

Commercial Customs Operations Advisory Committee (COAC) Trade Modernization Subcommittee – Executive Summary

August 4, 2017

The logo for the Commercial Customs Operations Advisory Committee (COAC). It features the letters 'COAC' in a bold, serif font. The 'C' and 'A' are blue, while the 'O' and the second 'C' are red. Below the letters are two horizontal lines, one red and one blue.

**COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE**

CUSTOMS COMMERCIAL OPERATIONS ADVISORY COMMITTEE

Trade Modernization Subcommittee Executive Summary – Trade Progress Report August 2017

Background

The Trade Modernization Subcommittee (Subcommittee) of the 14th COAC now has conducted the following work:

- completed the work of the Centers of Excellence & Expertise, Broker Regulations, Revenue Modernization, and Rulings and Decisions working groups, awaiting further input from CBP on the submitted recommendations and
- presenting recommendations from the International Engagement & Trade Facilitation and E-Commerce working groups during the August 2017 COAC meeting.

The Subcommittee continues to forge a public/private partnership designed to develop a strategic vision to enhance predictability, transparency and efficiency that is relevant in today's progressive trade environment and strengthens U.S. businesses as well as our economy.

Chairpeople

John Leonard	Executive Director, Trade Policy and Programs, Office of Trade, CBP
Cindy Allen	VP Regulatory Affairs and Compliance, FedEx Trade Networks
Lenny Feldman	Senior Member, Sandler, Travis & Rosenberg, P.A.

Working Group Updates

1. Centers of Excellence & Expertise Uniformity

The Centers of Excellence & Expertise Uniformity working group recommendations were submitted in the April 2016 COAC Public Meeting. We continue to appreciate updates on these recommendations from CBP, recognizing the CEE's continued successful evolution.

2. 2016 Broker Regulations

The 2016 Broker Regulations working group recommendations were submitted in the April 2016 COAC Public Meeting. Although CBP has adopted revised customs broker exam regulations, we ask CBP to confirm when it may issue the other proposed regulatory changes relating to customs brokers, which have become increasingly essential in light of continued changes in automation and entry processing.

3. Revenue Modernization

The Revenue Modernization (Rev Mod) working group submitted its recommendations in the March 2017 COAC Public Meeting. We look forward to updates concerning the recommendations designed to consolidate, automate, and streamline fragmented and manual revenue collections processes, allowing CBP Officers to spend less time collecting payments and more time on mission operations, to include customer inter-facing and enforcement duties.

4. Rulings and Decisions Improvement

The Rulings and Decisions Improvement Working working group submitted its recommendations in the March 2017 COAC Public Meeting. We look forward to updates concerning the recommendations designed to enhance Regulations & Rulings' (R&R's) speed and visibility when issuing its rulings and decisions through additional resources, automation and process improvement.

5. International Engagement & Trade Facilitation

The International Engagement & Trade Facilitation Working Group submitted its initial recommendations regarding NAFTA renegotiations in the March 2017 COAC Public Meeting. During the August 2017 COAC Public Meeting we will submit the balance of our recommendations.

As the WTO Trade Facilitation Agreement (TFA) entered into force earlier this year, the working group considered practical strategic approaches and solutions/suggestions to encourage the adoption of best practices through CBP's engagement with foreign customs administrations, in conjunction with partner agencies or offices such as the USTR and USAID. The working group's recommendations are in accordance with the WTO TFA, the WCO Revised Kyoto Convention and the WCO SAFE Framework as well all other U.S. treaty obligations. Accordingly, the recommendations were designed to encourage customs administrations to implement and execute processes, procedures and policies that facilitate two way trade, which would benefit U.S. exports and businesses.

6. E-Commerce

The Scope of Work for the E-Commerce Working Group is attached. In pertinent part, the working group intends to examine the following issues:

- i.) *E-Commerce Definition, Policy & Process:* Mutually modify a working definition of what e-commerce is for CBP purposes.
- ii.) *Global E-Commerce Facilitation and Harmonization:* Develop policies and a strategy for articulating the interests of domestic industry for which CBP can advocate in international fora.

- iii.) *Government-wide Facilitation/Section 1321 Administrative Exemption:* Address opportunities and challenges related to the de-minimis value entry exemption increase to \$800 (19 U.S.C. 1321).
- iv.) *Education, Outreach & Training:* Determine how CBP can work with the private sector on bi-directional education and informed compliance to educate consumers, business of all sizes and the Government about import procedures and guidelines for cross-border trade pertaining to section 321.

At this point, stakeholders from the verticals (e.g., customs brokers, carriers, express couriers, importers, suppliers and e-commerce platforms) that the section 321 de minimis increase will heavily impact have had two (2) face to face meetings and numerous conference calls to develop recommendations to assist CBP in developing its section 321 strategy. During the August 2017 COAC Public Meeting we will submit initial recommendations pertaining to issues such as the: necessary CBP automated systems and processes to submit section 321 imports, data needed for such imports particularly in cases of PGA applicability, responsible parties for data accuracy and integrity, CBP and trade collaboration on section 321 policy and processes, and applicability of trusted trader benefits. The working group will continue to address section 321 and e-commerce issues and policy and expects to present additional recommendations at future COAC meetings.

Conclusion

We thank the numerous officials from CBP Headquarters and the field as well as members from the trade community representing all the links of the global supply chain and operating throughout the U.S. for the continued support of our numerous trade modernization initiatives. We are extremely pleased with the recommendations that the Trade has advanced for CBPs' consideration and eagerly anticipate further recommendations designed to enhance predictability, transparency and efficiency of cross-border trade that positively impact the U.S. economy.