

Commercial Customs Operations Advisory Committee (COAC) (Trusted Trader Sub-committee/Trusted Trader Program)

September 2018



U.S. Customs and
Border Protection



Action Required:

- U.S. Customs and Border Protection (CBP) continues to work with the Commercial Customs Operations Advisory Committee's (COAC) Trusted Trader Subcommittee on the Trusted Trader Framework Strategy which guides CBP's implementation of the Trusted Trader Program. The Framework is based on the foundation of a "continuum of activity;" a consistent level of engagement between trade and regulatory government partners that demonstrate the highest level of commitment to practice, security, compliance, and partnership within the global supply chain.
- Trusted Trader is an integration of the CTPAT and Importer Self-Assessment (ISA) Programs into one consolidated program that includes both supply chain security and trade compliance. The program is being implemented via the Trusted Trader Pilot Program, announced in 2014.
- CBP established the pilot with a phased approach. Phase I (June 2014 - June 2016) entailed the development of internal guidance, vetting and validation of the nine pilot participants; and concluded with the issuance of the Trusted Trader Validation Report and formal acceptance of seven pilot participants as Trusted Traders.
- CBP has been closely engaged with the pilot participants through bi-weekly conference calls and has been working to evaluate the impact of the program incentives via operational metrics developed in coordination with pilot participants.
- CBP has developed a catalogue of proposed benefits to help improve and standardize incentive delivery as the pilot transitions to an operational program.
- CBP is currently in Phase II of the pilot, which launched in June 2016. The focuses of this phase are to evaluate the current incentives with pilot partners to complete the development of the CTPAT Portal to accommodate Trade Compliance in addition to supply chain security. The pilot participants will begin testing the Trade Compliance Portal October, 2018.
- Further, CBP will create and test user profiles for the National Account Managers (NAMs) and Trade Compliance staff, and develop automated application and re-validation processes for the Trade Compliance Program.
- Phase III of the pilot will begin October FY 19. CBP will operationalize Trade Compliance and begin the transition of the seven Trusted Trader Pilot members. Current ISA members will be transitioned into Trade Compliance and the Trade Compliance Portal once the program and portal are operational.
- CBP, the Trusted Trader Subcommittee members and the Trusted Trader Pilot participants met in Long Beach January 17-18, 2018. Key outcomes of the meetings were prioritization of program benefits and a discussion on COAC recommendations as they pertained to

CTPAT, and ISA process re-engineering. Eight program benefits were prioritized based on their feasibility of implementation and impact to industry:

- 1) CTPAT portal development for Trade Compliance;
 - 2) Reconciliation;
 - 3) Penalty Mitigation/Offset;
 - 4) Expedited Rulings;
 - 5) Release of Goods/Post Release Exams;
 - 6) CTPAT Defender (Identity Theft Program
 - 7) Exemption from random NIIs;
 - 8) Automation of Confidential Manifest requests.
- The Trusted Trader Subcommittee members agreed that they would assist with all benefit development involving PGAs.
 - The Trusted Trader Subcommittee proposed the establishment of the Trade Compliance Working Group to achieve greater visibility and to socialize upcoming changes due to the implementation of Trade Compliance. The working group will be an opportunity to keep the trade informed of the development of CTPAT Trade Compliance.
 - The Trusted Trader Subcommittee has been working with the Forced Labor Working Group to develop the Trusted Trader Strategy to include forced labor.

BACKGROUND

- During the period April 2016 to July 2016, the Trusted Trade Subcommittee held two meetings as a full committee. At the meetings, the work of the Subcommittee focused on finalizing the Trusted Trader Strategy document that outlines the future vision of an enhanced Trusted Trader Program. The Trusted Trader Framework Strategy was released at the July 2016 COAC meeting.
- COAC's Trusted Trader Subcommittee recommended CBP focus Trusted Trader strategic and tactical objectives on developing compelling benefits for voluntary participation in Trusted Trader Programs, and these benefits should outweigh the cost of participation. These benefits are essential for the advancement of Trusted Trader Programs and must be articulated in specific facilitation metrics. Benefits must be aligned with Section 101 of HR 644 on Improving Partnership Programs.
- In June 2018, the Trusted Trader Subcommittee proposed the development of a Trade Compliance Working Group to socialize CTPAT Trade Compliance to the trade.

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