



COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

Commercial Customs Operations Advisory Committee
Term to Date Recommendations

April 27, 2016

TRADE ENFORCEMENT AND REVENUE COLLECTION SUBCOMMITTEE

010001

1. COAC recommends that CBP utilize CSMS messaging to advise or inform the trade of emerging compliance risks that will initiate enforcement activity as well as changes in port operation. This includes port pipelines and notifications from Centers of Excellence and Expertise to be provided via CSMS message as the trade migrates to more centralized processes. In addition, CBP should also place all CSMS messages in a single searchable location, via CBP.gov.

010002

2. COAC recognizes that CBP's trade enforcement vision strives to focus on more substantial enforcement areas and not just taking a "parking ticket" approach for minor non-compliance (e.g., Option 1 or other liquidated damages claims of a few hundred dollars), especially non-repetitive and clerical errors involving both imports and exports. Similar to ISF and other new, phased-in enforcement or policy regimes, CBP should provide at least 30-days notice to the trade in order to allow ample time to comply. This policy further supports CBP resource allocation decisions for application to the more substantial, fraudulent and egregious violators.

010003

3. COAC recommends that CBP provide specific deadlines for issuing liquidated damage claims similar to ISF so claims do not pile up unnecessarily due to any potential delays in issuing them. Liquidated damages are meant to be punitive in nature and allow the violator time to correct and rectify any problems. If violators are held to paying or petitioning liquidated damage claims within 60 days of issuance, CBP should also have guidelines to issue claims on a timely basis (e.g. 60 days) to avoid unnecessary hardship on the trade.

010004

4. COAC recommends that CBP review and update its Mitigation guidelines, in light of technology advances, trusted trader programs, and inter-agency enforcement partnerships to provide a transparent and uniform application of CBP's mitigation policy. Particularly in cases of less egregious violations, CBP should enforce and mitigate on more of an account-based, as opposed to transactional approach. This also encompasses COAC's prior recommendation to review the FDA Redelivery Mitigation Guidelines. COAC recommends that TERC create a Working Group to assist CBP with addressing this recommendation within the next three to six months.

010005

5. COAC recommends that CBP utilize CSMS messaging and/or RSS feeds to more actively push out links to AD/CVD enforcement information, such as:
 - AD/CVD enforcement updates issued monthly or as available on CBP.gov.
 - The final disposition of 19 U.S.C. §1592(a) penalty cases for civil violations and Department of Justice criminal claims filed under the False Claims Act as reported on CBP.gov
 - Year-end enforcement statistics on AD/CVD that breaks down enforcement efforts by commodity, country, etc. on an annual fiscal year basis (see IPR Annual Seizure Report as an example).

010006

6. COAC recommends that CBP should also utilize CSMS messaging and/or RSS feeds to provide a web link to advise the trade of new AD/CVD Orders. This represents an important stage in the AD/CVD investigation when all entries are suspended for liquidation and cash deposits must be secured.

010007

7. COAC recommends that the Centers collaborate based on their industry expertise to conduct outreach via webinars so the trade can be fully informed of AD/CVD orders among the various Centers' industry sectors and to increase informed compliance for the trade.

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8. COAC recommends that CBP establish RSS feeds from the AD/CVD page of its website to allow the trade to receive real-time notifications of any updates made to the site.

010009

9. COAC recommends that CBP should provide an updated document to the trade that provides clear definition of what is meant by terminated vs. inactive AD/CVD cases as identified in the customs broker outreach that was conducted.

010010

10. In accordance with Section 432 of HR 644, COAC recommends that CBP consult with COAC to further assess its legal ability to provide a public summary of AD/CVD investigations under the Enforce and Protect Act of 2015 to balance the need for trade enforcement transparency and support informed compliance for the trade.

010011

11. COAC recommends that the AD/CVD Working Group conduct a final review of CBP's AD/CVD Web Page to ensure it hosts links to all other government websites where AD/CVD information can be found. The AD/CVD web page is already robust and this review should help complete this pending recommendation.

010012

12. COAC recommends that CBP conduct outreach via appropriate means so that the trade can be better informed of the e-allegations tool and how it facilitates and enhances CBP processes in identifying and enforcing IPR related issues, concerns, and allegations.

TRUSTED TRADER SUBCOMMITTEE

010013

COAC recommends CBP focus Trusted Trader strategic and tactical objectives on developing compelling benefits for voluntary participation in Trusted Trader Programs, and should outweigh the cost of participation. These benefits are essential for the advancement of Trusted Trader Programs and must be articulated in specific facilitation metrics. Benefits must be aligned with section 101 of HR 644 on Improving Partnership Programs.

TRADE MODERNIZATION SUBCOMMITTEE

Broker Regulations

Single Permit & Permit Process

010014

1. Replace “district permit” and “national permit” with “the permit” or “permit” to better reflect the transition to a single permit framework that operates at the national level within the customs territory of the United States. Part 111

010015

2. Implement COAC recommendation 15057 to require brokers to have a single permit that allows them to have sufficient authority to conduct customs business at the national level within the customs territory of the United States. §111.2

010016

3. Prepare for the transition to a single permit by asking CBP to identify brokers that currently do not have a National Permit and work with them to properly and effectively transition to a single permit that operates at a national level. §111.2

010017

4. Eliminate the process for brokers to receive permit waivers as they will not be required under a single permit operating at the national level. §111.19

010018

5. Require brokers to provide satisfactory evidence of how he/she/the entity intends to exercise responsible supervision and control (“RSC”) to obtain a permit which includes, but is not limited to, a plan outlining the use of the ten (10) factors, list of physical offices, name and title of the licensed broker qualifying the permit; the list of other licensed brokers providing supervision and a list of employees conducting customs business. §111.19

010019

6. Make enhancements to ACE for the broker to identify the name and primary point of contact associated with the broker’s permit. §111.19

Responsible Supervision & Control

010020

7. Update the 10 factors, as appropriate, under responsible supervision and control (“RSC”) to better align with brokers’ current business practices; specifically clarify language to:
 - a. Factor 4: CBP initiated reject rate resulting from entries or entry summaries expressed as a percentage of the broker's overall business for the various customs transactions.
 - b. Factor 5: The maintenance of current electronic or other media editions of CBP Regulations, the Harmonized Tariff Schedule of the United States, and CBP issuances
 - c. Factor 6: The availability of an adequate number of individually licensed brokers for necessary consultation with the broker’s employees engaged in customs business.
 - d. Factor 7: The frequency of supervisory contact (whether physical or virtual) of an individually licensed broker to another office that does not have a resident individually licensed broker.
 - e. Factor 8: The frequency of audits and reviews conducted under the supervision of an individually licensed broker of the customs transactions handled by employees of the broker and evidence of corrective action taken as a result of the audits and reviews.
 - f. Factor 9: The extent to which the individual who qualifies the permit is engaged in the customs business of the brokerage firm (removal of “district” and “national” permit language). §111.1

010021

8. Provide guidance concerning the ten (10) factors demonstrating responsible supervision and control. Specifically, CBP should set forth best practices in a policy document, preferably in the Broker Handbook, including examples of how a broker, among other things, should: properly train employees; issue appropriate written instructions, guidelines and internal controls; maintain an adequate ratio of employees to a licensed broker based on factors such as the volume, type, diversity of business and commodities a broker handles etc.; engage in supervisory contact; and audit and review operations, etc.

License Examination

010022

9. Pursue a Notice of Proposed Rule Making (NPRM) at once to enable CBP to administer an electronic exam format in calendar year 2017. In the long term, automate the exam, the process for notifying examinees of their exam results and the appeal process. §111.13

010023

10. Explore further enhancements to the broker exam such as automated access to resources like the Harmonized Tariff Schedule (HTS) and Explanatory Notes. §111.13

010024

11. Conduct the examination on the fourth Monday in April and fourth Monday in October to enhance applicant participation and CBP exam proctoring. In the long term, explore conducting a broker exam that can be taken ‘on-demand’ rather than conducted twice a year. §111.13

010025

12. Explore having the broker industry (e.g., NCBFAA) assist in developing broker exam questions in conjunction with CBP.

Recordkeeping, Record Retention & Confidentiality

010026

13. Duplicate records stored in non-customs territory of the United States must be available and retrievable by the broker upon request by CBP and parties as addressed in §111.24. §111.21

010027

14. Require brokers to provide CBP with the contact information of the individual who is the designated contact in §111.21(c) as well as how and by whom the records are stored. This information is to be provided with the application of a new permit and through the triennial process. §111.23

010028

15. Define “confidential business information” as including data, information or records that concern or relate to the production, sales, shipment, purchase, expenditures, payment, warehousing, inventory management or other information of commercial value or significance unless such information is otherwise available within the public domain. §111.1, 111.24

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16. In addition to the current exceptions for sureties and duly accredited CBP or other U.S. officers or agents, enable the broker to disclose confidential business information to third parties to facilitate the movement of merchandise, perform security screenings or reviews, for collection purposes, to address any claim or potential claim against him/herself from the importer, or otherwise to conduct business within the broker's scope of services consistent with its power of attorney. §111.24

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17. Consider any necessary revisions to 19 CFR §163 in accordance §111.21, §111.23 and §111.24 recommendations.

Employee & Status Reporting

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18. Streamline the employee reporting process through electronic submission and limit the required data elements to the employee name, social security number, date of birth, and current home address. §111.28

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19. Eliminate the requirement for a broker to report terminated employees; require the broker to, at a minimum, to report employees involved in customs business, but allow the broker to report all employees if necessary; and modify the employee reporting timeframe requirements to harmonize reporting timelines and to allow for flexibility in reporting frequency. §111.28

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20. Make enhancements to ACE that can better facilitate the electronic reporting of broker employee information (to include the system electronically determining if the broker is reporting new or terminated employees) and other broker-related functions.

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21. Review the information included in the triennial reporting process and identify ways to better facilitate and satisfy reporting requirements for the information (e.g., maintaining current information on the ACE portal).

Relations Between Brokers & Importers

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22. In all cases, the broker shall follow the importer's documented instructions regarding customs business to include the transmission of bills for services, copies of the entry releases and summaries, and other documentation or data filed on the importer's behalf.

Ensure that importers to directly interact with the broker and provide guidance on processing merchandise. §111.36 (a)

010036

23. Implement COAC recommendation 13023 regarding obtaining a power of attorney directly from the importer. Recommend CBP implement immediately to meet requirements in the Trade Facilitation and Trade Enforcement Act of 2016 until it can be promulgated in regulation. §111.36 (a)

010037

24. Allow brokers to compensate freight forwarders for referring brokerage business without the conditions currently stated in the regulations. §111.36(c)

Fees

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25. Remove specific fee dollar amounts and reference a single source (i.e. CBP.gov, policy directive, etc.) for specific information on the fees and their schedule where all broker-related fees can be posted in order for CBP to have greater flexibility in changing fee amounts, if needed. §111.96

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26. Increase the permit fee to offset CBP's administrative costs. §111.96

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27. Increase the exam fee to offset CBP's costs for administering an electronic exam. §111.13

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28. Expand payment options for brokers and partners for broker-related fees to Pay.gov.

Obtaining & Vetting Importer Information

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29. Implement COAC recommendations 13024, 13061, and 13062 regarding updates to CBP Form 5106 data elements, limiting additional information from companies in good standing, and collecting such information as practical via ACE. Proposed new section §111.43

010043

30. Require customs brokers to collect appropriate and accurate data for the CBP Form 5106 as practical, available and necessary for a broker to conduct due diligence on, and verify the identity of, an importer including a foreign national. Proposed new section §111.43

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31. Enhance ACE capabilities to enable importers to provide the remainder of CBP Form 5106 data at the importer's, as opposed to the broker's, disposal and also to enable customs brokers to review information maintained by relevant Federal agencies for purposes of verifying the identities of importers. Proposed new section §111.43

010045

32. In order to implement section 116 of the Trade Facilitation and Trade Enforcement Act of 2016:

1. To verify the authenticity of such information the customs broker will take reasonable steps, for instance by reviewing publically available open source information regarding the importer's business and as appropriate, by reviewing the physical address of the importer particularly in the case of small or privately held companies and/or for individuals.
2. In cases where the review calls into question the authenticity of the information, the broker will conduct a further review inquiry, as reasonable and practical, to identify the importer. A customs broker shall maintain the records of the information collected to verify the identity of the importer consistent with appropriate recordkeeping guidelines.
3. CBP should consider the manner in which the current Broker Known Importer Program (BKIP) could satisfy the broker's responsibility to vet an importer's identity and authenticity. Proposed new section §111.43

Continuing Education

010046

33. Pursuant to CBP's authority under 19 U.S.C. §1641(f), enabling it to prescribe rules or regulations it considers necessary to protect importers and the U.S. revenue, implement COAC recommendation 13010 requiring licensed brokers to have a minimum of 40 hours of continuing education during their triennial reporting period. However, allow flexibility in qualifying continuing education credits with no restrictions/requirements on accredited continuing education. Proposed new section.

010047

34. As a policy recommendation, require a broker with a voluntarily suspended license to have a triennial period's worth of continuing education completed as a prerequisite to re-activate his/her suspended license. Also, recommend that CBP institute a waiver for this requirement upon a showing of good cause.

Broker Management

010048

35. Institute a Broker Management office reporting to CBP HQ, with full-time, dedicated personnel on a national level, with each broker assigned to one team for management purposes.

Broker Regulations

Single Permit & Permit Process

010049

36. Ensure customs business, as performed by a Customs Broker, may only be conducted within the customs territory of the United States with the issuance of a permit. §111.19

Recordkeeping, Record Retention & Confidentiality

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37. Require electronic customs records be stored in an electronic format within the customs territory of the United States. The records must be available and retrievable by the broker upon request by CBP to the parties addressed in §111.24. Duplicate records may be stored in non-customs territory of the United States. §111.21(a) and §111.23(b).

