

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

February 13, 2018

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

**COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE**

CUSTOMS COMMERCIAL OPERATIONS ADVISORY COMMITTEE

Trade Modernization Subcommittee Executive Summary – Trade Progress Report February 2018

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, Rulings and Decisions, International Engagement & Trade Facilitation and Section 321 working groups, currently in the process of prioritizing these recommendations and
- recently launched the E-Commerce and Regulatory Reform working groups

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. While we appreciate updates on these recommendations from CBP, recognizing the Centers continued successful evolution, the Subcommittee is in the process of prioritizing these recommendations with the full COAC based on the input recently received from the working group members.

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 continue to encourage CBP to issue the other proposed regulatory changes relating to customs brokers, which have become increasingly essential considering continued changes in automation and entry processing. The Subcommittee is in the process

of prioritizing these recommendations with the full COAC based on the input recently received from the working group members.

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. Meanwhile, the Subcommittee is in the process of prioritizing these recommendations with the full COAC based on the input recently received from the working group members.

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. Meanwhile, the Subcommittee is in the process of prioritizing these recommendations with the full COAC based on the input recently received from the working group members.

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 is in the process of prioritizing these recommendations with the full COAC based on the input recently received from the working group members.

6. Section 321

During the August 2017 COAC Public Meeting the Subcommittee submitted recommendations pertaining to issues relating to the section 321 de minimis increase to \$800 pursuant to the TFTEA. We look forward to CBP's feedback on its policy and

operational as well as automated approach to the filing of section 321 importations. Further, we continue to seek confirmation from most of the PGAs as to their policy on section 321 importations and the process as well as data sets needed for such transactions.

7. E-Commerce

The Subcommittee is launching this working group to focus on broader e-commerce issues and policy set forth in a new Statement of Work, which will include:

- i.) 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 through a supply chain mapping exercise to identify the needs of industry and CBP considering new supply chain processes and changes.
- ii.) how the trade and CBP can adequately address the growth of e-commerce, while understanding and addressing partnership opportunities and enforcement needs.
- iii.) how the industry and CBP can enhance facilitation, outreach and education and impact e-commerce on an international basis to address the opportunities and challenges domestically and internationally throughout the supply chain.

We look forward to collaborating with stakeholders from all critical verticals (e.g., customs brokers, carriers, express couriers, importers, suppliers and e-commerce platforms) throughout these discussions.

8. Regulatory Reform

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 has recently launched this working group intended to complement CBP’s Request, order fully identify regulations and requirements appropriate for modification or repeal to achieve savings of time and money for the trade community. The Subcommittee is including stakeholders from the various segments of the supply chain that the regulations impact to maximize the number of identifiable regulations and requirements and, hence, achieve cost savings.

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, the recent efforts to prioritize them and look forward to further recommendations designed to enhance predictability, transparency and efficiency of cross-border trade that positively impact the U.S. economy.