

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

November 14, 2017

The logo for the Commercial Customs Operations Advisory Committee (COAC). The letters 'C', 'O', 'A', and 'C' are arranged horizontally. The first 'C' and 'A' are blue, while the 'O' and the second 'C' are red. The letters are in a bold, serif font.

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

CUSTOMS COMMERCIAL OPERATIONS ADVISORY COMMITTEE

Trade Modernization Subcommittee Executive Summary – Trade Progress Report November 2017

Background

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

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

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

Chairpeople

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

Working Group Updates

1. Centers of Excellence & Expertise Uniformity

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

2. 2016 Broker Regulations

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

3. Revenue Modernization

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

4. Rulings and Decisions Improvement

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

5. International Engagement & Trade Facilitation

The International Engagement & Trade Facilitation Working Group submitted its initial recommendations regarding NAFTA renegotiations in the March 2017 COAC Public Meeting. During the August 2017 COAC Public Meeting the Subcommittee submitted the balance of the recommendations. As the WTO Trade Facilitation Agreement (TFA) entered into force earlier this year, the working group considered practical strategic approaches and solutions/suggestions to encourage the adoption of best practices through CBP's engagement with foreign customs administrations, in conjunction with partner agencies or offices such as the USTR and USAID.

The Subcommittee now intends to reconvene the working group to prioritize the most critical and time sensitive recommendations and countries for the Trade and CBP. We intend to deliver these priorities at the February COAC Public Meeting.

6. E-Commerce

During the August 2017 COAC Public Meeting the Subcommittee submitted initial recommendations pertaining to issues relating to the section 321 de minimis increase to \$800 pursuant to the TFTEA. The working group now will focus on broader e-commerce issues and policy and expects to present additional recommendations at future COAC meetings. In pertinent part, the working group intends to examine the following issues, which will be adopted within our previous Statement of Work:

- i.) Consider how the changes in e-commerce are affecting each segment of the business, the current and future challenges to each segment of the industry and the needs of industry and CBP in light of new supply chain processes and changes.

- ii.) Consider the direction industry and CBP can provide each other on an international basis to address the opportunities and challenges that should be communicated internationally.
- iii.) Collaborate with and provide input to CBP as its rolls out its policy and operational requirements regarding section 321 importations.
- iv.) Consider how the trade and CBP can facilitate the growth of e-commerce, while understanding and addressing the enforcement needs.

We reiterate the importance of including stakeholders from all critical verticals (e.g., customs brokers, carriers, express couriers, importers, suppliers and e-commerce platforms) throughout these discussions.

7. De-Regulation & Cost Savings

On September 12, 2017 CBP issued a Request for Information (“Request”) seeking comments from parties to assist CBP in identifying existing regulations, paperwork requirements, and other regulatory obligations that can be modified, or repealed, to achieve savings of time and money while continuing to achieve CBP’s legal obligations. CBP issued the Request in order to address Executive Order 13771, “Reducing Regulation and Controlling Regulatory Costs,” and Executive Order 13777, “Enforcing the Regulatory Reform Agenda,” that the President issued in early 2017.

The Subcommittee announces the formation of a working group intended to complement CBP’s Request in order to fully identify regulations and requirements appropriate for modification or repeal to achieve savings of time and money for the trade community. The Subcommittee intends to include stakeholders from the various industries that the regulations impact in order to maximize the number of identifiable regulations and requirements and, hence, achieve cost savings.

8. Trade Facilitation and Enforcement Education

Section 104 of the TFTEA requires CBP to establish and carry out educational seminars to improve efforts to classify and appraise imported merchandise to improve trade enforcement efforts and to otherwise facilitate legitimate international trade. The statute requires CBP to establish a process to solicit, evaluate, and select interested parties in the private sector to assist in providing instruction and related instructional materials.

The Subcommittee announces the formation of a working group to provide recommendations regarding CBP’s process to develop and implement the educational component that TFTEA mandates, in conjunction with the private sector.

Conclusion

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