Centers Uniformity

Uniformity - Outreach, Communication & Informed Compliance

010051

1. U.S. Customs and Border Protection Headquarters (CBP HQ) plays a vital role in promoting uniform practices across all ports of entry. The CBP Centers of Excellence and Expertise (Centers) should communicate and collaborate with HQ, and with one another, to ensure the consistent and uniform application of business rules, directives, processes and policies that affect trade.

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2. To the extent practicable, CBP should share reports and findings (e.g., The National Center for Risk and Economic Analysis of Terrorism Events (CREATE report)) including performance measurements and metrics regarding the efficiencies, costs for participants, and best practices of the Centers as a result of employing risk management and account-based processing principles to enhance uniform decision-making. At least on an annual basis CBP should offer a questionnaire to Center accounts to obtain industry input to gauge such progress and report such findings to the Trade. (The University of Virginia C-TPAT study is a good example.)

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3. CBP HQ should provide consistent, clear messaging regarding the status and intended length of the Centers test as well as benefits provided to such “participating accounts.” The Centers should also provide or, at least serve as a reference point for, information on CBP partnership programs (Customs – Trade Partnership Against Terrorism (C-TPAT) or Importer Self-Assessment (ISA)), including the benefits of those programs internal and external to the Centers to encourage participation.

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4. CBP shall provide each Center with its own webpage embedded in CBP.gov. The webpage would provide a collection of existing and current industry based information, decisions and publications in consultation with COAC (e.g., Informed Compliance Publications, Customs Rulings On-Line Search System (CROSS) rulings and decisions, and educational information) -- this would pull and consolidate from existing resources already on CBP.gov to make the information more manageable by industry. Additionally, CBP HQ shall interface with PGAs to obtain their industry-related links to be placed onto the Center webpages.

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5. Centers shall collaborate with the trade to request and obtain industry focused information to create and further develop industry guidance through new or updated Informed Compliance Publications or other means.

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6. The Centers should share information to assist the trade in achieving compliance in the CBP priority trade issues that often result in enforcement actions such as Antidumping and Countervailing Duty (AD/CVD), Intellectual Property Rights (IPR), Free Trade Agreements (FTAs), etc.

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7. Each Center should conduct webinars and participate at CBP and industry outreach events for the trade to introduce center staff, resources, and other benefits of being a managed account.

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8. Some of the webinars that the Centers provide should be geared specifically to small and medium sized entities with limited resources that may not have the staff or capacity to participate in a partnership program.

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9. CBP and the Trade should utilize a single automated platform enabling Automated Commercial Environment (ACE) account holders and the Port, Centers, and other areas

of CBP to communicate, as well as to submit and access information, regarding binding rulings, protests, and internal advice, including status notifications once binding rulings are submitted and in the queue for processing (e.g., ruling under review, additional information required, referral to HQ, etc.).

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10. National Import Specialists (NIS) should report to the Center chain of command, as COAC believes that this will enhance CBP's internal/external communication, knowledge and education; facilitate responsiveness, and provide more uniform, account-based services.

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11. Because of the critical role customs brokers play nationally in the entry and release of merchandise, CBP should encourage the Centers to align entry specialists in a manner that provides a consistent approach to broker management on a national level.

Levels of Service & Trusted Partner/Trader

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12. There shall be a higher level of service as well as outreach for partner accounts (ISA or C-TPAT) including enhanced communication, accessibility and responsiveness (including updates and trends to increase or maintain compliance) with their National Account Manager (NAM) or other Center representative. While the Centers should grant the highest levels of service to ISA accounts, the Centers still should provide enhanced levels of service to C-TPAT and Center "participating" (testing) accounts.

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13. Centers and NAMs should maintain, and as practicable, increase messaging internally to achieve collaboration and facilitation between trusted partners (ISA and C-TPAT).

010064

14. The C-TPAT office should assess the feasibility of developing an organizational structure that mirrors the industry specific Centers concept that enables the respective industries to work with dedicated Supply Chain Security Specialists (SCSS), in coordination with NAMs and/or Center representatives to provide enhanced benefits to C-TPAT accounts.

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15. When requested by a trusted partner (ISA and/or C-TPAT) Fines Penalties & Forfeitures (FP&F) shall request formal input from the Centers when a petition is filed involving seizures, penalties or liquidated damage claims. This would enable the Center to provide input to the mitigation process, promoting uniformity for all trusted partners.

010066

16. CBP should work with PGAs and the Trade to establish shared trusted partner/trader programs, e.g., C-TPAT + ISA + Partner Government Agencies (PGA) requirements (reference [Trade Facilitation and Trade Enforcement Act \(TFTEA\) Act of 2015, Section 101](#)) and leverage the sharing of redundant data applicable to common import requirements. The Centers should provide industry expertise to encourage the development of uniform account- based requirements.
 1. CBP should pilot such shared trusted partner/trader programs with one to two PGAs at a time, prioritized based on Center and importer feedback.
 2. CBP, with the support of the Centers, should solicit input from the PGAs and Trade regarding trusted partner/trader program benefits.

010067

17. CBP and PGAs should consider together with the Trade whether there may be ways to offer benefits to trusted partners (e.g., expedited entry, screening and release; reduced examination -- except when associated with a risk such as security, health, etc.; expedited processing (e.g., sampling, analysis, etc.). Particularly for trusted partners (C-TPAT or ISA), the Centers should provide problem resolution contacts and work with the Ports to grant the importer “preferred location designation” to provide flexibility in the exam location, where practicable, in the event cargo must be held for exam or review. Trusted partners should also receive expanded permission to use electronic and/or blanket certifications/authorizations over transactional/paper requirements.

010068

18. Once “trusted trader” has been defined, the trusted trader benefits should include additional, increased levels of service that will be provided by the Centers beyond those provided to trusted partners, as available and applicable.

Other Core Processes: Bonded Facilities, Foreign Trade Zone (FTZ), FP&F, Release & Reconciliation

010069

19. A formal line of communication should be established between port officials and the Centers to utilize their industry expertise to facilitate FTZ release issues and to enhance uniformity on FTZ issues, in general, at an account level. Centers shall assist with FTZ-related questions for their respective industry, and provide a means to escalate matters if necessary and appropriate to Office of Field Operations – Headquarters (OFO-HQ) when the port is unable to resolve the issue locally.

010070

20. OFO-HQ should conduct more training and outreach with each port of entry that has an active zone to ensure consistent knowledge in FTZ management and compliance. Such training and outreach should also include Center industry experts.

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21. FTZ zone audits should be shared with Centers to provide industry expertise and input as appropriate.

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22. CBP and the Trade should utilize a single automated platform enabling ACE account holders and the Port, Centers and FP&F to communicate on enforcement issues such as seizure, penalty or liquidated damage claims, particularly those involving trusted partners (ISA and/or C-TPAT).

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23. CBP should develop protocols whereby the Centers should serve as a resource, and be called upon for their expertise as necessary, by Port officials for industry-focused as well as account-based knowledge for local release decisions.

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24. Because the drawback process is industry focused, account based and involves post release processing CBP should evaluate with input from the trade whether to integrate Drawback with Centers once automation is deployed.

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25. COAC supports CBP's efforts to manage Reconciliation within the Centers, to include appropriate training, the timing of which should coincide with ending of the current Automated Commercial System (ACS) Reconciliation Prototype as it completes its transition to processing in ACE by the end of 2016.

Participating Government Agency Integration

010076

26. Consistent with the One United States Government At the Border (1USG) initiative and implementation of International Trade Data System (ITDS), CBP should work together with participating government agencies (PGAs) through the Border Interagency Executive Council (BIEC), in consultation with the Trade, to conduct a study/report that evaluates the operational and financial impact on commerce and the U.S. economy resulting from the PGAs working with the Centers in applying account and risk management to their respective roles in import clearance. Newly available ACE data may provide objective basis to analysis.

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27. CBP should work through the BIEC to establish the appropriate level of support and resources from each PGA to act as liaisons to the Centers as appropriate to the industry, on an operational basis.

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28. CBP Center Directors, in coordination with CBP HQ, should have a formal input protocol to the BIEC regarding PGA challenges, new products/technologies, and data issues and to request outreach/support. CBP should establish periodic (e.g., quarterly) working level meetings between Center staff and the PGA(s) to which they are aligned (together with accounts that share the Center/PGA interaction). These working level groups should have access to provide feedback/recommendations to the BIEC.

010079

29. In coordination with the Center and PGA subject matter experts, CBP should develop and maintain a matrix of PGA-related areas to identify and address national systemic issues pertaining to an industry.

010080

30. CBP should work with PGAs to evaluate standard protocols for handling ‘pending/conditional release’ products, (i.e., CBP has released but PGA has not), particularly with an account-based focus.

Other Recommendations

010081

31. CBP should develop a paperless process for issuing 5955A penalty notices and electronic means for filing penalty, seizure and liquidated damages petitions similar to the eRulings and/or ACE Protest Module to search and receive timely updates.

010082

32. CBP should provide FTZ and bonded facility security recommendations consistent with C-TPAT guidelines.

ONE U.S. GOVERNMENT AT THE BORDER SUBCOMMITTEE

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- We recommend that as soon as possible, CBP announce the mandatory ACE filing dates for any PGAs or entry types for which mandatory filing dates have not yet been announced.

010084

- We recommend that the Border Interagency Executive Council (BIEC), established under Executive Order 13659 and recognized by the World Customs Organization as a best-in-class border management approach, be permanently established with a continued focus on cross-agency collaboration with the goal of promoting economic competitiveness through enhanced trade facilitation and enforcement.

July 27, 2016

TRADE ENFORCEMENT AND REVENUE COLLECTION SUBCOMMITTEE

Intellectual Property Rights (IPR) Recommendations

010085

After extensive exploration and discussion, the COAC recommends that the Known Importer Program initiative cannot be managed uniformly by all trade associations to pilot and/or implement the program at such time. As a result, the COAC recommends that the IPR Working Group continue to consider other approaches to developing a Known IPR Program with the National IPR Center and work together to co-create the program.

010086

COAC recommends that the National IPR Center partner with the IPR Working Group and various Trade Associations to promote the “Report IP Theft” campaign and encourage real-time reporting of IPR violations through a newly established 800 Hotline.

010087

COAC recommends that CBP investigate partnering with eCommerce stakeholders to develop an automated process for their on-line customers to complete a survey if they feel the shipment of product they received is not legitimate along with the opportunity to submit an allegation through the “Report IP Theft” Button.

010088

COAC recommends that CBP should consult with the IPRWG to determine how to better facilitate cargo that arrives as “blanks” without a logo or trademark to distinguish the brand at the time of arrival to reduce resources CBP is expending on unnecessary seizures. The IPRWG should consider how this could be automated to manage known parties or entities to the transaction within the ACE Portal.

010089

COAC recommends that CBP take advantage of certain IPR best practices established by the Centers of Excellence and Expertise (Centers) to conduct webinars internally and allow Centers

to gain knowledge of these successes, inform the trade of these successes, and inform industries of CBP's efforts through these webinars and CSMS messaging.

AD/CVD Recommendations pertaining to ENFORCE Act

010090

To ensure the definition of evasion as defined by the ENFORCE Act is fully understood by the trade, COAC recommends that CBP conduct more public outreach to educate the trade on ENFORCE proceedings.

010091

To meet ENFORCE statutory requirements, COAC recommends that CBP be provided with the appropriate resources to establish and maintain an on-line reporting tool similar but distinct from the current eAllegation process on CBP.gov. The on-line reporting tool should include guidance on the ramifications for submitting false claims and/or information to CBP and require all parties in an ENFORCE proceeding to provide signed certifications of the accuracy of the submitted information.

010092

COAC recommends that CBP provide transparency for all parties to an ENFORCE proceeding, and put procedures in place as fully allowed by ENFORCE statute that mitigate the risk of unwarranted damage to the reputation of innocent parties who have acted properly under the law.

AD/CVD Website and Outreach

010093

The AD/CVD Working Group reviewed CBP's web page and recent AD/CVD Brochure. COAC further recommends that CBP work with the AD/CVD Working Group to help disseminate this information to new and existing importers through various trade associations, which can also provide yearly updates to provide more education and outreach about the potential consequences of circumvention. The messaging should raise awareness of the compliance requirements associated with merchandise subject to AD/CVD.

010094

In addition, COAC recommends that CBP consider using the new data elements they will collect under the New 5106 regulations, (importer contact name and email address) to make new importers aware of the compliance requirements and risks associated with merchandise subject to AD/CVD as well as other PTIs and informed compliance tools.

Bond Recommendations

010095

Activity Code 1 Single Transaction Bonds (STBs): COAC recommends that CBP seek to clarify and streamline the current bond formula if subject to Partner Government Agency (PGA)

requirements so the trade can fully automate compliance within ACE at the HTS and line level, and CBP can more easily conduct sufficiency reviews. Such guidance should include clarifying which PGAs with hold authority are subject to bonding requirements for three times the value, and that this higher bond formula does not include PGAs that are disclaimed in ACE.

010096

Activity Code 1 Continuous Bonds: COAC recommends that the current Reviewers and Analytical Bond Formula are sufficient to protect the revenue and satisfy certain PTIs provided that CBP’s Centers of Excellence and Expertise continue to detect trends prior to liquidation or through audit and “adjust” continuous bonds when there is any outstanding debt that has not been paid or protested and jeopardizes revenue. However, these continuous bond formulas are insufficient for Anti-Dumping and Countervailing Duty (AD/CVD) as addressed in Recommendation #14.

