

ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF CUSTOMS AND BORDER PROTECTION

Global Supply Chain Subcommittee Executive Summary – Trade Progress Report July 2016

I. Background

The Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) determined to carry on the work from the 14th Term COAC Global Supply Chain Subcommittee.

Mission Statement:

Advance priorities that promote trade facilitation, global customs modernization and global supply chain security, to enhance the competitiveness of our American businesses.

Trade Co-Chairs: Adam W. Salerno, Brandon Fried, Alexandra Latham (TT Subcommittee), Mike Young (TT Subcommittee)

Government Co-Chairs: Liz Schmelzinger, Jim Swanson

Members: David Berry, Liz Merritt, Mike White, Kevin Pinel, Lisa Gelsomino, Vincent Iacopella, Lenny Feldman, Carlos Ochoa, Nikki Thomas, Valarie Newhart, Michael Schreffler, Maria Luisa Boyce and Steven Graham.

II. Summary of Work

Customs-Trade Partnership Against Terrorism (CTPAT) Minimum Security Criteria (MSC)

At the April 27, 2016 meeting the Commercial Operations Advisory Committee (COAC), was approached by CBP to review the current C-TPAT Minimum Security Criteria. The current criteria have only received incremental improvements since the inception of the C-TPAT initiative.

Six teams were formed comprising of members of the industry, CBP professionals and COAC representatives to review improvements to the current MSC within C-TPAT.

The teams were formed under the following sectors:

- Agricultural Security and Personnel Issues
- Cyber Security Issues
- Non-IT Security Technology
- High Security Seals / Highway Carrier Issues
- Prevention of Money Laundering and Terrorism Funding / Risk Assessment
- Security Management and Administration

Our goal is not to apply overly prescriptive requirements for companies, but rather focus on performance based goals, that allow for industry to develop their own path that best suits their industry and is scalable for companies of all sizes, while maintaining the requirements for CBP on effective risk assessment / management. Furthermore, we commend the outreach to industry that has been done thus far, and encourage this level of engagement to continue and expand.

Since the last quarterly COAC meeting we have participated in a number of teleconference meetings of the first three working groups, as well as a two day face to face meeting to review the workgroup recommendations and share the proposed additions to the MSC. Once all of this work is complete, the COAC will bring forward recommendations on the overall process, promoting further outreach to industry and provide a pathway for the installation of the enhanced MSC. The four co-chairs in this effort will continue to work towards this goal.

Cross Border Pipelines

As the result of the continuing cooperation between CBP and industry experts, we are pleased to announce the successful launch of the In-transit Pipeline Pilot Project, effective May 1, 2016. The initial focus of the pilot project was to establish procedures which will allow the reentry of crude that moved in-transit through Canada back into the US, without formal entry. The group continues to work towards a similar understanding of the movement of natural gas with the expectation of the recognition of in-transit movements of natural gas under the Pilot Project. To this end, industry has provided CBP with comprehensive examples of common reporting documentation for natural gas movements which is intended to provide CBP with assurance that current documentation is comprehensive and can fully support the in-transit nature of such movements.

The open sharing of industry information by industry experts has provided CBP with a continuing and growing understanding of this unique industry. We fully expect this level of cooperation will lead this group towards its objective of identifying and satisfying the regulatory needs for pipeline movements. These include:

- Establishing appropriate bond requirements;
- Waiving manifest requirements for pipeline movements;
- Uniform entry/entry summary procedures for importers of record; and
- Standardization of reporting requirements for pipeline carriers.

Air Cargo Advanced Screening

The committee continues to commend the duration and extensive analysis and breadth of the Air Cargo Advanced Screening (ACAS) voluntary pilot program. We further acknowledge CBP's efforts in international forums to obtain operationally feasible international standards adopted for pre-departure data submission and risk assessment in both the customs and security environments.

The committee continues to anticipate issuance of the Notice of Proposed Rulemaking (NPRM) and expects that will help clarify what further issues remain to be discussed and resolved prior to mandatory implementation. We trust and expect the NPRM to provide sufficient time to

implement a change of this size, with a period of informed compliance similar to what was provided for the Importer Security Filing for maritime customs transactions.

If CBP envisions that the planned regulatory regime will require any changes to how the pilot functions today, we expect that these will be introduced into the pilot environment as quickly as possible to allow testing and necessary changes.

Finally, since the forwarder community is envisioned to play such a vital role in this initiative, a large group of forwarders should be engaged in the pilot and CBP should continue making all efforts possible to recruit more volunteers from this group in this endeavor.