

**Commercial Customs Operations Advisory
Committee (COAC)
Next Generation Facilitation Subcommittee**

August 21, 2019

COAC

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

**Commercial Customs Operations Advisory Committee (COAC)
August 2019**

**Report of the Work of the COAC
Subcommittee on Next Generation Facilitation**

Co-Chairs

Cindy Allen – FedEx
Madeleine Veigel – Expeditors International
Barry Baxter – Walmart

Next Generation Facilitation Subcommittee Members:

Luisella Basso, Celeste Catano, Amy Magnus, Brenda Barnes, Brian White, Erika Faulkenberry, Jose Gonzalez, Kathy Wilkins, Mike Young, and Alexandra Latham

Background

The following working groups make up the Next Generation Facilitation Subcommittee:

- 1) E-Commerce, co-chaired by Lenny Feldman, Cindy Allen and Luisella Basso
- 2) Emerging Technologies, co-chaired by Celeste Catano and Barry Baxter
- 3) 1USG co-chaired by Luisella Basso, Warren Hastings and Madeleine Veigel
- 4) 21st Century Customs Framework: Unified Entry Processes Working Group (UEP), co-chaired by JD Gonzalez and Kathy Wilkins

All subcommittee objectives and scope are consistent with the official charter of COAC.

Summary of Work

The Next Generation Facilitation Sub-Committee has the responsibility of looking at opportunities to enhance the trade and government processes, policies and programs, enabling the trade and CBP to be better positioned for the future. Our Sub-Committee currently consists of four working groups. Each have had substantial tasks over the last few months and continue to work on recommendations.

E-Commerce:

The COAC e-Commerce work group was put on hold at the last COAC meeting at the end of February 2019, pending the status of the e-Commerce Task Force work. Out of the e-Commerce Task Force work group, the foundation was established for development of a pilot for Section 321 releases. A Federal Register Notice was issued on July 23rd, 2019 announcing the start of the Section 321 pilot and to request for nine participants for the pilot. We look forward to reconvening the COAC e-Commerce working group in the near future to support this vital endeavor.

Emerging Technology: The Emerging Tech working group presented three recommendations at the last COAC public meeting in Laredo, TX:

- 1) COAC recommends that as CBP continues to conduct Proof of Concept (POC) exercises it should design, execute and analyze the POCs in a manner that encourages the greatest possible number

of adopters. In particular, neither technology, investment or cost should serve as a barrier to entry (do not restrict participants due to the necessary type of technology or capital).

- 2) COAC recommends that in order to encourage the adoption of blockchain, CBP should strive for global data standards and protocols consistent with WCO principles that promote trade facilitation, transparency and compliance in the context of cargo entry, clearance/release and post entry review/audit processes.
- 3) COAC recommends that CBP provide a web page at www.cbp.gov about blockchain with Frequently Asked Questions and an explanation as to the basic concepts and application of blockchain. The web page should address the rationale for CBP's interest in blockchain, its perceived relevancy to customs transactions and its benefits by way of both case studies (Proof of Concept) and metrics that articulate the potential return on investment. It also should provide an avenue for individuals to pose questions and suggestions regarding CBP's examination and consideration of blockchain technology.

CBP has already addressed recommendation #3 by adding a page to their website (cbp.gov) that provides updates on the previous and current Proof of Concepts (POC).

The working group has been active with the current POC on IPR. Since the last in person meeting in March, the working group has progressed through the overall project design, implementation of the initial engineering plan, and integration of Trade and CBP systems. Live testing of the system will start at the end of August and conclude late September.

Also, CBP hosted a "Pitch Day" on June 4th that allowed the trade to showcase ideas for future POC's to CBP with regards to Blockchain. Over a dozen pitches were made to CBP and other agencies in a 10x10 format (10 minutes of presentation and 10 minutes of questions). Each pitch was scored by the Trade as well as government officials. Overall, the pitch day was a great success that brought numerous ideas forward on how to leverage Blockchain technology to drive efficiencies.

1USG: The 1USG (one United States government) working group has been established to collaborate with CBP on efforts between government agencies and industry stakeholders. This working group will provide a structure for continued engagement with the trade community while fostering a collaborative effort between CBP, government agencies and the trade community to discuss operational and technical issues, including but not limited to the CBP Trade Strategy and the 21st Century Customs Framework where they impact one or more U.S. government agency.

The 1USG working group will be building from previous recommendations, providing feedback, and formulating actionable recommendations that identify a US government approach toward coordinated strategic solutions. Activities may include:

- Provide input where operational and technical issues are impacting one or more U.S. government agencies and/or industry
- Collaborate with the BIEC agencies to better align Trade industry priorities with BIEC agencies priorities

- Evaluate advanced data to enhance border crossing processing ~~at times~~
- Deliver recommendations that address PGAs and CBP integrated Trusted Trader programs
- Provide industry perspective for the proposed Global Business Identifier (GBI)
- Recommend a North American Single Window approach
- Propose strategies to promote ongoing Interagency Single Window enhancement efforts

21st Century Customs Framework: Unified Entry Processes Working Group (UEP): In the development of the 21st Century Customs Framework, CBP received substantial public feedback about the need to rethink the entry process. Established for a different era of commerce, the entry process has become increasingly complex in an effort to keep pace with growing challenges presented in international trade. As a result, the entry process is fragmented among the many USG stakeholders. The United States and the trade community can benefit from a transformed and unified entry process.

A unified entry process should enhance facilitation and security by simplifying and clarifying data requirements, enabling risk management and cargo release decisions further in advance of cargo arrival, harmonizing procedures to enhance predictability and reduce friction for trade and government stakeholders, and utilizing the full potential of automation to scale critical operations. A unified entry process should achieve four key objectives:

1. Consolidated and streamlined data submission requirements
2. Robust data collection and analysis further in advance of cargo arrival
3. Harmonized entry procedures across the U.S. Government
4. Automated and modernized entry processes

Conclusion

The Next Generation Facilitation Subcommittee will continue to leverage the existing working groups and its many trade stakeholders to provide feedback on the various challenges facing CBP and the Trade and collaborate to help CBP achieve its dual goals of trade facilitation and enforcement.