AD/CVD Duties: COAC recognizes the challenges of a retrospective system in the U.S. and continues to support recommendation 12025 from the 12th Term of COAC that would provide a prospective system for collection of AD/CVD cash deposits. Because the revenue is not adequately protected when there is a retrospective change in the AD/CVD cash deposit that is posted at time of entry, COAC recommends that CBP leverage the current policy for “Use of Single Transaction Bonds as Additional Security for Anti-Dumping and Countervailing (AD/CVD).” COAC further recommends that CBP amend this current policy to revise the statement to “return the bond” to “liquidate the entry to exhaust remaining liability or exposure” and include this policy in the new bond directive for full transparency to the trade.

Bond Recommendations Continued

010097

Liquidated Damages: COAC recognizes that continuous bond formulas do not currently contemplate any inclusion of liquidated damages. The COAC recommends that CBP fully consider past history of liquidated damage claims and patterns before factoring these into any continuous bond formulas and consult with the Bond Working Group if and when such data is available to review and consider. Based on the current draft directive, COAC recommends that CBP better define how liquidated damages would be factored into any continuous bond formulas and should not include those liquidated damages that have been satisfactorily paid or petitioned by an otherwise compliant bond principal to resolve the matter. COAC also recommends that the Analytical Bond Formula can be used to contemplate liquidated damages paid by the surety to adjust bond amounts if such claims advance to a delinquent status.

EXPORTS SUBCOMMITTEE

010098

COAC recommends that CBP HQ, with COAC and PGA input, should develop and provide training in the short term and on a periodic basis to local CBP officials responsible for enforcing export laws and requirements. Such training should address CBP as well as PGA regulations

(e.g., Census, BIS, DDTTC, OFAC, etc.) and data requirements as relevant to different commodities and should lead to CBP standard operating procedures (SOPs) for processing export cargo in a uniform and efficient manner nationally.

November 17, 2016

ONE U. S. GOVERNMENT AT THE BORDER (1USG) SUBCOMMITTEE

010099

Recommendation #1

In the spirit of streamlining America's Imports and Exports and coordinated border management, COAC recommends that CBP work with the Fish & Wildlife Service (FWS) to minimize data creep in the FWS PGA message set and increase process coordination. Data not used for admissibility decisions before, including forms that were kept in broker files but rarely requested by the PGA, should not be used for that purpose now. The agency should collect this data post-entry, if necessary, and it should be based on risk management principles in order to not impede the entry process.

COAC further recommends that CBP work with FWS to minimize the number of HTS codes that are flagged and limit the flags to those HTS codes that truly have a high likelihood of covering goods that are subject to the agency's requirements. In addition, CBP should work with FWS to align their disclaim process with that of other agencies and reinstate the FW1 flag. Finally, CBP should work with FWS to maintain the Non-Designated Port Exemption Permit (DPEP) or develop another way to ascertain the admissibility of goods while allowing regulated cargo to flow through all US ports of entry.

COAC recommends CBP share these recommendations with the Border Interagency Executive Council (BIEC).

North America Single Window Working Group

010100

Recommendation #2

COAC recommends CBP continue the detailed work with the U.S., Canada and Mexico, and to the greatest extent possible, harmonize all data elements being required by the countries for import and export manifests, and ensure that all data elements are in accordance with the WCO SAFE Framework.

It is also recommended that all three participating countries formalize the process of extracting the data they are authorized to access from a single source, thereby requiring the carrier to only submit one manifest transaction for both import and export purposes.

010101

Recommendation #3

As the U.S. implements export manifest requirements for all modes, COAC recommends that CBP work with the U.S., Canada and Mexico to harmonize, where possible, the data required for U.S. export with Canada's import manifest and Mexico's not-yet-developed import manifest, and synchronize the timing requirements for filing.

010102

Recommendation #4

For advance security filing, manifest, and cargo release, COAC recommends CBP work with the three countries to place the relevant filing requirement on the party most qualified to do so. Qualified parties are those most likely to have the best information and who can be held accountable to the various governments if the data is incorrect or false.

For advance security filings similar to ACAS and PACT, COAC recommends CBP work with Canada and Mexico to ensure these filings are made by the party who issued the lowest level transport bill, or in the absence of the ability to regulate that party, by the carrier.

For shipment-level information, COAC recommends CBP work with Canada and Mexico to ensure manifest filings are made by the party who issued the transport bill or in the absence of the power to regulate that party, by the carrier. Transport information should be provided by the carrier, as the carrier is the only party who can identify with certainty which shipments have been loaded onto a conveyance.

010103

Recommendation #5

When identifying common data elements used by the U.S., Canada, and Mexico, COAC recommends the use of a standard naming convention aligned with the WCO Data Model III for standardized Customs and other border control agency import and export message. Using minimal common data elements to achieve an effective risk management solution should be the goal.

Furthermore, when CBP is analyzing advance data and all message sets for the North America Single Window, COAC recommends the WCO Data Model III should be used as a basis to build any future data and message sets among the U.S., Canada, and Mexico.

010104

Recommendation #6

COAC recommends CBP work with all three nations' government agencies who have authority over imported products to meet and harmonize their individual requirements to collect advanced data to make determinations in advance as to whether cargo should be released upon arrival, examined, or held for further research and testing. COAC also recommends CBP work with

Canada and Mexico to identify agencies which have release/hold authority and prioritize harmonization efforts.

COAC recommends CBP work with the other government agencies to examine all permits and licenses required for import and export to determine any redundancies or areas where there are similar requirements and harmonize where possible.

010105

Recommendation #7

COAC recommends CBP review work completed to date on both the U.S.-Canada Beyond the Border initiative as well as the U.S.-Mexico High Level Economic Dialogue and 21st Century Border Management initiatives. CBP should leverage work completed specific to border operations by various Partner Government Agencies (PGAs) and Other Government Departments (OGDs) relevant to North American trade. COAC recommends CBP fully engage with Canada and Mexico to finalize and implement initiatives such as data harmonization, integrated cargo security strategy, and true mutual recognition of trusted trader partners.

010106

Recommendation #8

COAC recommends CBP work with Canada and Mexico to identify how each country defines advance security and admissibility data. This should provide a general overview to include modes impacted, time frames to submit, the responsible party who can present and/or submit advance security and admissibility data as well as a current and future end state for each country. To the extent possible under national legislation, these same data elements should be used for admissibility requirements across borders when filed as a unified entry/release including both advance security and admissibility data elements.

COAC further recommends CBP work with Canada and Mexico to develop uniform advance manifest data elements in both the truck and rail modes of transport to allow sharing of manifest data unilaterally across each border. To the extent possible under national legislation, the uniform advance manifest data elements in each mode should be used for admissibility purposes when accompanied by the required submissions for each country's entry/release process and export reporting requirements. As the data required for these modes of transport expands beyond harmonized manifest elements, COAC further recommends CBP develop a tri-lateral program for standardized advance security data elements that can also be used as a unified filing similar to how ISF operates for ocean in today's U.S. environment to provide for a unified, simplified security data and entry process (security filing, cargo release, and entry summary).

010107

Recommendation #9

Where possible, COAC recommends CBP work with PGAs/OGDs in the U.S., Canada and Mexico to accept globally recognized product identifiers, such as G-TIN, when submitted by an

importer or exporter to describe the imported or exported product. Because these codes are more specific and more descriptive of the product, the codes should be preferred over other types of identifiers used by specific agencies.

010108

Recommendation #10

To streamline the requirements for importing and exporting and to assist all three countries' government agencies with oversight over imported and exported products, COAC recommends CBP work with the U.S., Canada and Mexico to begin the process of harmonizing their PGA/OGD data and their definitions of each data element.

010109

Recommendation #11

COAC recommends CBP work with the U.S., Canada and Mexico to align, where possible, the data elements required for export filings into a single data set and single filing to benefit importers and/or exporters as well as the various regulatory agencies.

010110

Recommendation #12

COAC recommends CBP work with Canada and Mexico so the single window data set accommodates the most specific shipment references available. All modes of transportation may transport consolidated shipments of cargo; therefore, the single window data set should accommodate simple bills of lading, master bills of lading, house bills of lading and sub-house bills of lading even though each mode of transportation may use different terminology.

010111

Recommendation #13

Anticipating a rapid growth of e-commerce in the next few years, COAC recommends CBP consider the WCO guidelines as they evolve, and encourage the three nations to examine their current processes for e-commerce including entering and screening low value importations, not just to facilitate trade, but also to have adequate screening processes to ensure the health and safety of the citizens of the three countries. COAC recognizes that each country may establish a different value threshold for goods allowed under the de minimis, but screening by PGAs and CBP for health and safety should be similar.

TRADE ENFORCEMENT AND REVENUE COLLECTION SUBCOMMITTEE

Forced Labor Working Group – Communications Team

010112

Recommendation #1

COAC recommends CBP develop a forced labor mapping process similar to what was created for the Enforce and Protect Act (EAPA) for anti-dumping and countervailing duty (AD/CVD). While the process should focus on CBP roles and responsibilities, it should also include other government requirements, including those of the U.S. Department of State, U.S. Department of Labor, U.S. Immigration and Customs Enforcement (DHS-ICE), and additional relevant Partner Government Agencies (PGA), and Other Government Agencies (OGA). The mapping process should identify pain points and potential recommendations for resolving them.

010113

Recommendation #2

COAC recommends CBP conduct a series of webinars to educate all stakeholders including Civil Society Organizations (CSOs), importers, customs brokers, etc. about forced labor laws and relevant issues to increase awareness and compliance. These webinars should include the following perspectives:

- a) Industry specific webinars with CBP’s Centers of Excellence and Expertise (CBP Centers)
- b) Efforts by the trade industry to address forced labor laws by industry/sector
- c) CSO efforts to help the trade industry identify forced labor within the supply chain
- d) Joint trade industry and CSO efforts to address forced labor

010114

Recommendation #3

COAC recommends several updates to CBP technology used to communicate forced labor updates, including:

- a) CBP should promote the trade.enforcement@cbp.dhs.gov email address for stakeholders to submit forced labor questions and develop an automated auto reply process.
- b) CBP should use these questions to update a Frequently Asked Questions document on a quarterly basis and post the updates to cbp.gov.
- c) CBP should implement the feedback provided to the forced labor page and supporting documents on cbp.gov in order to provide the trade with a clearer understanding of forced labor laws and processes. CBP should also provide more meaningful tools to clarify how

importers can comply with forced labor laws. The Forced Labor Working Group has provided updates to various aspects of the forced labor page on cbp.gov for CBP's consideration in Appendix A.

- d) CBP should clarify their ability to self-initiate allegations.
- e) CBP should modify the CSMS messaging fields to allow selection of "Trade Policy Updates" on forced labor and RSS feeds when the forced labor page on cbp.gov is updated (similar to the COAC recommendations made for AD/CVD).

010115

Recommendation #4

COAC recommends CBP add new forced labor questions to the existing COAC survey to gauge the trade industry's knowledge of these issues, and share the survey results with the trade industry. The Forced Labor Working Group has provided sample questions for CBP's consideration in Appendix B.

010116

Recommendation #5

COAC recommends CBP develop a catalog of available resources that have been developed to address forced labor. The catalog should be organized by Government, CSO, and Business resources. The Forced Labor Working Group has provided a sample Resource Catalog for CBP's consideration in Appendix C.

010117

Recommendation #6

COAC recommends CBP-HQ work through the CBP Centers to develop referral resources on forced labor for industry-specific sectors where applicable, and publish these resources on cbp.gov.

Forced Labor Working Group - Legal Challenges Team

010118

Recommendation #7

COAC recommends the CBP Commissioner leverage the resources of the appropriate CBP Center, which has knowledge of the industry and is responsible for managing importer accounts, when making an allegation assessment or the decision to issue, revoke, or modify a withhold release order (WRO).

010119

Recommendation #8

COAC recommends the CBP Centers engage in ongoing outreach and bi-directional education with all stakeholders active in preventing the importation of goods made with forced labor, including the importing community, PGAs, OGAs, CSOs, and other non-government organizations (NGOs). CBP-HQ and the Centers should also invite CSO and NGO representatives to take part in industry outreach efforts.

010120

Recommendation #9

COAC recommends CBP modernize the current forced labor regulations in 19 C.F.R. 12.42-44 and provide for a public comment period. In addition to updating the regulations to remove the consumptive demand provision, CBP should consider the following updates:

- a) In regards to Proof of Admissibility requirements per 19 CFR 12.43, rely less on reference to specific documents that are obsolete or may become so in the future.
- b) Currently, forced labor regulations are silent on when CBP must respond to a WRO. COAC recommends CBP update the regulations so they are similar to existing procedures, policies and directives for detention of merchandise, which CBP is required to follow in order to make a final determination within a specified timeframe. CBP should establish an appropriate timeframe to respond to an importer's proof of admissibility as a result of a WRO, and this timeframe should be incorporated into the revision of the regulations.

Forced Labor Working Group – Strategic Leadership Team

010121

Recommendation #10

COAC recommends CBP work with key stakeholders to develop and publish an Informed Compliance Publication (ICP) on Forced Labor. The Forced Labor ICP should include a detailed process for stakeholders (both CSOs and the trade industry) to understand how the current forced labor process works from CBP's perspective. In order for the trade industry to become strategic leaders in the field, the ICP should also include resources and guidance from CBP and other PGAs for industry to follow. The Forced Labor Working Group has provided a suggested outline and resources to include in the ICP for CBP's consideration in Appendix D.

