

Commercial Customs Operations Advisory Committee (COAC) Trade Enforcement and Revenue Collection (TERC) Subcommittee – Executive Summary

October 03, 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.

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

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

October 2018

**Report of the Work of the COAC
Subcommittee on Trade Enforcement and Revenue Collection (TERC)**

Co-Chairs

**Lisa Gelsomino - Avalon Risk Management
Kevin Pinel - Microsoft Corporation**

Background

During the first quarterly meeting of the 14th Term of COAC held on April 24, 2015, it was decided that topics from the 13th Term of the Trade Enforcement and Revenue Collection (TERC) Subcommittee would continue to be worked on in the 14th Term. This includes the Anti-Dumping and Countervailing Duty (AD/CVD), Bonds, and Intellectual Property Rights (IPR) Working Groups. The Regulatory Audit Working Group that was established in the 13th Term continues to be on hiatus until further notice from U.S. Customs & Border Protection (CBP). In July 2016, a new Forced Labor Working Group (FLWG) was also established. All subcommittee objectives and scope are consistent with the official charter of COAC.

Summary of Work

Since launching the TERC Subcommittee in April 2015, four (4) Working Groups have been operating. The AD/CVD, Bond, Forced Labor, and IPR Working Groups consist of COAC and non-COAC members representing over 100 different stakeholders from the trade including importers, domestic industry, U.S. manufacturers, brand holders, customs brokers, sureties, attorneys, ABI vendors, carriers, consultants, various trade associations as well as participants from CBP and other Partner Government Agencies (PGAs).

Since the last COAC meeting on August 1, 2018, the TERC Subcommittee held one conference call to review the activity of all the active working groups as follows:

AD/CVD Working Group

Since August 1, 2018, the AD/CVD Working Group held one conference call to review and discuss the following emerging issues:

- **AD/CVD FAQ:** The AD/CVD WG provided prior recommendations to update the FAQ and was able to provide collaborative input into the draft. The WG reviewed the final product and was very pleased that CBP and Commerce took the time to address the members' input. The new FAQ provides a great resource of information and all links to other websites are consolidated in one location. This was a great COAC product and team effort.
- **MID:** CBP asked the AD/CVD WG about Manufacturer ID (MIDs) that are used for AD/CVD. The current MID system has many challenges that were discussed and CBP would like to continue this dialogue with the WG.

- Looking forward to the 15th term, the AD/CVD WG will continue to act as a standing forum of subject matter experts that can be called together by CBP when any AD/CVD issues and new emerging issues arise to solicit feedback and advice from the trade. The members thank CBP and Commerce for their collaborative partnership.

Bond Working Group

Since August 1, 2018, the Bond Working Group (BWG) held two conference calls to discuss the bond sufficiency issues that have resulted from the increase in tariffs for Section 201, 232, and now 301. CBP has revised its bond sufficiency letters to encourage importers to not only look at the prior 12 months of history, but to project the bond amount needed going forward to ensure the bond remains sufficient in accordance with current continuous bond formulas. The BWG is eager to hear updates from CBP on the development of the AD/CVD Supplemental Bond and looks forward to further discussions on these topics with the 15th term of COAC fully operational.

Forced Labor Working Group

Since August 1, 2018, the Forced Labor Working Group (FLWG) held two conference calls to discuss CBP's framework for a Forced Labor Trusted Trader Program. Both calls had robust discussion on how a Trusted Trader Program for Forced Labor could operate. The COAC Trusted Trader Working Group will continue to seek input as necessary, and CBP is eager to put the program in place for those companies that may qualify under the Trade Compliance portion of the Trusted Trader Program. Looking forward, the FLWG will review outstanding COAC recommendations, develop a strong outreach plan, and review the Forced Labor regulations for updates once again.

Intellectual Property Rights Working Group

Since August 1, 2018, the Intellectual Property Rights Working Group (IPRWG) held two conference calls to discuss the proposed blockchain proof of concept and to solicit participants to test out the feasibility of a blockchain based solution. The Small Package team held a conference call and is developing some proposals for recommendations that will be reviewed by the entire IPRWG before submission to the full COAC. The IPRWG will be scheduling calls to discuss and develop recommendations for the five key issues CBP asked the WG to address:

1. **Developing Partnership in Small Package Arena to Aid in Enforcement.** The current Abandonment Pilot recommended by the 13th term of COAC was a success and considered cost effective alternative to CBP seizures. The IPRWG continues to discuss other alternatives to seizures that can be as effective as the Abandonment Program, now that the pilot has ended, and guidance has been provided by CBP to the ports.
2. **Mitigating Costs of Destruction.** In line with the Abandonment Program, the IPRWG discussed additional ideas for the destruction of cargo as an alternative to seizures. These discussions continue in response to TFTEA and the Executive Order on Alternatives to Seizure and Information Sharing with CBP.
3. **eRecordation System in Automation.** The IPRWG received an overview from CBP's Office of Ruling and Regulations (ORR) on the eRecordation system that allows importers to register their brand with CBP. The IPRWG was asked to provide feedback on any additional improvements that can be made to the eRecordation system or process.

4. **Bi-directional Conversations on Threats in IPR Space with Centers of Excellence & Expertise (Centers) and the Trade.** The IPRWG feels the roundtable discussions each CBP Center hosts is extremely helpful to collaborate on combating IPR Threats by industry. Other ideas discussed by the IPRWG were to have trade participants included on educational seminars, training and outreach
5. **Revisit the IPR Known Importer Program.** The IPRWG discussed how Blockchain could be utilized to facilitate this program. Additional research is needed and will be discussed in future calls.

The IPRWG will continue to act as a standing forum of subject matter experts that can be called together by CBP when any IPR issues arise to solicit feedback and advice from the trade.