

# Commercial Customs Operations Advisory Committee (COAC) Government Issue Paper: (Emerging Technologies)

August 2019



U.S. Customs and  
Border Protection



Office of Trade/Trade Transformation Office  
Business Transformation & Innovation Division  
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**Action Required:** Informational

**Background:**

- Blockchain is a new technology made famous by Bitcoin. Several large corporations have their own form of blockchain software which is open source. Private industry has been investing into this technology to enhance the supply chain experience and modernize antiquated processes.
- Blockchain's identifying qualities center around trust, decentralization and group awareness. The government's role in blockchain will be predicated upon understanding those principles and applying them to a law enforcement system.
- The aim of utilizing blockchain technology for CBP is to improve the processing of trade-related documents by hosting information about trade transactions on a decentralized, tamper-proof distributed ledger system, which can be authenticated and accessed by various stakeholders.
- An initial proof of concept (POC) looking at benefits that could be realized by utilizing blockchain with NAFTA/CAFTA claims was conducted September 2018, by CBP's Office of Trade, Trade Transformation Office, (TTO), Business Transformation and Innovation Division (BTID). BTID conducted the test in conjunction with trade partners serving on the Commercial Customs Operations Advisory Committee (COAC).

**Issue:**

- Test the feasibility of blockchain to facilitate and enforce legitimate trade

**Current Status:**

- CBP is in the process of running its second test of Blockchain technology to assess the veracity and the business potential for facilitation and security.
  - The Intellectual Property Rights (IPR) Blockchain test will assess the agency's ability to facilitate shipments by aligning right's holders and licensee(s) to the entry for an improved importation experience.
  - The live fire system test is anticipated to occur September 2019. A 360 degree assessment looking at policy, operations, and legal and technical aspects of the Blockchain technology will be conducted following the test.
- In June 2019, CBP held an event to work with trade partners serving on the COAC to identify potential FY20 POC's. CBP is currently working with DHS S&T to determine POCs for FY20.
  - The presentations were scored by the trade and government. Each participant has been sent their scores.
  - CBP is currently grouping like presentations and placing these projects into an ordered list for future POC's.

**Next Steps:**

- When the 360 degree assessment of the POC is completed, the next step includes collecting recommendations from the COAC.

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