GLOBAL SUPPLY CHAIN SUBCOMMITTEE

C-TPAT Minimum Security Criteria Working Group

010122

Minimum Security Criteria (Minimum Security Criteria) Purpose: The C-TPAT program is a voluntary program with a specific purpose of achieving the highest level of supply chain security

and facilitating legitimate trade. As such, COAC recommends that CBP maintain the focus of the program on supply chain security and additional Minimum Security Criteria should be focused on minimizing risks in the supply chain. The COAC recognizes the need of the Minimum Security Criteria to be periodically reviewed and updated as global security threats shift and evolve, the underlying goals of the C-TPAT program should be maintained.

010123

Additional Feedback: COAC commends CBP for taking steps to update Minimum Security Criteria as this process facilitated a productive interactive dialogue leading to a framework for the future of C-TPAT. In light of the fact that the Minimum Security Criteria will have a significant operational and financial impact on partners, the COAC recommends that CBP reach out to C-TPAT participants giving them 90 days to comment on the proposed new Minimum Security Criteria and allow CBP to integrate feedback. Given the proposed substantial changes to the program, the current process warrants additional outreach to C-TPAT participants.

010124

Benefits: COAC recommends that CBP work with the COAC working group to review and update program benefits and assist in establishing metrics. The goals are to facilitate trade, secure the supply chain, and maintain and encourage increased participation. To achieve these goals, it is necessary to find ways to offset the program costs.

010125

Cost-Benefit Analysis: In conjunction with developing the Minimum Security Criteria, COAC recommends that CBP work with C-TPAT participants to develop an analysis of the cost and benefits.

010126

Staged Implementation: Since the C-TPAT program's creation in 2001, and with current participation of over 11,000 companies, the existing Minimum Security Criteria have been widely adopted and institutionalized in business practices. As such, COAC recommends that CBP conduct a pilot phase of the new criteria to evaluate the operational feasibility. In addition, CBP should allow sufficient time for business to implement the new Minimum Security Criteria once they are finalized.

010127

Eliminating Redundancy: COAC recommends that prior to finalization and implementation of new Minimum Security Criteria, the Minimum Security Criteria should be reviewed in their totality to streamline requirements, remove potential redundancies with existing Minimum Security Criteria or any overlap with existing laws and regulations, and focus both CBP and Trade resources on areas of highest risk.

010128

International Obligations: The COAC recommends that CBP engage with international trade partners to ensure that any new requirements align with Authorized Economic Operator (AEO) standards to meet mutual recognition obligations.

010129

Outreach: COAC recommends that CBP provide training and reference materials on the new Minimum Security Criteria to ensure C-TPAT participants understand the objectives, risk, and requirements of each new Minimum Security Criteria well in advance of implementation.

010130

Uniformity & Transparency: COAC recommends that CBP's plan include the development and issuance of updated guidance to both C-TPAT partners and CBP including a transparent and uniform Tier 3 / best practices and validation process.

010131

Supply Chain Entities: In light of recent security threats, CBP should consider expanding C-TPAT participation to include other entities in the international supply chain currently ineligible for participation, e.g., domestic entities such as drayage carriers, rail carriers and warehouses

EXPORTS SUBCOMMITTEE

Post Departure Filing Working Group

010132

COAC recommends the development of a detailed plan for implementing the PDF pilot based on the proposal developed by the WG and we respectfully request that CBP engage with the PDF Working Group to develop and launch that pilot in the next six months both in the air and ocean modes.

March 01, 2017

TRADE MODERNIZATION SUBCOMMITTEE

International Engagement and Trade Facilitation

010133

Recommendation #1

Leverage Advances from Prior Free Trade Agreements (FTAs): COAC recommends that CBP work with the appropriate U.S. government stakeholders and the private sector to review the text of more recent trade agreements to adopt modernized provisions, particularly in the areas

of simplified rules of origin, importer self-certification, trade facilitation, enforcement, supply chain security, and non-tariff trade barriers.

010134

Recommendation #2

Continuity in Trade Preferences: NAFTA currently benefits U.S. exporters, U.S. importers, and consumers and it should continue to maintain trade preferences that provide a significant positive economic impact to U.S. workers and the long-term investments of our companies. COAC recommends CBP work with the appropriate U.S. government stakeholders and the private sector to ensure there is a continuity of trade preferences, that tariffs not increase and non-tariff barriers continue to be reduced, and that positive U.S. trade and investment persists with our NAFTA partners.

010135

Recommendation #3

Consistency in Implementation: In order to improve the consistency of NAFTA treatment to the same goods within the NAFTA region, COAC recommends that CBP work with Canada and Mexico to establish standardization in NAFTA trade preference qualification and consistent enforcement.

010136

Recommendation #4

North American Single Window: In another effort to simplify trade for all businesses, particularly small and medium sized businesses, the COAC recommends CBP work with Canada and Mexico to collaborate on cross border data sharing and data harmonization, remove or modernize unnecessary regulatory barriers within the North American Region through the use of a single window. (See COAC recommendations from the 1 USG subcommittee's North American Single Window Alignment working group delivered at the November 17, 2016 COAC meeting)

010137

Recommendation #5

Regulatory Cooperation: For products that are subject to partner government agency regulations, COAC recommends that CBP work with U.S. partner government agencies in the U.S. as well as Canada and Mexico to streamline and harmonize those regulations to create alignment in regards to documentation and data requirements, inspections, and enforcement in order to facilitate cross border trade within the NAFTA region for those regulated commodities.

010138

Recommendation #6

E-Commerce and Innovation: COAC recommends that CBP work with the appropriate U.S. government stakeholders and the private sector to ensure that NAFTA or other FTA reflects the need for modernization of regulations impacting the e-Commerce business model, including areas of admissibility, targeting, and partner government agency regulations. The goal would be to streamline regulatory requirements and improve enforcement.

010139

Recommendation #7

De Minimis Harmonization and U.S. Export Facilitation: COAC recommends that CBP work with Canada and Mexico to achieve a commercially significant *de minimis* level, which reflects the modern reality of online commerce. The U.S. has a *de minimis* value of \$800, which is the value at which companies pay no duties or tariffs. Canada has a *de minimis* value of \$20, and Mexico is \$50.

010140

Recommendation #8

Express Delivery Services (EDS): Since NAFTA was established, the U.S. has negotiated numerous FTAs with other countries. Newer agreements include provisions to harmonize the clearance and movement of goods in the EDS industry. COAC recommends that CBP work with U.S. government stakeholders to ensure NAFTA includes modern provisions with specific focus on the facilitation and streamlining of EDS shipments.

010141

Recommendation #9

Beyond the WTO Trade Facilitation Agreement (TFA): In many areas, NAFTA countries have gone beyond the TFA, and we should use this opportunity to promote regional competitiveness. COAC recommends CBP work with Canada and Mexico to utilize prior FTAs trade facilitation chapters as a baseline to create a higher standard to support how modern borders should operate in the NAFTA region.

Recommendations on Revenue Modernization:

010142

Recommendation #1

Duty, taxes and fees: The COAC recommends that CBP consolidates port specific daily and monthly formal entry statements, to one monthly statement, inclusive of all statements from all ports of entry nationwide.

010143

Recommendation #2

Duty, taxes and fees, single entry and post entry reconciliation via 28s, 29s, PSCs, liquidated damages, rate advances and supplemental duty payments at liquidation: The COAC recommends that any form of payment currently processed manually such as duties, taxes and fees, single entries, reconciliation (NAFTA or Value), post entry adjustments via 28s, 29s, post summary corrections, liquidated damages, rate advances, and supplemental duty payments at liquidation, and/or voluntary tenders should be automated and available via ACE ABI, ACE AMS, the ACE Portal and Pay.gov. This payment process should anticipate importers as individuals, corporations as filers, brokers as filers and Surety when paying on behalf of the importer and/or bond principal.

010144

Recommendation #3

All Fees: The COAC recommends that CBP regulations be updated to accept electronic payments.

010145

Recommendation #4

Broker Fees: The COAC recommends that individuals or companies who hold Customs Broker Licenses be able to make payments through ACE for all brokerage related fees. This would include individual license holders, employers paying on behalf of the individual, and the company to pay fees on their own behalf through ACE or ACE portal, singly or combined.

010146

Recommendation #5

Informal Entries: The COAC recommends that CBP create the ability for express consignment operators' brokers to pay duties, taxes, and fees electronically for daily consolidated informal entry filings, replacing manual check payments. See Great Idea Form (GIF) titled "Consolidated Informal Entry Summary (Courier Entries)."

010147

Recommendation #6

Truck Crossing Fee: The COAC recommends that CBP requires that all carriers submit an eManifest through ACE prior to crossing. In addition, the Working Group recommends that an ACE application allows for the set-up of a deposit account to be linked to an eManifest so pre-payments may be automatically debited from the account based on the eManifest. Users should be able to view the detail and history of their financial transactions in the common ACE platform.

010148

Recommendation #7

Truck Crossing Fee: The COAC recommends that CBP leverage the RFID technology, including on FAST cards, to collect single entry payments.

010149

Recommendation #8

Truck Crossing Fee: The COAC recommends that truck carriers have the ability to view a detail and history of their DTOPS-related transactions via access through the ACE portal, including all transactions associated with payments based on eManifest.

010150

Recommendation #9

Truck Crossing Fee / APHIS/ CBP User Fee / Tonnage: The COAC recommends that CBP create a smart phone app to provide a more efficient way of pre-paying fees, to reduce lines at the border. Carriers, couriers or travelers could show their receipts on their smart phones at primary inspection sites, decreasing border processing times.

010151

Recommendation #10

Express Consignment Fee (Low Value Shipment Fee): The COAC recommends that since shipment manifests contain the breakdown of cargo by entry type and payment, it could be used to bill express consignment couriers for their express consignment fees, rather than the fee being self-reported. Alternatively, couriers could use a pre-paid account in ACE portal to pay for Express Consignment Fees.

010152

Recommendation #11

Ocean Fees: The COAC recommends that CBP consider providing an incentive for ship agents and/or carriers to move toward e-payments. If it is a current regulatory option to allow for payment by cash and/or check, there should be an incentive provision for e-payment on line. This should be in the form of an allowance for the ship agent / payer to be granted 48 hours following the vessel's arrival to make payment if done via one of the approved e-payment methods.

010153

Recommendation #12

Overtime Reimbursable Fee: The COAC understands the current complexity of the calculation of overtime fees as well as the difficulty to calculate these at the time the service is provided.

The COAC recommends that the regulations be changed to simplify the current process and allow a more flexible method of overtime assessment, which would meet both CBP and Trade requirements. This would eliminate a significant amount of work for CBP in calculating the overtime required, and for industry who would be able to determine the due amount based on a defined rate, facilitating ease of payment. At such time as the regulation/s could be changed for the overtime calculation, it is recommended that payment of overtime be added to the fees collected via the Mobile Collection Receipts (MCR) application.

010154

Recommendation #13

PGA Fees: The COAC recommends that CBP, through ACE single window, create the ability for fees associated with Partner Government Agencies (PGA) processing services be automated (i.e., Fish and Wildlife (F&W) overtime clearance fees and USDA annual permits).

Rulings and Decisions Improvement:

Resource Allocation

010155

Recommendation #1

COAC recommends that in light of the foreseeable, imminent shifts in U.S. trade and border policy, CBP should ensure that R&R possesses the necessary resources to maintain trade and other critical subject matter priorities despite other issues that may become of significant concern. COAC also feels this is necessary due to the Administration's mandate to eliminate two regulations for every one regulation that the Government issues.

010156

Recommendation #2

In order to expedite and facilitate the review and approval of rulings and decisions, COAC recommends CBP and R&R undertake a review of its work process and organizational structure to optimize its resources particularly to ensure that it operates at a sufficient supervisor to attorney ratio. The ratio should be a key consideration in the organization of R&R. For instance the Tariff Classification and Marking Branch has one supervisor for nineteen (19) employees and presently covers subject matter that four branches previously handled.

Communication and Outreach

010157

Recommendation #3

COAC recommends that until the rulings submission process is fully automated, R&R should provide a template and/or checklist to the Trade to help ensure ruling requests and protests include all vital information needed for R&R's deliberation.

010158

Recommendation #4

COAC recommends that R&R conduct outreach, as resources permit, at association events and via webinars to clarify the type of information and best practices the Trade should consider when requesting a ruling or decision.

010159

Recommendation #5

To enhance consistency and uniform decision making, COAC recommends that R&R take steps to ensure robust internal communication between R&R and the Centers to convey significant, pending R&R matters, using to the extent possible, electronic means.

Process Improvement & Efficiencies

010160

Recommendation #6

COAC recommends, as is specified in the Trade Facilitation and Trade Enforcement Act (TFTEA), that CBP should encourage bi-directional training that enhances R&R subject matter expertise. CBP should support and encourage greater participation of R&R attorneys in training programs that are provided to Centers and/or Port personnel. R&R attorneys should also take advantage of training offered by universities, trade associations or other institutions.

010161

Recommendation #7

In order to enhance and/or facilitate R&R technical expertise and greater exposure to operational matters, R&R should consider placing R&R attorneys, on a temporary duty basis, in the Centers and/or ports. This should enable R&R to be more interactive with the Centers and/or ports, and could be done on a virtual basis, provided that the necessary electronic environment between R&R and Centers and/or ports is made available.

010162

Recommendation #8

COAC recommends, to assist in alleviating the backlog of rulings, that R&R consider offering a new option for the protestant to request an expedited sixty (60) day Application for Further Review (AFR) decision that would not result in a written published decision by R&R but would merely instruct the Center to grant or deny the protest. The use of this process would be at R&R's discretion and would be considered for future as well as pending AFRs.

010163

Recommendation #9

COAC recommends that in order to expedite the issuance of substitution drawback rulings under the Trade Facilitation and Trade Enforcement Act (TFTEA), R&R should leverage the expertise of the National Commodity Specialist Division (NCSD) as appropriate.

