CBP for the modernization of 19 CFR 111, the regulations that govern customs brokers.
- The working group was comprised of 30 representatives from the stakeholder community, including the National Customs Broker and Forwarders Association of America (NCBFAA), express couriers, importers, sureties, and CBP representatives.
- The group invested over 1300 hours in less than 90 days to draft over 50 recommendations that will update the regulations in ways that will enable brokers to work more efficiently.
- COAC is in the process of reviewing and finalizing these recommendations.
- Some themes that will ultimately benefit the broker community:

EXTERNAL

- A renewed focus on Responsible Supervision and Control that takes into account the challenges and parameters that brokers will need to have in place to successfully manage a virtual work force;
- Strengthening the relationship between brokers and importers by recommending that brokers obtain powers of attorney directly from importers; and
- Flexibility regarding the disclosure of confidential customs information to third parties as dictated by the agreement that importers make with brokers.

NEXT STEPS

- The recommendations will be presented at the April COAC meeting and COAC will publish the final COAC-approved recommendations in May.
- CBP will review and consider the COAC recommendations prior to publishing a Notice of Proposed Rulemaking to update the Broker Regulations.