

Commercial Customs Operations Advisory Committee (COAC) Trusted Trader 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.

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

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

October 2018

**Report of the Work of the COAC
Subcommittee on Trusted Trader Program**

Co-Chairs

**Alexandra Latham - Costco Wholesale Corporation
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1. Background:

At the April 24, 2015, COAC meeting, the first quarterly meeting of the 14th Term Commercial Operations Advisory Committee (COAC), it was decided that topics from the 13th Term Trusted Trader subcommittee would continue to be worked on in the 14th Term. The Trusted Trader Subcommittee objectives and scope are consistent with the official charter of COAC.

2. Objectives and Statement of Work:

It is expected that, during the lifespan of this Subcommittee, the focus will be on providing advice and recommendations in one or more of the following areas, and reviewing the scope and capability of meeting both national and international criteria through Trusted Trader Programs including:

- CTPAT Trade Compliance
- CTPAT Security
- AEO Programs

After engaging in full deliberation and discussion, the Subcommittee shall advise the COAC of any advice or recommendations related to any CBP Trusted Trader Program. Specifically, the Subcommittee is expected to help CBP develop an enhanced CBP Trusted Trader Program and to continue to advise CBP on CTPAT issues. By developing a program that includes both trade compliance and supply chain security, CBP is moving CTPAT towards a true AEO program, thus creating an opportunity to both amend its current mutual recognition agreements (MRAs) and enhance its future MRAs by including trade compliance criteria and offering corresponding incentives for participants.

3. Summary of Work:

Since the last COAC public meeting on August 1, 2018, the Trusted Trader Subcommittee held one conference call as a full committee. The subcommittee was briefed on the testing of the new Trade Compliance Portal, the transition of Importer Self-Assessment participants into the new CTPAT Trade Compliance program, the socialization of the draft Trusted Trader framework for

Forced Labor, and discussed the plan for creating a Trusted Trader working group under the proposed COAC subcommittee structure for the 15th term. The Subcommittee was briefed on the status of the CTPAT Minimum Security Criteria (MSC) and the socialization status to provide visibility to the trade on the new MSC and the opportunity to offer feedback.

For the CTPAT MSC, the subcommittee completed work with CBP and the six working groups, refining and addressing the new and the improved recommended MSC, including input from CBP Field office personnel and the CBP HQ team, based on additional reviews in November 2017, and January 2018. CBP developed new workbooks, by specific trade entity, (during the COAC hiatus) providing visibility to the new and enhanced criteria – and in particular the two new areas added to CTPAT covering cybersecurity and agriculture, to allow better visibility and to encourage input and feedback on the proposed changes from the wider CTPAT membership. The workbooks and registry are completed – but still subject to review – which will take place now after the completion of the COAC hiatus and resumption of the COAC 15th Term. Outreach sessions and the recent CTPAT conference in Orlando on 12th / 13th September, provided additional opportunity to further communicate and invite comment on the direction, changes and potential implantation plans for the introduction of these new requirements. We are pleased that the resumption of term 15 will allow continued development of this important project on CTPAT to enhance and improve the MSC, and allow better capability to leverage interoperability of CTPAT with other countries.

4. Next Steps:

It is anticipated that the Subcommittee will form a Trusted Trader working group to engage additional subject matter expertise, socialize the program and seek additional industry input and feedback on the development and implementation of the program. The finalized scope of work will be forthcoming; however, it is anticipated that the COAC working group will focus on the following:

- Develop a proposed strategic interagency partnership engagement approach to Trusted Traders.
- Propose methods to receive and process Industry recommended Trusted Trader - Trade Compliance benefits for consideration including the ability to evaluate, prioritize, and vet recommended benefits within the Trusted Trader Framework.
- Develop metrics that evaluate and mutually quantify benefit effectiveness for industry and government.
- Further development of the Trade Compliance program.

With the resumption of the COAC 15th term now in place, further development and refinement of the MSC will continue through outreach sessions, with a plan to complete the feedback loop by the end of October 2018. This will then allow final review on the MSC – additional communication to trade, the development of a cost-benefit analysis for the new MSC, and a comprehensive implementation and communication plan, including any new benefits that will be offered to program participants.

The phased approach for the new / enhanced MSC will be managed on the degree of importance impacting the global supply chain and perceived security risk, with the plan to apply in 4 phases as below:

- Phase 1 – Cybersecurity, seal security, and conveyance security
- Phase 2 – Security training & threat awareness, business partner requirements and risk assessment
- Phase 3 – Security vision & responsibility, physical security, and physical access security
- Phase 4 – Agriculture security, personnel security and procedural security

For the working group as a whole, there is longer term work still to be done to solidify the future direction in line with the developed Trusted Trader Framework strategy document. More specifically, with regard to developing the program as it relates to exporters with export benefits, the potential inclusion of partner government agencies, as well as achieving international interoperability. Equally the forward intent will be to ensure a robust security initiative with the ability for ongoing improvements and refinements as potential threats continue to apply within the global supply chain. We look forward to the continued excellent partnership with CBP to develop these initiatives fully and ensure effective implementation of the new agreed MSC, and are encouraged by the excellent work conducted by CBP on the workbooks prior to the resumption of the COAC 15th Term.

In line with the agreed direction, the Trusted Trader Subcommittee has and will continue to focus on the objectives as stated in the statement of work: providing advice and recommendations on the enhanced Trusted Trader program, including CTPAT MSC, to encompass both trade compliance and supply chain security, and to review the scope and capability of meeting both national and international criteria.