Automation, Innovation & Visibility

010164

Recommendation #10

COAC recommends that CBP and R&R devote resources to develop an automated process/system for the submission, processing and dissemination of all types of ruling requests and decisions.

010165

Recommendation #11

COAC recommends that CBP provide funding for R&R to develop a web based, end to end case management system. This system should contain functionality that, at a minimum: receives the submission of ruling requests, creates records of such inquiries, enables the submitting party to check status and receive major milestones of case processing, records and disseminates and publishes the ruling or decision once the ruling or decision is final.

In the interim R&R should notify the inquiring party of major milestones including: case received, case assigned, awaiting information, in process, and decision rendered. Leveraging current document imaging functionality, R&R should provide a mechanism to receive ruling requests electronically via email and once the decision or ruling is rendered, email a copy to the inquiring party.

CROSS Rulings Database

010166

Recommendation #12

COAC recommends that R&R, in conjunction with OIT, research what enhancements could be made to the CROSS system search and notification/alert features, as commercially permissible.

Binding Ruling Requests & Reasonable Care

010167

Recommendation #13

COAC recommends that its proposed Mitigation Guidelines Working Group address with R&R whether the pendency of a response to a prospective ruling request affects a determination as to whether the submitter exercised reasonable care.

EXPORTS SUBCOMMITTEE

010168

Recommendation 1

With regard to the data element “Name of Exporter”: The exporter is not a party that is captured by transportation documents or carrier manifests.

- Therefore, it is recommended that CBP change the name of this data element name to "shipper name".

Additionally, the US definition of shipper is not in line with the WCO definition for the equivalent data element "consignor", nor with the Canadian definition of “shipper”, both of which designate the proper party to be that which is shown on the bill of lading / shipping document / transport contract.

- COAC recommend that CBP change its definition of shipper name to “the name of the party shipping the goods as shown on the Bill of Lading (BOL)/shipping document.” This recommendation applies to the manifest systems, import and export, for all modes of transport.
- Furthermore, because truck BOLs are not standardized, COAC recommend that CBP provide guidance regarding which of the potential fields on a truck BOL contains the proper party to be submitted as the shipper element.

010169

Recommendation 2

- As the next step of the process, COAC recommend that CBP clearly delineate and define all truck export manifest data elements such that they are suitable for determining IT requirements, and develop a comprehensive explanatory spreadsheet of the US export manifest data elements that also references them to the import manifest data elements of Canada and Mexico.

010170

Recommendation 3

It is understood that CBP may wish to allow or encourage – and potentially in the future even require – the submission of additional data elements. However, it is problematic when CBP makes provision for such new elements by expanding the definition of an existing data element, instead of creating a new data element with its own clear definition.

One example is the shipper data element, the definition of which has been proposed to include “an identification number that will be a unique number to be assigned by CBP upon the implementation of the Automated Commercial Environment”. However, a carrier is unlikely to find this future CBP identification number in the shipper name field of the transport document. Similarly, with the data element “Cargo Description”, along with “detailed description of the cargo”, CBP has also included in the definition the 6-digit level of the Harmonized Tariff Schedule. But a plain language description of the goods and an HTS classification are two different things.

We believe that this “definition expansion practice” leads to a lack of clarity in data element definitions, is a hindrance to international harmonization, and is impractical with regard to IT programming and cargo documentation practices.

- We therefore recommend that, as a standard future practice, if CBP wishes to provide filers the option of transmitting additional information, that this information be delineated as new, clearly-defined data elements. This recommendation applies to the manifest systems, import and export, for all modes of transport.
- With regard to specific truck manifest data elements, we recommend that CBP remove 1) the identification number item from the definition of shipper and 2) the HTS reference from the definition of cargo description, and instead include them as a separate, new, optional data element to be provided in new, separate fields of a message.

010171

Recommendation 4

With regard to the data element of “consignee”, the carrier has information on only one party: that who is listed on a transportation bill as the consignee.

- We therefore recommend that CBP delete the truck export data elements “ultimate consignee” and “intermediate consignee”, and replace these with a single data element: “consignee”.
- We further recommend that this “consignee” data element should be defined in alignment with the WCO SAFE Framework and Canada e-manifest definitions of “consignee” as the name of the party to whom the cargo/goods are being "shipped to" or “consigned” as shown on the Bill of Lading or shipping document. This recommendation applies to the manifest systems, import and export, for all modes of transport.
- Similar to “shipper” above, because truck BOLs are not standardized, we recommend that CBP provide guidance regarding which of the potential fields on a truck BOL contains the proper party to be submitted as the consignee element.

010172

Recommendation 5

With regard to the data element “Name and Address of the Notify Party”, CBP has defined this as “the name and address of the party to be notified as specified in the carrier's/freight forwarder's contract of carriage or commercial sales.” The carrier, however, does not have access to commercial information.

- COAC therefore recommended that CBP remove any reference to commercial sales documentation from the definition. Furthermore, customers do not always provide a notify party, therefore this data element should be designated as "conditional", with further delineation needed regarding when it is mandatory.

010173

Recommendation 6

- With regard to the data elements “Port or Place of Unloading” and “Place where the cargo was accepted”, COAC recommend that CBP define these in alignment with similar Canada CBSA e-manifest data elements, and make them conditional, to be required only when these places differ from the information provided in the consignee field for place of unloading, or the shipper field for place where the cargo was accepted.

010174

Recommendation 7

- With regard to the data element carrier code, we recommend that CBP coordinate closely with CBSA to ensure that a system of "look-up" tables are in place for both manifest systems in order to translate between US and Canadian carrier codes.

010175

Recommendation 8

- With regard to the data element “Trip number or Unique Consignment Number”, we recommend that these be listed as two separate data elements, with the definitions aligned to those found in the Canada e-manifest system.

010176

Recommendation 9

With regard to the data element cargo quantity, it is understood that CBP wants the lowest level piece count, and that carriers should employ due diligence to transmit accurate data in this regard. However, it is sometimes impossible for a carrier to determine whether or not the piece count provided to it by a shipper is accurate.

- Therefore we recommend that, as per the Trade Act, CBP ensures that the policy interpretation of this element provides that carriers should be able to reasonably depend upon the information provided to it by shippers, and that CBP direct any enforcement actions toward shippers who are providing inaccurate information to carriers.

010177

Recommendation 10

- With regard to Hazmat, we recommend 1) that CBP align with the Canadian designation of the UN number as the required Dangerous Goods Code element, unless no UN # exists for the commodity involved, and 2) that the data element Chemical Abstract Service ID Number be eliminated or made optional.

010178

Recommendation 11

- With regard to the data element AES ITN or AES Filing Exemption Code, we recommend that all of the possible citations utilizing the expected codes should be provided for review.

010179

Recommendation 12

With regard to the data elements “license code”, “export control classification number”, and “License or Permit Number”, we note that all of these are commodity elements, not related to the transport contract that is the basis of the manifest. We also note that the Automated Export System should already capture all of these data fields attached to an ITN, therefore to also require them on the manifest would be duplicative.

- COAC therefore recommend that CBP remove these elements from the truck manifest data element list, and that the issuance of an ITN be used as a “one-stop shop” for validation of these and any similar commodity-related data elements. This recommendation applies to the export manifest systems for all modes of transport.

010180

Recommendation 13

- With regard to data elements related to split shipments, COAC recommend that CBP undertake an evaluation to determine whether the government has a compelling interest in carriers providing detailed split information, such as number of pieces on a given conveyance, on the export manifest. This recommendation also applies to the rail and air export manifest systems.

010181

Recommendation 14

With regard to promoting seamless intermodal transport, the Canadian highway e-manifest system includes a field in which the filer can provide an ocean bill of lading number. The US truck data element list does not include this field. We also note that ocean-to-truck is not the only possible intermodal transfer; particularly across the northern border, air-to-truck (and vice-versa) transfers are standard practice.

- COAC therefore recommend that CBP include a data field for the provision of a bill of lading identifier from another mode of transport in all of its export manifest systems, including air, ocean, rail and truck, to provide a mechanism to link together information for the same shipment that has been filed in different systems under different bill numbers.

010182

Recommendation 15

The current process by which conventional carrier air shipments exported from the US by truck are reported to customs today is inefficient and burdensome. Known as “flying trucks”, these are trucks that operate under air carrier flight numbers and carry shipments travelling under an air waybill, including shipments that have entered the United States by air and are being exported to Canada by truck, and those that originate in the United States and are exported by truck, and are then transferred onto an aircraft in Canada for export to a third country.

- As the automated truck manifest is developed, we recommend that CBP develop an airline/truck dual-filing, dual-manifest approach, in which 1) air carriers – via the Air Export Manifest System – provide CBP with data on the house and master bills departing on an airline flight-number-identified truck, and 2) truckers – via the Truck Export Manifest System – provide CBP with the required truck specific data elements, so that 3) CBP can link the two data submissions together behind the scenes.

010183

Recommendation 16

Express air shipments moving multimodal (ground-to-air and air-to-ground) on trucks across the Northern and Southern Borders, commonly referred to as "Flying Trucks", are still required to stop at the border to present paper in-bond documents. This includes shipments exporting from an FTZ. The current manual processes result in inefficiencies and service delays.

There are a number of disparities/gaps in functionality today, such as

- Air Manifest-originated in-bonds can be closed in QP/WP, but QP-originated in-bonds cannot be closed in Air Manifest, and most carriers and many forwarders use only Air Manifest.
- For shipments moving entirely by air, Air Manifest can be used to electronically arrive and close all in-bonds, but this electronic capability disappears once a shipment moves to a different mode. The same "full-electronic" capability should exist in all modes of transportation, including inter-modal moves.

To automate in-bond processes, full and robust ACE functionality must be adopted to open, arrive (e.g., transmit an ASN 3 message) and close/export (e.g. ASN 7 message) all transportation in-bonds, including those for shipments moving inter-modally.

- We therefore recommend that functionality be incorporated into in Air (import) Manifest, QP/WP and the new export manifest systems (air and truck) so that all in-bonds, regardless of the modal or functional (e.g., ABI versus manifest) ACE system in which they were originated, can be electronically arrived and exported. The new functionality must include the ability to create - in the manifest system - electronic in-bonds for export shipments originating from an FTZ, and the ability to use both CBP 4-digit port codes or three-letter airport codes in all ACE applications to enable creation and arrival/export of in-bonds.

010184

Recommendation 17

- Keeping in mind CBP's need to conduct adequate pre-departure manifest targeting for export shipments, we recommend that CBP do all possible to preserve existing benefits for trusted traders as the truck export manifest system is developed. In particular, we recommend that account-based programs be leveraged to preserve the exemption for pre-departure manifesting for trusted trader participants in the Canadian Customs Self Assessment program, and that similar benefits be provided for participants in the Operadora Economica Autorizada (OEA) program for Mexico's trusted traders across the southern border.

August 23, 2017

TRADE MODERNIZATION SUBCOMMITTEE

International Engagement & Trade Facilitation

A. Publication and Availability of Information

010185

Recommendation 1

1. COAC recommends that CBP work with customs administrations to implement publication, access, and availability of information to provide transparency and to encourage that such information is available in English to include making the HTS and relevant customs and trade laws and regulations available on-line. While some countries have made significant strides in trade facilitation efforts, there is still a lack of publication of all fees and charges, and information that relates to customs and trade issues remains unavailable.

010186

Recommendation 2

2. COAC recommends that customs administrations should readily update the trade community with current laws and regulations by way of public websites and other appropriate social media. This should include appropriate contact information on specific issues related to customs and trade. Such information should be presented in a very practical and easy to understand manner or guide to traders. For instance, CBP's informed compliance publications and cargo systems message service (CSMS) provide critical legal and operational information in a very comprehensive, clear and current manner, which increase the trade community's understanding and compliance.

010187

Recommendation 3

3. COAC recommends that in cases where a free trade agreement (FTA) is in place with the U.S., CBP should ensure publication of import, export and transit information consistent with FTA requirements.

010188

Recommendation 4

B. Opportunity to Comment

4. COAC recommends that CBP should encourage all customs administrations to adopt a standardized formal process initiated by the government to provide opportunities for the trade to comment on new laws or regulations impacting trade. The proposed introduction or amendment of laws and regulations should be approached as a consultative process accepting input through direct formal comments from companies, individuals, trade associations and most importantly industry advisory committees. Such committees are critical in an international trade environment in which technology and trade cycles continue to accelerate. These types of committees should operate on a continuing basis to ensure that the private sector has an official venue to engage directly with the national government in advocacy efforts, and that the government can count on a trusted group of experts on which to count for input on proposed regulatory changes and other policy initiatives.

010189

Recommendation 5

5. COAC recommends that CBP should encourage customs administrations to adopt as a best practice for a comment period, a minimum sixty (60) day comment period with a delayed effective date of sixty (60) days at a minimum, and an additional thirty (30) to sixty (60) days when the intricacy and impact of the change requires additional time. Further, when the changes relate to system and/or automated changes an additional sixty (60) to ninety (90) days should be required to program, test, and implement.

010190

Recommendation 6

6. CBP should encourage customs administrations to develop a formal established commercial advisory committee comprised of members of the trade similar to the COAC and WCO Private Sector Consultative Group. Members should represent stakeholders of different sizes, involved with various commodities and playing divergent roles within the supply chain and have an impact on customs or trade matters.

C. Advance Rulings

010191

Recommendation 7

7. COAC recommends that CBP should encourage customs administrations to prioritize the implementation of an advanced rulings program, including import classification, valuation, trade preference and entry related issues. As a best practice, CBP should encourage that rulings and decisions are published electronically as is the case with the U.S. CROSS rulings system.

