

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

October 3, 2018

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

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

CUSTOMS COMMERCIAL OPERATIONS ADVISORY COMMITTEE

Trade Modernization Subcommittee Executive Summary – Trade Progress Report October 2018

Background

The Trade Modernization Subcommittee (Subcommittee) is pleased to have incorporated the expertise of the new appointees to the 15th COAC. The Subcommittee's objective is to enhance a public/private partnership through a shared strategic vision to enhance predictability, transparency and efficiency relevant in today's progressive trade environment that strengthens U.S. businesses as well as our economy.

14th Term Chairpeople

Cindy Allen	VP Regulatory Affairs and Compliance, FedEx Trade Networks
Lenny Feldman	Senior Member, Sandler, Travis & Rosenberg, P.A.

Active Working Groups

1. E-Commerce

This working group has been meeting to focus on broad e-commerce issues and policy set forth in its Statement of Work, which includes:

- 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 process flow exercise to identify the needs of industry and CBP considering new supply chain models 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.

Stakeholders from all critical verticals (e.g., customs brokers, carriers, express couriers, importers, suppliers and e-commerce platforms) are engaged in these discussions to focus on challenges and opportunities from the public, private and international/WCO perspective.

Most recently, the working group has embarked upon a detailed review of the various e-commerce trade flows via all transportation modes to better ascertain how e-commerce is impacting the movement of cargo and the roles of the parties. Once the working group

identifies all the critical nodes of the cargo flows it will consider how the e-commerce strategic goals should align with each one. Further, the working group will provide feedback as to best practices for e-commerce internationally from both a policy and operational perspective.

2. Regulatory Reform

This working group has been actively meeting, once in person and through numerous calls, through three teams to review Title 19 Code of Federal Regulations to work with CBP 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 working group is identifying regulations and requirements appropriate for modification or repeal to achieve savings of time and money for the trade community. The working group includes 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.

At this stage the working group has identified numerous areas for deregulation and/or modernization. Some of these include: entry, liquidation, financial/accounting, conditionally free articles, special classes of merchandise, air commerce, administrative rulings, protests and fines, penalties and forfeitures. Specific recommendations are forthcoming.

3. Foreign Trade Zone Modernization

This working group has been actively meeting, once in person and through numerous calls, through three teams to conduct an in-depth review of 19 C.F.R. Part 146 regulating foreign trade zones. The objective is to find ways to modernize and update the FTZ regulations to align them with the commercial realities in utilizing such facilities and the integral role they play in international trade. Stakeholders, representing FTZs, importers, exporters, brokers, sureties, attorneys and consultants have been actively participating.

The recommendations are intended to address: regulatory reform, outdated regulations, trade remedies, zone activation process, ACE policy, direct delivery, production equipment, bonding, the FTZ manual, section 321 de minimis, PGAs, CBP Form 216, penalties and liquidated damages and suspension.

Conclusion

We appreciate the dedication of 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 operating throughout the U.S. for their input on these numerous trade modernization initiatives. We look forward to CBP’s further implementation of the Subcommittee’s recommendations and future suggestions ahead in the 15th COAC.