

# Commercial Customs Operations Advisory Committee (COAC) Public Meeting Executive Summary

August 1, 2018

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

COMMERCIAL CUSTOMS OPERATIONS  
ADVISORY COMMITTEE

EXECUTIVE SUMMARY

BRADLEY HAYES, U.S. Customs and Border Protection (CBP)  
Executive Director

VALARIE NEUHART, Deputy Executive Director for CBP

TIMOTHY SKUD, Deputy Assistant Secretary, Treasury Department

MICHAEL DOUGHERTY, Assistant Secretary for Department of  
Homeland Security (DHS) Border, Immigration, and Trade Policy

DEREK N. BENNER, Deputy Executive Associate Director for  
Homeland Security Investigations, Immigration and Customs  
Enforcement (HSI/ICE)

The following COAC Members and alternate members were present at  
the meeting via webinar:

MICHAEL YOUNG, Member

LISA GELSOMINO, Member

LENNY FELDMAN, Member

HEIDI BRAY, Member

ALEXANDRA LATHAM, Member

KEVIN PINEL, Member

CINDY ALLEN, Member

ADAM SALERNO, Member

JOSE D. GONZALEZ, Member

LUISELLA BASSO, Member

AMY MAGNUS, Member

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MADELEINE VEIGEL, Member  
BRENDA BARNES, Member  
KATHY WILKINS, Member  
BARRY BAXTER, Member  
CELESTE CATANO, Member  
JODY SWENTIK, Member  
KATE WEINER, Member  
BRIAN WHITE, Member  
MICHAEL WHITE, Member  
WARREN HASTINGS, Alternate Member  
AMY E. SMITH, Alternate Member  
JOHN VAN WALLAGHEN, Alternate Member  
ERIKA VIDAL-FAULKENBERY, Alternate Member

#### EXECUTIVE SUMMARY

Bradley Hayes, Executive Director of CBP's Office of Trade Relations, welcomed the attendees and introduced the newly appointed, re-appointed, and alternate COAC members. There are 13 re-appointed members from the 14th COAC term, and seven new appointees, as well as four alternate members that will be joining the 15<sup>th</sup> term COAC.

Mr. Hayes noted that CBP was looking at reorganizing the COAC subcommittees so they align more closely

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and effectively with CBP's trade strategy. He thanked Valarie Neuhart and Florence Constant-Gibson and everyone at the Office of Trade Relations and CBP Office of Trade, Field Operations Office and Information Technology Office for their help organizing the Webinar.

Timothy Skud talked about the changes in E-commerce on both the industry and the Government side.

Mr. Brenner spoke on Intellectual Property Rights (IPR) issues and partnering with the industry to combat trade fraud. He introduced Alex Khu, Director of the IPR Center. Mr. Khu talked about the IPR which combines the resources of 23 different domestic and international law enforcement agencies. Also, in the field, they have started the Trade Enforcement Coordination Centers.

Lisa Gelsomino, COAC Trade Co-Chair, stated they are looking forward to working in the 15th term with the returning and new members on many of initiatives that have been outlined and also realigning the subcommittee.

Lenny Feldman, COAC Trade Co-Chair, reiterated that communication has never been more vital. He will be facilitating discussions between COAC and CBP regarding CBP's mission of security as well as facilitation and enforcement in a candid, open exchange where best practices can be served and deal with the realities of trade, leveraging technology and

automation, as well as the changes in the trade flows and patterns that exist.

#### Exports Subcommittee

Heidi Bray of the Exports Subcommittee discussed the progress being made in the Work Group particularly on the post-departure filing proposal and export manifests. Jim Swanson expanded on other operational aspects in more detail.

#### Trusted Trader Subcommittee

Michael Young and Alexandra Latham presented an update for the Trusted Trader Subcommittee. Liz Schmelzinger presented an update regarding CBP's plans to roll out new CTPAT criteria. They have made progress on the Trusted Trader Strategy and the formation of a new Trade Compliance Work Group.

Alexandra Latham discussed the framework of the Trusted Trader Subcommittee and its two main focus areas in trade compliance and security. During the hiatus the committee held two conference calls to discuss the proposed Forced Labor Strategy and the Trade Compliance Working Group. They look forward to continuing the momentum and collaboration with CBP on the development and implementation of the Enhanced Trade Compliance Program.

Michael Young added details about the completed

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workbooks for CTPAT that were recently distributed. The intent now is to set up webinars and face to face sessions to share the details of the new and enhanced Minimum Security Criteria [MSC] and allow broader socialization and elicit additional feedback from the wider membership. The implementation of the new MSC, will be phased and communicated well before any suggested changes are implemented. Director Schmelzinger provided more detail on CBP relationships and strategies. They plan to engage the Forced Labor work group in the Trade Compliance Program. Director Schmelzinger spoke about the history of the establishment of CTPAT after 9/11 in 2001 and the need for updating of much of its materials and changes in cyber security.

Mr. Hayes read a public comment from Mark Hirzel: "Los Angeles ran a pilot a few years ago that may be helpful to help identify LCL export shipments more efficiently and effectively."

## Trade Enforcement and Revenue Collection

### (TERC) Subcommittee

Lisa Gelsomino, Kevin Pinel and Alexander Amdur, weighed in on the TERC issues and the Anti-dumping and Countervailing Duty (AD/CVD) Working Group. The goal of the Working Group is to help educate the trade by providing improved information on the complex AD/CVD requirements, to enhance CBP's enforcement tools, and to provide more public information on CBP's AD/CVD

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enforcement efforts and accomplishments.

The Bond Working Group has been conducting regular calls on the Supplemental AD/CVD Bond and CBP is still reviewing the results of the table top exercises with the surety members of the Working Group.

Additionally, the TERC Subcommittee is hoping to schedule a conference call on August 8, 2018 with the Forced Labor Working Group to look at the Trusted Trader framework which is being developed as part of the Trade Compliance program.

Kevin Pinel reported that the IPR Working Group did not meet during the COAC the hiatus. T.J. Kendrick speaking on behalf of Jerry Malmo, who was not present at the meeting, echoed Lisa's comments.

#### Trade Modernization Subcommittee

Elena Ryan reported on the progress of the Regulatory Reform Work Group's efforts to identify and prioritize areas of regulations administered by CBP which can be modernized, updated, or potentially removed entirely. Similarly, the Foreign Trade Zone Working Group is a separate group that is overhauling Part 146 of the regulations in 19 CFR to be clearer, streamlined, and eliminate paper processes where possible.

In addition, the subcommittee discussed the progress made in the E-Commerce Work Group. They will be convening a new

Working Group as there is a huge need for education and outreach for the trade community and government to help them understand where opportunities are.

Lenny Feldman noted that a confluence of several different issues, is motivating both the public and private sector to work through issues which they look forward to continuing to address in the 15th COAC. Brandon Lord made comments on the Ecommerce Working Group and the developing of international standards with the World Customs Organization.

A comment was read by Mr. Hayes, submitted by John: "One issue while the new tariffs directed towards the impact of Chinese aircraft should apply to unmanned aircraft because the Federal Aviation Administration requires that anything larger than 250 grams to be registered as aircraft. The majority of imported drones, also known as unmanned aircraft, are categorized as toys and not subject to the tariffs. This poses a significant threat to U.S. business interests, I believe there's more, and he asked who is looking at this item?"

Mr. Amdur noted the U.S. Trade Representative's Office determines what is covered in the scope of 301 measures.

Bradley Hayes took roll call again with all COAC members being present. Mr. Hayes thanked the attendees and adjourned the meeting of the 15th COAC.

(Whereupon the above-entitled matter was concluded).

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