Databases such as CROSS are searchable, up to date, and include ruling modifications and/or revocations, providing guidance to the trade community, essential to compliant business decisions

010192

Recommendation 8

8. COAC recommends, with regard to obtaining rulings, that the process to obtain such decisions should be transparent and consistent to simplify the process and allow for interested parties to file for a ruling. As a best practice, CBP should point towards the U.S. advance rulings program. Further, the ruling itself should provide enough information about the product and justification or rationale on how the customs administration reached the determination, to allow the interested parties to understand the underlying reasoning. The rulings programs should endeavor to include transparent timeframes for ruling issuance that keep in mind business needs.

D. Procedures for Appeal or Review

010193

Recommendation 9

9. COAC recommends that CBP should advocate and share with customs administrations the U.S. best practices of administrative review and judicial appeals that include clear and transparent procedures, stipulated timeframes, etc. in trade and customs matters with uniform implementation throughout a country's territory. Access to appeal and reviews should be adequate to ensure due process. For instance, customs regulations provide for the issuance and publication of internal advice and protest review decisions that provide guidance on current, ongoing and/or past transactions that enable the trade community to receive formal clarification and guidance on critical customs and trade issues.

010194

Recommendation 10

10. COAC recommends that CBP share its best practices before the WTO Trade Facilitation Committee regarding advance rulings, internal advice decisions, protests and other appeal processes and procedures with the objective of establishing a global model for obtaining customs decisions that would standardize processes and procedures. It is extraordinarily burdensome and costly for multinational companies to put in place the resources that are necessary to adapt, respond to and generally manage multiple and differing decision-making procedures, including review or appellate processes.

E. Other Measures to Enhance Impartiality, Non-Discrimination and Transparency

010195

Recommendation 11

11. COAC recommends that CBP encourage customs administrations to develop cohesive measures that would minimize risk and promote transparency in the process for release of detained goods, particularly about perishable goods. As a best practice CBP should encourage the laws, regulations and policy permitting the receipt and review of advance data and alerts on such shipments to facilitate decision-making by customs administrations as well as by the trade prior to and post arrival.

010196

Recommendation 12

12. COAC recommends that CBP should encourage customs administrations to consider and weigh the results of private accredited labs, even when the results contradict the ones from government labs.

F. Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties

010197

Recommendation 13

13. COAC recommends that CBP encourage customs administrations to improve transparency and consistency in fees, other customs charges, liquidated damages and penalties, making them easy to find and understand, particularly penalties for more egregious violations that could result in higher monetary amounts.

010198

Recommendation 14

14. COAC further recommends that CBP should encourage customs administrations to no longer require the consularization of documents, and certificates establishing articles of free sale or merchantability. Rather, CBP should encourage the use of commercial documents kept in the ordinary course of business, which are necessary for the transaction itself.

010199

Recommendation 15

15. COAC recommends that fees should be proportionate to services rendered. For instance, CBP should encourage customs administrations not to assess both a value added tax (VAT) and customs fee on the same transaction.

010200

Recommendation 16

16. COAC recommends that penalty regimes should be clear, understandable and not overly complex and penalties should be proportionate to the violation. Different frameworks should exist for civil versus criminal penalties. Customs administrations should recognize distinct levels of culpability as opposed to merely fraud or strict liability for any infraction especially in cases of minor breaches or clerical error. Mitigation guidelines should be transparent and easily accessible to provide for penalty resolution at amounts lower than the initial assessment. Voluntary prior disclosures should be a mitigating factor to any penalty assessment. Where bonding systems exist, customs administrations should consider issuing liquidated damages claims for breach of bond conditions in lieu of civil monetary penalties for more common entry, inbond or warehouse related violations.

G. Release and Clearance of Goods

010201

Recommendation 17

17. COAC recommends that CBP work with customs administrations to:

- a) Simplify procedures to reduce average clearance times;
- b) Publish predictable time frames for cargo release decisions;
- c) Introduce pre-arrival processing of import documentation;
- d) Accept electronic payments for duties, taxes and fees; and
- e) Promote release of goods prior to final determination and payment of customs duties.

010202

Recommendation 18

18. COAC recommends that CBP share best practices with customs administrations on pre-arrival processing, e-payment, clearance and release, simplified procedures, as well as relevant risk management and audit techniques.

010203

Recommendation 19

19. COAC recommends that CBP should encourage customs administrations to leverage a risk management methodology to target high-risk shipments for inspection or document requirements, decrease overall inspections to improve border efficiency, and focus post-clearance audit procedures on a risk based selective sampling methodology.

010204

Recommendation 20

20. COAC recommends that CBP encourage customs administrations to establish guarantees (customs bonds) to secure entry, inbound/transit, and warehousing as well as duty payment obligations and to ensure that bond amounts for security are commensurate with duty and tax risk. Furthermore, customs administrations should use bonds to provide for immediate release of cargo prior to final duty payment and other product conformity determinations, as well as to secure other obligations, including redelivery of goods. Most countries require the payment of duties, taxes and fees as well as admissibility decisions and inspection of cargo at the time of entry, which causes delays in the importation of cargo.

010205

Recommendation 21

21. COAC recommends that CBP encourage and share best practices with other customs administrations on developing a customs electronic bond or “ebond” system. In the U.S., customs bonds can be filed electronically in an efficient and timely manner, which assures CBP that the import obligation is secured before an entry is made. While some countries do have a customs bond system, it is paper intensive.

010206

Recommendation 22

22. COAC recommends the CBP should encourage customs administrations to simplify the border process for small and medium sized businesses by achieving a commercially significant de minimis level, which reflects inflation and the modern reality of online commerce.

010207

Recommendation 23

23. COAC recommends that CBP share with customs administrations best practices regarding the creation and implementation of the single-window particularly in the way it facilitates trade and enhances cargo clearance.

010208

Recommendation 24

24. COAC recommends that CBP encourage authorized economic operator (AEO) programs that prioritize participation in new programs for traders as opposed to excluding non-participants from participation in certain programs altogether and that AEO should be accessible, functional, and meaningful for companies of all sizes. Further, CBP should work with customs administrations to establish more mutual recognition agreements (MRAs) so that such traders can limit costs and gain benefits from such programs globally in a way that does not hinder, but encourages participation. Further, CBP should hold other customs administrations accountable for such appropriate and consistent implementation COAC recommends continued cooperation among customs administrations as they develop their AEO programs with an aim towards mutual recognition of certifications and benefits.

H. Border Agency Cooperation

010209

Recommendation 25

25. COAC recommends that CBP work with other customs administrations to establish within each country a national interagency entity that encourages cooperation and coordination among all government agencies with border cargo clearance responsibilities. As a best practice of interagency border cooperation and coordination CBP should reference the U.S. Border Interagency Executive Council (BIEC) that has enabled partner government agencies (PGAs) administering import and export laws, regulations and policies to collaborate with each other, CBP and the trade community on an ongoing basis.

010210

Recommendation 26

26. COAC recommends that CBP work through the WCO to promote a concept of a coordinated border management to be built on partnerships with other government agencies with border control responsibilities as outlined in the WCO Framework of Standards to Secure and Facilitate Global Trade.

I. Movement of Goods Intended for Import Under Customs Control

010211

Recommendation 27

27. COAC recommends that CBP encourages non-U.S. customs administrations to promote the establishment of an in-bond process and to engage industry in the development of a domestic process. Any resulting in-bond program must be multi-modal and applicable to all commodities and to the extent practicable, an automated process.

J. Formalities Connected with Importation, Exportation and Transit

010212

Recommendation 28

28. COAC recommends that CBP urge customs administrations in countries, which have yet to already do so, to: promote becoming part of the ATA Carnet System; secure broadest scope of coverage possible; and promote prompt action and implementation at respective domestic levels. The COAC encourages all customs administration to support full automation of the ATA Carnet system. The global gold standard for temporary admissions is the international ATA Carnet system, under the auspices of the World Customs Organization. ATA Carnets, commonly known as “Merchandise Passports”, are tools of trade facilitation, which simplify customs procedures for the temporary importation (admission) of various types of goods. ATA Carnets are the perfect tool for exporters to move their goods internationally, allowing goods to enter the customs jurisdiction of parties to the system – duty and tax free for a period of one year.

010213

Recommendation 29

29. COAC recommends that coupled with the development of robust risk-based systems, CBP should work with customs administrations in conjunction with the WCO to reduce, simplify and standardize the number of documents and data elements required for import and export of goods. CBP should work with customs administrations to avoid the current practice of duplication of electronic documents and paper copy requirements. COAC recognizes that some countries have regulatory provisions to accept electronic transmissions, yet have not implemented these practices or they have adopted practices requiring paper documents and signatures of the same document. Further, CBP should work with customs administrations on capacity building, electronic data exchange, and automation of border processes to lessen the burden connected with formalities in import/export operations. Specifically, we encourage CBP to work with customs administrations to achieve a uniform data collection process with the goal of reducing the paper documents and duplication.

010214

Recommendation 30

30. COAC recommends that CBP work with customs administrations to reduce the incidence of signatures on import, export, and transit documents. When signatures are required, customs administrations should accept copies of the document along with the signature. CBP also should encourage acceptance of electronic signed documents in lieu of paper including for domestic transit. Further, customs administrations should not require documents to follow or travel with the goods upon release and should eliminate such requirements and automate the process. Documentary requirements should not impede lawful transshipment of goods. CBP should encourage customs administrations to avoid increased requests for documentation in addition to commercial invoices as “proof of purchase” for shipments of physical goods.

010215

Recommendation 31

31. COAC recommends that CBP encourage customs administrations to adopt, in a uniform manner, an informal (consolidated) entry process for lower value shipments. COAC recognizes that in the express environment some countries do not provides for such processes.

010216

Recommendation 32

32. COAC recommends that CBP encourage customs administrations and partner government agencies to develop the necessary internal expertise to diminish and where practicable eliminate reliance on pre-shipment inspection and/or third-party verification practices that cause unnecessary cargo delays and additional costs to traders.

010217

Recommendation 33

33. COAC recommends that CBP share its best practices for bringing goods into compliance, specifically through a process that allows companies to import merchandise into secure, bonded areas, e.g. bonded warehouses and/or free trade zones, to bring merchandise into conformity with product labeling or other admissibility requirements.

010218

Recommendation 34

34. COAC recommends that CBP encourage customs administrations to administer an international labeling standard. Currently labeling requirements are country specific and some requirements are so specific that they require specialized labeling procedures to occur as a separate process after the initial product manufacture and packaging thereby creating extra cost, time and potential issues in the supply chain.

010219

Recommendation 35

35. COAC recommends that CBP encourage customs administrations to adopt, as practicable, more uniform and transparent procedures and processes among various ports and districts. In many cases port specific practices exist that hinder the flow and clearance of lawful commerce. Furthermore, internal customs ports and/or administrative offices should utilize consistent versions of customs automated systems to promote transparency and uniformity to traders.

010220

Recommendation 36

36. COAC recommends that to the extent practicable, CBP should encourage customs administrations not to restrict clearance and/or inspection of certain classes of merchandise to specific ports of entry or geographic locations. Further, customs administrations should leverage technology where possible to allow for centralized clearance and inspection capability for all commodities.

010221

Recommendation 37

37. COAC recommends that CBP encourage customs administrations to evaluate and consider programs that increase uniformity and create further efficiencies to apply common customs procedures at all ports of entry. As a best practice, the U.S. has centralized post-release procedures under CBP's Centers of Excellence and Expertise (CEEs) that have dramatically improved efficiencies and standardized processes for U.S. importers. Further, the Remote Location Filing (RLF) program in the U.S. allows for electronic remote filing for release at all ports of entry, no longer confining transmissions and filings to local or regional ports.

K. Freedom of Transit

010222

Recommendation 38

38. COAC recommends CBP encourage countries not to impose unnecessary fees for the movement of in-transit goods including those relating specifically to instruments of international trade.

L. Customs Cooperation

010223

Recommendation 39

39. COAC recommends that CBP encourage customs administrations to promote compliance through outreach such as webinars, symposiums and to develop informed compliance publications. Additionally, CBP should encourage customs administrations to share information about organizational structure, including contact information of government officials.

010224

Recommendation 40

40. COAC recommends that the sharing of import and/or entry information should be consistent with the purposes of ensuring effective customs control and "data discipline" over the exchange of such information, particularly the release of proprietary information.

M. Other Trade Facilitation Recommendations

010225

Recommendation 41

41. COAC recommends that CBP encourage other customs administrations to expand public private partnerships with national trade facilitation committees including the Global Alliance for Trade Facilitation and others.

010226

Recommendation 42

42. COAC recommends that CBP work with the Asia/APEC region, including China, Indonesia, Vietnam and the Philippines to encourage more transparent and streamlined processes and procedures involving phytosanitary certifications and/or requirements that often unreasonably delay clearance.

010227

Recommendation 43

43. COAC recommends that CBP encourage other customs administrations to develop processes that enable the free flow of goods, such as standardized customs data and expanded hours of full operation at border crossings, to greatly expand intra-Africa trade. This will help reduce the cost of intra-Africa distribution which is beneficial in attracting new businesses. Customs improvements will also allow companies to better implement business models which are based on reliable delivery networks including guaranteed and time-definite deliveries.

010228

Recommendation 44

44. COAC recommends that CBP consult with other customs administrations to identify and share best practices on enforcing anti-dumping and countervailing duty (AD/CVD) laws and regulations including the benefits of a worldwide, uniform system for calculating and assessing AD/CVD margins on a prospective basis during all aspects of the investigation including administrative reviews.

