

Commercial Customs Operations Advisory Committee (COAC)

Secure Trade Lanes subcommittee Executive Summary

August 2019



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August 21, 2019

Report of the Work of the COAC Secure Trade Lanes Subcommittee

Subcommittee Government Co-Chair

Executive Director Thomas Overacker

Subcommittee Trade Co-Chairs

Jose Gonzalez – JD Gonzalez Customs Broker

Alexandra Latham – Costco Wholesale Corporation

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Secure Trade Lanes Subcommittee Members:

Heidi Bray, Erika Faulkenberry, Warren Hastings, Jody Swentik, Kate Weiner, Brian White, Mike White.

Background

During the quarterly meeting of the 15th Term of COAC held on October 3, 2018, CBP announced the restructuring of the COAC Subcommittees and underlying working groups to align with CBP's Trade Strategy 2020. This strategy focuses on four areas aimed at modernizing import/export processes, improving trade intelligence, and maximizing efficiencies. These areas are to enhance trusted trader, manage imports and exports through the 1USG single window, deploy authentication technologies to reduce supply chain barriers, and ensure e-commerce shipments are secure.

From the 14th Term, most of the former Global Supply Chain subcommittee work is now included in the Secure Trade Lanes subcommittee (STL). The previous Trusted Trader subcommittee has been folded into the STL subcommittee as a working group.

Under the Secure Trade Lanes subcommittee the following active working groups are in place:

- 1) In-Bond Working Group, co-chaired by Director James Swanson, Mike Young and Jose Gonzalez.
- 2) Trusted Trader Working Group co-chaired by Acting Director Manuel Garza, Alexandra Latham and Erika Faulkenberry. Future activities of the CTPAT Minimum Security Criteria will be handled by the Trusted Trader Working Group.
- 3) Export Modernization Working Group co-chaired by Director James Swanson, Kate Weiner and Brenda Barnes

The Pipeline Working Group has been placed on hiatus.

The MSC working group has concluded its intended work and was also placed on hiatus.

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

Summary of Work

When the Secure Trade Lanes (STL) subcommittee was launched on October 3, 2018, there were three (3) Working Groups operating, the In-Bond Working Group, the Pipeline Working Group, and the CTPAT Minimum Security Criteria (MSC) Working Group. The Pipeline work group completed recommendations that were submitted at the February 27th, 2019 COAC public meeting after which the work group was placed on hiatus. The CTPAT Minimum Security Criteria Work Group, completed its objectives, and has not met since the formation of the STL subcommittee and has also been placed on hiatus. Updates on and future work regarding the CTPAT Minimum Security Criteria and benefits, will be presented to the Trusted Trader Working Group. In November of 2018, the Trusted Trader Working Group was launched under the STL subcommittee. Most recently, the Export Modernization Working Group was launched on April 22, 2019.

Since the last COAC meeting on May 30, 2019 the STL Subcommittee has held three conference calls to review the activity of the active working groups as outlined below.

In-Bond Work Group

Since the May 30th COAC public meeting, the In-Bond Working Group has held six (6) full working group conference calls and one (1) In-Bond leadership call. The main core of the discussions related to the current exercise being undertaken by teams divided into specific modes of transport, and the current “pain points” being experienced, from the trade perspective, in the movement of cargo under the existing in-bond regulations. The teams will then consolidate the identified pain points to refine process maps that can be used to help identify more cost effective, and efficient in-bond handling protocols – leveraging new and emerging technology, simplification and automation – while maintaining effective controls on cargo movement within the US. Additionally, the WG continued to review the feedback and comments from the 2018 face to face meeting that had resulted in 10 recommendations made in the February COAC public meeting and have given rise to 10 additional recommendations for this August COAC meeting in Buffalo. A review of the In-Bond Process Document v2.1 was also undertaken by the WG with feedback provided to CBP from Trade perspectives. It is expected that additional recommendations will be forthcoming after the completion of the analysis of the process flow pain points identified by each mode in the current exercise under the WG.

Trusted Trader Work Group

Since the last COAC meeting on May 30, 2019, the Trusted Trader Work Group (TTWG) held four (4) conferences calls and one (1) leadership call. The discussions focused on providing feedback to the new Trade Compliance Handbook, the integration of current Importer Self-

Assessment (ISA) members into the new CTPAT Trade Compliance program, and development of the forced labor component of the CTPAT Trade Compliance program.

For the forced labor component of the CTPAT Trade Compliance program, CBP responded to the February 2019 TTWG recommendations on the Forced Labor Trusted Trader Strategy and further discussed the strategy and implementation. In addition, the TTWG provided suggestions on the documents that could be provided to support evidence of implementation of policies and procedures companies have in place to combat forced labor. As a result of these discussions, we are submitting a second round of recommendations on implementing a forced labor component a part of the CTPAT Trade Compliance program.

Export Modernization Work Group

Since the last public COAC meeting the Export Modernization Work Group (EMWG) has had three (3) full working group calls. On June 6, the WG focused on elements of an export manifest. On July 8, we focused on a draft implementation guide modeled after ACAS; however encompassing all modes of transportation, minus truck. During the recent Customs Symposium in Chicago, a document was shared with the public entitled “Electronic Export Manifest Business Process Document Draft for Comment” which, as the title depicts, requests comments from the trade. These comments will be shared with the WG later. On July 29, the same business-process document was discussed among the WG at a broad and macro level.

Conclusion

Going forward, the STL Subcommittee hopes to focus in the following areas.

In-Bond Work Group

The IB working group will continue to focus on addressing areas to improve visibility, automation and regulatory reform as well as addressing future In-Bond processes and strategy. This will include:

- Address some additional key regulatory reform issues identified in the 2 day on site meeting, allowing some efficiencies to be gained by both Trade and CBP
- Mapping existing processes with identified pain points from Trade perspective, to identify future capabilities to eliminate these pain points and create better efficiency and synergy between modes, and leveraging the new In-Bond regulations and potential automation and simplification
- Defining the potential future direction for In-Bond handling

Trusted Trader Work Group

Consistent with the Scope of Work and the identified priorities for the TTWG, the plan is to focus on the following objectives:

- 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 CTPAT Trade Compliance program.

Export Modernization Work Group

The EMWG will continue to frame the agenda based on the following Work Group focus areas:

- As CBP implements the accepted recommendations of the previous Export Subcommittee, assistance will be needed to both review and assist in the development of the operational requirements for electronic export manifest and assist in the expansion of the current pilots to full operational status.
- Assisting CBP in the development of regulation change to mandate the use of electronic export manifest for all modes
- Work with CBP to implement the requirements for Post-Departure filing enhancements and expansion to new participants.
- Assist CBP in the development of an updated CBP Export Strategy focusing on development of 21st Century procedures and processes to both enhance export enforcement and facilitate exports to the benefit of the U.S. economy. Previously mentioned and looking at export materials that have been previously generated and formulating recommendations regarding the relevancy and subsequent disposition in the context of a more modern supply chain.