

Commercial Customs Operations Advisory Committee (COAC) (Emerging Technologies Working Group)

February 2018



U.S. Customs and
Border Protection

Background:

The Department of Homeland Security (DHS) Science and Technology (S&T) Directorate conducted an invitation-only Blockchain Workshop on October 11-13, 2017, with day two designated as “Trade Day.” The session was well attended, with approximately 80 participants at the level-setting “Blockchain 101” session on day one, and approximately 30 attended Trade Day. Participants collaborated in the development of criteria for proposed use cases, identified 12 ideas, and then prioritized the top 3-4 candidates for further investigation.

Subsequent to the blockchain workshop, CBP held deep-dive requirements sessions with members of the trade community on January 18-19, 2018 to further refine requirements for use of blockchain in three use cases:

- North American Free Trade Agreement (NAFTA)/Central American Free Trade Agreement (CAFTA)
 - Automation of paper process tied to certification of origin to qualify for free trade agreements.
 - Current process is to validate post-audit, time consuming and cumbersome.
- Automation of Carnets
 - Automation of paper process; multiple governments involved, tracked by counterfoils.
- Partner Government Agency (PGA) licenses, certifications, and permits
 - Focus on tuna form to automate interagency paper process.

Participants in the follow-up discussions were asked to provide the following information related to each use case:

- Current state of operations, forms, and workflow.
- To-be state of operations, focused on how blockchain would alter the current state.
- Metrics to demonstrate success of a particular use case.

Based on scoring at the follow discussions, NAFTA/CAFTA was identified as the best candidate for a blockchain pilot.

Issue:

Blockchain is one of the first technologies the Emerging Technologies Working Group is focusing on to determine how it can be used to benefit the trade mission.

There appears to be opportunity among the trade community to leverage blockchain either to track/validate goods in the supply chain to support due diligence, or potentially to support verifiable claims to CBP for audit/compliance purposes.

Next Steps:

In order to meet the goal of a blockchain pilot in 2018, CBP will:

- Conduct user story refinement sessions.
- Establish a timeline and milestones for delivery.
- Provide updates to the COAC.

The COAC Emerging Technologies Working Group will be leveraged to support follow on actions. The involvement of additional stakeholders for each potential use case is needed to further refine the scope of the use cases, proof of concept/pilot objectives, and participant group commitments to support a recommendation.

Prepared by: Thomas Mills, CBP Office of Information and Technology

Date: February 12, 2018