010229

Recommendation 45

45. COAC recommends that CBP share best practices with other customs administrations to operate under a heightened level of IPR enforcement and implement IPR reforms within their legal structures to effectively emphasize deterrents such as civil, administrative and criminal penalties. For instance, as a best practice CBP should share its National IPR Center model that provides a focused resource to strengthen and improve IPR enforcement and prevent illicit

activity. The National IPR Center and its Report IP Theft campaign also has encouraged open collaboration to develop intelligence by industry sector leading to increased IPR seizures.

N. Trade Policy

010230

Recommendation 46

46. COAC recommends, in light of the U.S.' withdrawal from the Trans Pacific Partnership, that CBP maintain continued engagement with Asian customs administrations to promote U.S. exports and jobs.

TRADE MODERNIZATION SUBCOMMITTEE

E-commerce / Section 321:

Filing Partner Government Agency (PGA) data:

010231

Recommendation 1

1. In order to promote a level playing field and not impair the flow of legitimate commerce, COAC recommends that CBP, in conjunction with the PGAs, should adopt policies or requirements that generally would not limit, encourage or require section 321 filings to a certain class or group of service providers.

010232

2. The COAC recommends CBP provide section 321 filing capability in ACE for ACE filers and that automated solutions, including the ability to file PGA data, should be available in ABI.

010233

3. The COAC recommends CBP provide section 321 filing capability in ACE for ACE filers and that automated solutions, including the ability to file PGA data, should be available in AMS.

Data elements:

010234

4. COAC recommends that CBP should collaborate with the Trade to ensure that shipments released using section 321 subject to PGA review have the necessary data elements/data sets required for CBP and the PGA to release cargo consistent with the risk and targeting standards aligned with the agencies missions, and to safeguard public health and safety of the American consumer.

010235

5. COAC recommends that CBP in conjunction with the PGAs clarify publicly to the Trade whether a merchandise description only or alternatively an HTSUS number is recommended or required for section 321 importations. Additionally, should CBP and the PGAs recommend or require an HTSUS number it should clarify the circumstances where an HTSUS is recommended or required, e.g., in all cases, in cases of revenue or fees, or when required by PGA's for admissibility determinations, and prior to arriving at this determination consult COAC.

Process to determine section 321 eligibility:

010236

6. COAC recommends that CBP should collaborate with the Trade to ensure they have an adequate process in place, and/or an automated solution to determine if a shipment is subject to PGA admissibility requirements or not, and if it is in fact eligible for section 321 clearance.

Guidance and collaboration between Government and Trade:

010237

7. COAC recommends that CBP work with the partner government agencies (PGAs) to encourage each PGA, who has not yet done so at the time of these recommendations, to clarify publicly to the Trade whether section 321 imports require a data set as they do for entry types 01 or 11 for cargo release. If the PGA will not require the submission of PGA data for such shipments, exempting section 321 importations from PGA review, then the COAC recommends that they state this policy in writing. COAC recommends that CBP engage the BIEC for additional outreach and coordination efforts to obtain such clarification.

010238

8. COAC recommends that CBP and government agencies that currently require the payment of duties or fees, e.g., antidumping and countervailing duties, or fees on entries, clarify publicly to the Trade whether for section 321 imports, they also will require such duties and fees, or consider them exempt on section 321 importations.

010239

9. COAC recommends further, if CBP and/or the PGAs, determine certain data elements for admissibility or revenue/fees are required for section 321 importations CBP should establish filing requirements. In such a case, CBP should arrive at these requirements, including data elements, in collaboration with the Trade, including the COAC and the TSN to ensure minimal effect on costs and efficiencies to process section 321 importations.

010240

10. COAC recommends that CBP and the Trade continue to work on ways to better educate and inform the trade community to improve descriptions of merchandise provided on commercial and shipping documents, including manifests, to filers of Sections 321 transactions.

010241

11. COAC recommends that the work load staffing model that CBP currently utilizes to identify the level of officials needed to facilitate and manage the flow of legitimate cargo, include a review and determination of the additional volume of shipments that are being imported under the Section 321 limit of \$800 currently in the statute. This will ensure that CBP address the new and different flows of commerce enabled under the statute in an efficient and comprehensive manner

Responsible party for enforcement and trusted party for facilitation benefits:

010242

12. Rather than identifying a particular party that categorically should be liable or responsible for the appropriate and accurate filing of Section 321 imports, CBP should clarify publicly to the Trade existing laws and regulations such as those relating to risk-based cargo release, product admissibility, manifesting cargo, intellectual property, commercial negligence/fraud, etc. that provide CBP with the ability to hold various parties responsible for the accuracy of such transactions. The COAC recommends that CBP should also consider those parties who have the primary financial gain due to the sale of the goods and/or knowledge about the nature of manufacture, country of origin, or admissibility of the product or goods. Further the COAC recommends a continued dialogue on this issue with CBP and the Trade including this COAC Working Group.

010243

13. CBP should consider, in conjunction with the PGAs, providing benefits to trusted partners involved with Section 321 importations as already is the case for cargo release/entry. In particular, CBP should consider expedited processing and less targeting due to minimal risk associated with such transactions when there is additional processing or screening performed. CBP should leverage COAC as a resource in future discussions on this topic.

ONE U.S. GOVERNMENT AT THE BORDER SUBCOMMITTEE

ACE Related:

010244

Recommendation # 1

COAC recommends expanding reporting capabilities in ACE to accommodate and include the PGA data elements transmitted in the corresponding PGA message set.

010245

Recommendation # 2

COAC recommends modifying the ACE account structure to provide ACE participants with visibility to and reporting on all transactions where they are listed as an “entity” to the transaction, including as Foreign Supplier Verification Programs (FSVP) importer, consignee, etc.

010246

Recommendation # 3

To ensure uniformity and accuracy of foreign currency conversions the COAC recommends that CBP provide currency tables in ACE/ABI, consistent with the objective to transition all legacy ACS functionality into ACE/ABI.

010247

Recommendation #4

COAC recommends that CBP work with the IUSG subcommittee to review, develop, and draft ACE disaster recovery and national downtime procedures.

Fish & Wildlife Service Working Group:

Interim Pilot Recommendations:

010248

Recommendation # 1

Regarding the interim pilot, the COAC recommends that CBP work with Fish and Wildlife to:

- Include small, medium and large importers as part of the pilot.
- Exclude type 06 entries (FTZ –Foreign Trade Zone weekly withdrawals) from the interim pilot.
- Engage the COAC and trade the opportunity to provide recommendations, as needed, in regards to policies and procedures prior to the publication of the revised Implementation Guide.

- Once the pilot begins, engage the COAC and trade to evaluate the pilot and provide feedback for long term solutions.

010249

Recommendation # 2

Regarding Outreach and Education, the COAC recommends that CBP partner with Fish and Wildlife to increase its overall outreach and education with the trade by:

- Further integrating FWS into the Centers of Excellence and Expertise. The Centers have much knowledge about the importers that are managed within the CEE. Increased collaboration between the CEEs and FWS could allow better targeting and resolution by FWS.
- Requesting FWS host additional webinars to the trade on the upcoming interim pilot and other information pertinent to the trade.
- Inviting FWS to attend other industry conferences and provide updates as part of the actual sessions at these conferences.
- Inviting FWS to participate in “trade days” at the ports of entry to disseminate information.
- Requesting FWS host webinar and training sessions communicating requirements to overseas companies that export to the United States
- Requesting FWS to further enhance and simplify their website, adding links to provide key information to importers, Customs brokers and any trading partners who bring goods subject to Fish and Wildlife into the United States, e.g. fact sheets and FAQs.
- Requesting FWS work together with the trade to further develop a FWS on-line tool that will enable traders to understand whether a product is subject to FWS.

Long Term Recommendations:

010250

Recommendation # 3

- The COAC recommends CBP work with the Fish and Wildlife Service to adopt the same “Hold Intact” concept used by the Food and Drug Administration (FDA) and as outlined by CBP under 19 CFR 141.113(c),(d). This would allow importers to obtain a conditional release from CBP to move cargo from the port of entry to another location of the importer’s choosing and hold the cargo intact until it is fully released by FWS or hold only those items designated by FWS that need to be held.

010251

Recommendations # 4

- The COAC understands that FWS is part of the Convention on International Trade in Endangered Species and Wild Fauna and Flora (CITES) committee. As such the COAC recommends that CBP encourage the FWS to participate in the CITES electronic permitting exchange and requests a report, when able, on its efforts to implement this electronic process in the United States. This would include implementing electronic permit standards and norms in order to issue and receive CITES permits generated through an electronic permit information exchange with participating countries.

010252

Recommendation # 5

- The COAC understands that FWS is currently conducting a port study in relation to the Designated Port Exception Permit process. The COAC recommends that FWS provide updates to the FWS working group, as they are able, on the status, results and next steps of the port study.
- The COAC recommends that CBP work with FWS to continue to look for options to support the current Designated Port Exception Permit Process.

010253

Recommendation # 6

- The current Harmonized Tariff System is not clear enough to determine whether a commodity meets FWS exemptions. Currently a large number of the HTS numbers flag for Fish and Wildlife (FWS). The purpose of this recommendation is to have fewer tariff numbers flagged for FWS and still allow FWS to collect necessary information. The COAC recommends partnering with FWS to request further tariff number break-outs from the appropriate parties at the International Trade Commission and CBP to address the following areas:
 - Separating domesticated specimens from non-domesticated specimens
 - Determining shellfish/fishery product for human or animal consumption
 - Separating animal from non-animal product

The FWS working group has put together a white paper with further recommendations on tariff number break-outs.

010254

Recommendation # 7

The COAC has a concern surrounding the number of HTS numbers flagged for FWS. The recommendation to further break-out HTS numbers is an effort to partner with FWS to find ways to comply with FWS' requirements, but to also reduce the number of HTS numbers flagged for FWS. The COAC recommends that in the interim, until such time as the previous recommendation is adopted, CBP work with FWS to explore flagging only those HTS numbers which require a response, and are in direct proportion to FWS' high risk HTS numbers.

010255

Recommendation # 8

The COAC recommends that CBP work with FWS to create a "Compliant Trader" program for importers. FWS, together with the trade, would determine the conditions for entering and remaining in the program. This program would allow FWS to focus on importers and commodities that truly pose a risk versus those parties who have demonstrated they are a "Compliant Traders." One of the reasons for this program would be for the trade to work with FWS on how the trade can provide proof under the Y/N scenarios without providing additional data elements when disclaiming a product from filing Form 3-177.

- Example: Specifically under the "N" scenario where additional data is required to provide proof of claim, if an importer is deemed to be a "Compliant Trader," they would not need to provide the additional data elements as they have already satisfied the proof of claim under entering the "Compliant Trader" program.
- Example: The trade recommends that FWS adopt a registry process similar to the registry process piloted by the Consumer Product Safety Commission (CPSC). This process would be made available to those importers deemed to be a Compliant Trader. This registry would allow the Compliant Importer who imports recurring SKUs into the U.S., subject to FWS and excluded from CITES, to file the information with FWS and receive a "registration" number from FWS that could be applied to subsequent shipments of the exact same SKU filed in ACE subject to FWS. This would mean that FWS has the ability to pull up the original information on file for the SKU and apply it to subsequent SKUs on entries imported with the same SKU. The "registration" number would be provided by the trade on all subsequent FWS filings through ACE when importing that SKU.

The COAC recommends that the current FWS working group scope out this process with FWS during the interim pilot. This process could possibly be utilized by other PGAs.

In addition the COAC recommends that FWS work together with CBP to align the "Compliant Trader" program with other Trusted Trader programs.

010256

Recommendation # 9

- The COAC has a concern surrounding the burden of proof for an exemption, specifically in relation to animal species and the requirement of additional data elements under the ‘N’ scenarios where the importer claims the product is exempt from the 3-177 form. As a result, the COAC recommends CBP partner with FWS to utilize the one letter disclaimer code that indicates the product contains certain domesticated species, as provided for in 50 CFR 14.4.
 - The COAC encourages FWS to adopt the one letter disclaimer code to be used in the Interim Pilot as part of the final implementation.
 - If FWS determines that the domesticated disclaimer code will not be part of the final implementation, the COAC recommends FWS support its need to obtain the genus and species information on certain domesticated species by issuing a notice of proposed rulemaking to amend 50 CFR.

GLOBAL SUPPLY CHAIN SUBCOMMITTEE

Pipeline Working Group

010257

1. COAC recommends CBP begin a Proof of Concept Pipeline Pilot to allow Pipeline Operators to utilize a Monthly 7512 batch reporting process. CBP to consult with the Pipeline Working Group to develop the parameters of the Pilot and bonding requirements and potential expansion.

TRADE ENFORCEMENT AND REVENUE COLLECTION SUBCOMMITTEE

010258

1. COAC recommends that CBP continue to engage with the TERC Subcommittee and underlying working groups to collaborate prior to implementing any policy and/or statutory changes required by the Presidential Executive Order on Enhanced Collection and Enforcement of AD/CVD and Violation of Trade and Customs Laws, especially in the areas of heightened enforcement and increased bonding that could have a substantial impact on the trade.

010259

2. COAC recommends that CBP work with the Department of Commerce to develop educational papers and best practices for handling critical circumstances and AD/CVD entries that have a 0% deposit rate at the time of entry. The AD/CVD Working Group also provided various updates to CBP’s FAQ document and recommends incorporating some of these newer educational tools into the FAQ.

November 14, 2017

ONE U.S. GOVERNMENT AT THE BORDER SUBCOMMITTEE

Technical and Operational Outages:

010260

1) COAC recommends CBP establish nationally coordinated uniform procedures for system disruptions regardless of port or mode of transportation, documented in writing and publically available to the trade. The procedure should include the specific required data elements for release during a system disruption.

010261

2) COAC recommends CBP establish a procedure to allow software vendors and or software self-programmers to contact directly OneNet support rather than going through ACE helpdesk when experiencing VPN connectivity issues.

