

# **Commercial Customs Operations Advisory Committee (COAC) Global Supply Chain 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.

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**COMMERCIAL CUSTOMS OPERATIONS  
ADVISORY COMMITTEE**

## **CUSTOMS COMMITTEE ON COMMERCIAL OPERATIONS**

Global Supply Chain Subcommittee  
Executive Summary – Trade Progress Report  
October 3, 2018

### **I. Background**

The Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) determined to carry on the work from the 14<sup>th</sup> Term COAC Global Supply Chain Subcommittee.

#### **Mission Statement:**

*Advance priorities that promote trade facilitation, global customs modernization and global supply chain security, to enhance the competitiveness of our American businesses.*

**Trade Co-Chairs:** Adam W. Salerno, Mike Young (TT Subcommittee), Alexandra Latham (TT Subcommittee)

**Government Co-Chairs:** Liz Schmelzinger, Jim Swanson

**Members:** Mike White, Kevin Pinel, Lisa Gelsomino, Lenny Feldman, Amy Magnus, Celeste Catano, Heidi Bray, Carlos Ochoa, Valarie Newhart, Michael Schreffler, Michelle Vidlock, Bradley Hayes, and Steven Graham.

### **II. Summary of Work**

#### **COAC Global Supply Chain Subcommittee**

##### **Pipeline Working Group**

The Global Supply Chain Subcommittee will present the status of a proof of concept effort that is testing the utilization of existing Automated Commercial Environment (ACE) in-bond automation in the pipeline mode of transportation. Meetings will continue in order to further analyze the results of the effort. The results will be used to establish a business process for use by pipeline operators.

##### **Emerging Technologies Working Group**

There will be a discussion on the progress of Emerging Technologies Working Group. This will include the development of a Proof of Concept program using blockchain technology. There have been a number of full day in person meetings and many conference calls to utilize blockchain technologies for the submission of NAFTA and CAFTA certificates of origin. Integration testing that has taken place between September 10<sup>th</sup> and the 28th has been successful. In the next quarter results from the proof of concept program will analyzed in order or ascertain the viability of using blockchain technology.

### **In-bond Working Group**

There will also be an update on issues that were identified at the 2 day face to face meeting at the Beauregard Facility, on the 22<sup>nd</sup> and 23<sup>rd</sup> February, 2018, relative to Trade concerns with the current In-bond rule changes made within the scope of the “Changes to the In-Bond Process” final rule published in the Federal Register on September 28, 2017. The Working Group identified a number of recommendations that will be presented at the forthcoming public COAC meeting to be held in DC on the 3<sup>rd</sup> October 2018. A number of areas of concern were raised including the requirement to report the Harmonized Tariff System of the United States (HTSUS) numbers for all In-bond moves, the suppression of release information prior to physical arrival of cargo at In-bond destination, (identified by FIRMS code), especially in relation to truck power shortages. Additional topics included the receipt of written proof of exports, diversions, air and cross border requirements as well as the lack of visibility within ACE reports, of the obligation of in-bond for shipments by bond holders, especially where a bond is obligated by another carrier.