

# Commercial Customs Operations Advisory Committee (COAC) Trusted Trader Subcommittee – Executive Summary

August 01, 2018

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

COMMERCIAL CUSTOMS OPERATIONS  
ADVISORY COMMITTEE

**Commercial Customs Operations Advisory Committee  
(COAC)**

**August 2018**

**Report of the Work of the COAC  
Subcommittee on Trusted Trader Program**

**Co-Chairs**

**Alexandra Latham - Costco Wholesale Corporation  
Michael Young – OOCL (USA) Inc.**

**1. Background:**

At the April 24, 2015, COAC meeting, the first quarterly meeting of the 14<sup>th</sup> Term Commercial Operations Advisory Committee (COAC), it was decided that topics from the 13<sup>th</sup> Term Trusted Trader subcommittee would continue to be worked on in the 14<sup>th</sup> Term. The Trusted Trader Subcommittee objectives and scope are consistent with the official charter of COAC.

**2. Objectives and Statement of Work:**

It is expected that, during the lifespan of this Subcommittee, the focus will be on providing advice and recommendations in one or more of the following areas, and reviewing the scope and capability of meeting both national and international criteria through Trusted Trader Programs including:

- CTPAT Trade Compliance
- CTPAT Security
- AEO Programs

After engaging in full deliberation and discussion, the Subcommittee shall advise the COAC of any advice or recommendations related to any CBP Trusted Trader Program. Specifically, the Subcommittee is expected to help CBP develop an enhanced CBP Trusted Trader Program and to continue to advise CBP on CTPAT issues. By developing a program that includes both trade compliance and supply chain security, CBP is moving CTPAT towards a true AEO program, thus creating an opportunity to both amend its current mutual recognition agreements (MRAs) and enhance its future MRAs by including trade compliance criteria and offering corresponding incentives for participants.

**3. Summary of Work:**

Since the final COAC public meeting of the 14<sup>th</sup> term on February 28, 2018, the Trusted Trader Subcommittee held one conference calls as a full committee prior to the end of the 14<sup>th</sup> Term COAC. The subcommittee discussed the plan for standing up a Trade Compliance working group and reviewed the draft scope of work. The Subcommittee was also briefed on the status of

the CTPAT Minimum Security Criteria including the updated MSC Registry and the socialization plan to provide visibility to the trade on the new MSC and the opportunity to offer feedback. In addition, the Subcommittee reviewed the CBP proposal for a Forced Labor Trusted Trader Strategy. The Subcommittee is currently focused on two core work efforts: the creation of a CTPAT Trade Compliance working group and the CTPAT Minimum Security Criteria working group.

For the CTPAT MSC, the subcommittee continued to work with CBP and the six working groups to refine and address the new and the improved recommended MSC. Based on the collated input from these working groups, CBP distributed the initial MSC registry list that also included input from CBP Field office personnel and the CBP HQ team, based on additional reviews in November 2017, and January 2018. Feedback from the working group participants was completed on the February 2, 2018, on the registry list and provided back to CBP. Work is ongoing to refine the registry, after the delay attributed to the COAC hiatus, and complete the workbooks that are being developed by Trade entity to ensure specific requirements are identified. The workbooks and registry are completed – but still subject to review – which will take place now after the completion of the COAC hiatus and resumption of the COAC 15th Term. Once these are approved they will be shared with the trade participants, including the wider CTPAT membership / Trade associations for any additional feedback before proposing a potential final version and implementation plan. We are pleased that the resumption of term 15 will allow further development of this important project on CTPAT to enhance and improve the MSC

#### **4. Next Steps:**

For the Trade Compliance program, it is anticipated that the Subcommittee will form a Trade Compliance working group to engage additional subject matter expertise, socialize the program and seek additional industry input and feedback on the development and implementation of the program. The scope of work will be forthcoming; however, it is anticipated that the COAC working group will focus on the following:

- Supporting the development and socialization of the Trade Compliance program;
- Establish an intake and review process for Trade Compliance and Trusted Trade benefits;
- Create an engagement strategy for Partner Government Agencies to take a one government approach and operationalize new benefits;
- Defining program metrics to assess impact of requirements and benefits; and
- Establishing and increasing the level of service for Trusted Traders in the Centers.

On resumption of COAC term 15, the CTPAT registry, updated and new agreed MSC and all the workbooks complete – CBP plans, and will initiate, a coordinated larger outreach effort for all members of the CTPAT program, through designated outreach programs and webinars to encompass the entire CTPAT membership to allow for productive feedback. There will be appropriate time for comment, revisions, etc., before implementation, and each of the workbooks will also be accompanied by a specific feedback form to allow incorporation of valid comments into the final product. Some work remains on a cost-benefit analysis for the new MSC, which will be addressed now that the 15<sup>th</sup> Term is set, and a comprehensive implementation and communication plan, including any new benefits that will be offered to program participants.

For the Trusted Trader Subcommittee as a whole, there is longer term work to be done to solidify the future direction in line with the developed Trusted Trader Framework strategy document. More specifically, in regard to developing the program as it relates to exporters with export benefits, partner government agencies, as well as achieving international interoperability. We look forward to the continued excellent partnership with CBP to develop these initiatives fully and ensure effective implementation of the new agreed MSC, and are encouraged by the excellent work conducted by CBP on the workbooks prior to the resumption of the COAC 15<sup>th</sup> Term.

In line with the agreed direction, the Trusted Trader Subcommittee has and will continue to focus on the objectives as stated in the statement of work: providing advice and recommendations on the enhanced Trusted Trader program, including CTPAT MSC, to encompass both trade compliance and supply chain security, and to review the scope and capability of meeting both national and international criteria.