010262

3) COAC recommends CBP create a communication procedure to provide an early warning notification to software vendors and software self-programmers of a potential unplanned system disruption.

010263

4) COAC recommends ACE Availability Dashboard be enhanced as follows:

- Provide Real-time, accurate status visibility of the processes including but not limited to - trouble with outbound queues
- Provide an alert when a status changes
- Provide visibility to categories not currently available such as: Manifest – air, sea, rail, truck, FAST; specific PGAs, e214/FTZ; statements; QPWP/Inbond; ACAS; full ISF process
- Reflect CBPs planned outages and retain historical activity

010264

5) COAC recommends when systems are recovered after a filer or CBP system disruption, CBP will not manually amend or back date the release date to the date of arrival.

010265

6) COAC recommends CBP create a pro-active review process prior to issuing liquidated damage cases for filings that may have been connected to a system disruption.

EXPORTS SUBCOMMITTEE

010266

Recommendation 1: In onboarding new participants into the air, ocean and rail manifest pilots, CBP has chosen to decentralize the connectivity and testing processes to the ACE Client Reps. Unfortunately, this core and dedicated group of professionals has been and remains busy with issues stemming from mandatory ACE implementations, leaving them with insufficient time to dedicate to the voluntary export pilot. We therefore recommend that CBP's Trade Transformation Office identify by December 31, 2017 specific, non-client rep resources to dedicate to the onboarding process for new air, ocean and rail export manifest pilot participants. We further recommend that CBP stand up a dedicated export technical task force to catalog, prioritize and expeditiously resolve technical issues in order to enhance pilot progress no later than Q1/2018 (CY).

010267

Recommendation 2: There is a currently lack of business process, policy and technical documentation regarding pilot processes, in particular those which elaborate timelines, set out response expectations and protocols, and explain how pre-departure targeting and hold resolution policies and procedures will impose minimal negative impact on time-sensitive carrier operations. At the present time, potential participants literally do not know "what they are signing up for" when they join the automated export pilot. We therefore recommend that CBP prioritize the development of written pilot policies and procedures that accord with past and present COAC recommendations and the dissemination thereof in early Q1/2018 (CY) to those who have expressed interest in pilot participation.

010268

Recommendation 3: In order to confirm mutual understanding and allow productive industry-government discussion of any issues requiring resolution, we recommend that CBP promulgate a high-level regulatory "strawman" for each mode of transport that sets forth CBP's vision of how automation will transform the export manifest regulatory regime and the planned structure of the new regulatory approach no later than the end of Q1/2018 (CY).

010269

Recommendation 4: We recommend that CBP enable the earliest possible transmission of 1) ocean house-level bills of lading by NVOCCs, and 2) house air waybills by Indirect Air Carriers (IACs) (freight forwarders that tender cargo to an air carrier), to facilitate early CBP risk assessment and shipment interception prior to the consolidation of cargo at inland ports / non-gateway airports and/or at ports/airports of export.

010270

Recommendation 5: In the ocean mode, in order to align with CBP's ocean import filing deadline and with the import manifest filing deadlines established by the EU and other jurisdictions to which US export cargo is destined, we recommend that the latest submission time

for export ocean bills of lading (including straight, master and house bills) be set at 24 hours prior to vessel loading at the port of exportation.

010271

Recommendation 6: In the air mode, we recommend that the latest possible submission time for 1) house-level air waybills by the IAC, and/or the IAC's agents, and 2) simple bills by shippers, IACs, carriers and/or their agents be harmonized with U.S. Census requirements for AES submission for air shipments.

010272

Recommendation 7: In the air mode, we recommend that CBP facilitate the earliest possible filing of master-level air waybills by IACs and/or air carriers, and that the latest possible submission time for master-level air waybills be established as prior to aircraft departure from the US.

010273

Recommendation 8: In the air mode, as all necessary data for shipment risk assessment will be provided via house, simple and master air waybill transmissions prior to departure, we recommend that the flight-level manifest be utilized by CBP only as a tool for reconciliation and confirmation of the date and port of export, and not as an element of export targeting.

010274

Recommendation 9: Recognizing the multiple variables impacting flight capacity and the last-minute nature of flight loading and manifesting, and therefore the need for air carriers to complete post-departure reconciliation prior to transmitting flight-level data, we recommend that the submission timeline for the flight-level manifest be set at several hours after flight departure. We further recommend that an additional 3 business days be provided during which carriers may amend the flight-level manifest transmission without penalty.

010275

Recommendation 10: – Air – Linking the AES Filing Record to the Export Manifest: For air export shipments that require AES filings, we recommend that CBP and Census link the USPPI's AES filing to the export manifest filing by requiring the USPPI to provide the ITN, AES Downtime citation, or AES Post Departure citation:

- For consolidations, to the Indirect Air Carrier (IAC) (the forwarder that issues the house bill that will be consolidated under an air carrier's master bill), and further that the IAC be required by CBP to include the AES ITN or Downtime / Post Departure citation in its house bill filing to ACE;
- For straight (direct) shipments, to the air carrier, and further that the air carrier be required by CBP to include the AES ITN or Downtime / Post Departure citation in its straight air waybill filing to ACE.

010276

Recommendation 11: – Ocean – Reporting AES exemption/exclusion citations: For ocean export shipments that are exempted or excluded from AES filing requirements, we recommend that CBP and Census require the USPPI to provide the 3-character alpha-numeric code that corresponds to the correct exemption or exclusion legend (per the CBP/CENSUS exemption/exclusion code table) to the carrier that issues the lowest level bill of lading. Furthermore, we recommend that CBP require the carrier that issued the lowest level bill of lading to include this three-character exemption code in its bill of lading filing to ACE.

010277

Recommendation 12: – Air – Reporting AES exemption/exclusion citations: For air export shipments that are exempted or excluded from AES filing requirements, we recommend that CBP and Census require the USPPI to provide the 3-character alpha-numeric code that corresponds to the correct exemption or exclusion legend (per the CBP/CENSUS exemption/exclusion code table):

- For consolidations, to the IAC, and further that the IAC be required by CBP to include the AES exemption/exclusion citation in its house bill filing to ACE;
- For straight (direct) shipments, to the air carrier, and further that the air carrier be required by CBP to include the AES exemption/exclusion citation in its straight air waybill filing to ACE.

010278

Recommendation 13: – Air and Ocean – Linking House Bills to Master Bills): In order to link NVOCC-issued house bills to their corresponding VOCC-issued bills of lading, and IAC-issued house air waybills to their corresponding master air waybill, we recommend that CBP require NVOCC and IAC house bill filers to include the master bill of lading / air waybill number in every house bill filing (as is done today in the ACE M-1 Ocean and Air Import Manifest Systems).

010279

Recommendation 14: – NVOCC visibility: In order to provide NVOCC master loaders with the necessary visibility to ensure that they have met all filing requirements, we recommend that CBP include a new ocean manifest required (conditional) data element for house bills: the master loader reference number. Specifically, when a co-loading non-master loader transmits its house bill(s) of lading to CBP, it would be required to include the master loader's bill reference number. This will allow the master loader to verify that all house bills under a given master bill have been properly filed.

010280

Recommendation 15: Following significant industry discussion with CBP and Census, and a survey of ACE user preferences, the trade has selected a new nomenclature of 3-character codes for AES exemptions/exclusions that are more-rationally derived from the corresponding paragraph citations found in the Foreign Trade Regulations. We recommend that CBP and Census adopt this mutually-agreed upon new nomenclature system as soon as possible, ensure that the ACE export system is expeditiously updated with the new nomenclature, and provide broad notice to pilot participants and the trade community overall about 1) the future requirement to identify AES exemptions/exclusions via 3-character codes instead of FTR paragraph citations, and 2) the change in the 3-character nomenclature from that currently programmed to the new trade-approved codes.

TRADE ENFORCEMENT AND REVENUE COLLECTION (TERC) SUBCOMMITTEE

Anti-Dumping and Countervailing Duty (AD/CVD) and Bond Recommendations

010281

1. To support increased screening, COAC recommends that CBP require live entries for AD/CVD shipments in the following instances:
 - a. An importer with a previous unresolved instance of non-payment of AD/CVD at the time of entry summary.
 - a. An importer does not pay an increased duty bill within 60 days of issuance unless there is a valid protest issue which can be filed within 180 days of issuance.

COAC also recommends that CBP establish and publicize its policy for removing an importer from live entries once they have rectified any payment problems and/or demonstrate the importer was not at fault for any late file or payment (i.e., due to a technical or processing error).

010282

2. To support increased bonding for AD/CVD shipments, COAC recommends that CBP establish a separate supplemental AD/CVD Bond available as a Single Transaction or Continuous Bond. The supplemental bond should have a separate Activity Code and be required to secure the potential shift in AD/CVD rates for active AD/CVD Orders (estimated 420 active AD/CVD Orders). The TERC Subcommittee will be providing CBP with a white paper that provides recommendations on how the supplemental AD/CVD Bond would be calculated and automated as an eBond in ACE.

010283

3. COAC recommends that CBP provide additional data and information to sureties to support more robust underwriting of Customs Bonds for AD/CVD, including:
 - a. Expansion of the Automated Surety Interface (ASI) data to include entry summary line item detail and AD/CVD 10-digit case number so sureties can properly manage and underwrite the risk and help counter AD/CVD evasion.
 - b. Visibility to flagging the AD Reimbursement Statement in ACE as required by 19 CFR 341.402(f), or in the alternative immediate notification if the AD Reimbursement Statement is not filed with the Entry Summary. This could be accomplished through having the surety as a Secondary Notification Party (SNP) and/or updating the Bond Sufficiency Notification with additional flagging.
 - c. Improving the functionality and information available in the ACE surety portal, especially as ACE migrates to a paperless environment sureties will need to rely on visible access to data and information via the surety portal account.

The above automation is possible due to the creation of an eBond module in ACE and should not require additional funding. These changes can be made as part of the ASI conversion to ACE scheduled to deploy on February 2018.

010284

4. COAC further recommends that CBP provide the following notifications to sureties to help manage the potential risk of importer default to CBP:
 - a. Importers placed on sanction by CBP and when they are put on live entry
 - b. Importers who immediately default on payment of Periodic Monthly Statement
 - c. Real time notification of Debit Vouchers
 - d. CBP Form 29-Notice of Action
 - e. CBP Form 4647 Notice to Redeliver Merchandise
 - f. Prior Disclosures related to non-payment of ADD/CVD

All of the above information can be provided to sureties in an automated fashion due to the creation of an eBond module in ACE. The eBond module provides CBP with the ability to include additional data elements electronically via real time messaging, SNP or at a minimum paper copy of notices if not currently automated in ACE.

010285

5. COAC recommends that CBP provide sureties with the ability to add and maintain current names and addresses of importers, which are often verified through the underwriting process.

010286

6. COAC recommends that CBP monitor accumulation of estimated AD/CVD amounts accruing on unpaid monthly statements against the amount(s) of the bond(s) securing the payment to ensure bond sufficiency.

Forced Labor Recommendations

010287

1. COAC recommends that CBP continue to actively engage with the DHS Interagency Group as a best practice for cross-agency collaboration to improve forced labor enforcement and facilitation. COAC further recommends that CBP continue to include the COAC Trade Co-Chairs for the Forced Labor Working Group (FLWG) to ensure bi-directional feedback from all government agencies and non-government stakeholders.

010288

2. COAC recommends that CBP work with the DHS Interagency Group to co-create a “U.S. Goods Forced Labor Accountability Matrix” that will also outline the different government agencies involved with efforts to combat forced labor overseas to better understand each of their roles, responsibilities, and authorities. This Matrix is a high priority for the trade and should be reviewed with the Forced Labor Working Group prior to the next COAC meeting.

010289

3. COAC appreciates CBPs efforts to implement the Forced Labor Working Group’s (FLWG’s) prior recommendations, especially the recent issuance of an updated Informed Compliance Publication. As CBP continues to self-initiate and enforce forced labor allegations, COAC recommends that CBP seek additional feedback from the FLWG on how CBP Form 28 Requests for Information (CBPF 28 requests) are being handled uniformly at all centers of excellence and expertise. For example, some requests are more akin to an audit of an importer’s entire supply chain and sourcing factors rather than a request for information related to one set of transactions and/or supplier. Instructions must be clear so importers know how to properly and timely respond to CBPF 28 requests.

010290

4. COAC recommends that CBP publicize ongoing work to address and combat forced labor including other metrics besides Exclusions or WROs, such as:
 - a. Number of imports examined for potential forced labor violations
 - b. Number of shipments detained, denied entry, and/or seized due to forced labor
 - c. Number of self-initiated cases and CBPF 28 requests.

010291

5. COAC recommends that CBP conduct additional outreach using a variety of methods, such as:
 - a. **Small and Medium-Sized Businesses Campaigns.** These companies may not have a compliance department, and there is a need to educate owners or transportation managers. CBP can do so by publishing bulletins and blogs, conducting and recording webinars and FAQs, and working with the Small Business Administration and U.S. Chamber of Commerce to expand outreach.
 - b. **C-Level Executive Campaigns.** CBP can do so by implementing campaigns that focus on WRO case studies and enforcement metrics similar in nature to AD/CVD and IPR statistics that are publicized on a regular basis.
 - c. **Public Outreach:** Continue to publicize the ability and process to report forced labor allegations via e-allegations and the personal/financial reward for doing so.

010292

6. COAC recommends that CBP continue to have the Forced Labor Working Group (FLWG) act as a standing forum of subject matter experts that can be called together by CBP when any forced labor issues arise to solicit feedback and advice from the trade and all stakeholders within the FLWG.