

**Commercial Customs Operations Advisory
Committee (COAC)
Secure Trade Lanes Subcommittee
Executive Summary**

February 2019

COAC

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

Commercial Customs Operations Advisory Committee (COAC)
February 27, 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
Mike Young – OOCL (USA), Inc.

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.

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 will continue as working groups:

- 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.

The Pipeline Working Group has been placed on hiatus.

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

Summary of Work

Since launching the Secure Trade Lanes (STL) subcommittee on October 3, 2018, three (3) Working Groups have been operating. The Pipeline work group completed recommendations that will be submitted at the February 27th COAC public meeting after which the work group will be placed on hiatus. The CTPAT Minimum Security Criteria Work Group has not met since the

formation of the STL subcommittee. Updates on and future work regarding the CTPAT Minimum Security Criteria will be presented to the Trusted Trader Working Group.

Since the last COAC meeting on October 3, 2018, the STL Subcommittee held five (5) conference calls to review the activity of all the active working groups as outlined below.

Pipeline Work Group

Since October 3, 2018, the Pipeline Working Group held three (3) conference calls to discuss the recommendations that would have been presented at the December 5th COAC public meeting. Since the December 5th meeting was canceled the recommendations will now be presented at the February 27th COAC public meeting.

In-Bond Work Group

Since October 3, 2018, the In-Bond Working Group held five (5) conference calls to review the discussions and recommendations identified from the 2-day face to face meeting in Washington, DC. The comments were defined into three distinct areas; Regulatory, Operations and Automation. Based on the comments from the working group, 9 initial recommendations were identified that were to be presented at the December 5th COAC public meeting which was canceled, and will now be presented at the February 27th COAC Public meeting. There are still a number of long term / regulatory issues that the working group will continue to pursue in further discussion and a designated on-site meeting in April. The In-Bond working group will continue to work closely with CBP to define the future implementation schedule scope as well as working on these additional areas and potential recommendations to further enhance the In-Bond process. The working group also intends to define a strategic direction for the In-Bond process for the next two years.

CTPAT Minimum Security Criteria Work Group

Since October 3, 2018, the CTPAT Minimum Security Criteria Work Group did not hold any conference calls with the Working Group. The comment period has ended (October 2018) and the work now will be to consolidate and build in the comments from the socialization period to allow refinement of the new and enhanced Minimum Security Criteria (MSC), before finalization. The next steps after final MSC are agreed will be to define the implementation plan, allowing time for trade participants to address new requirements. Future work of the CTPAT Minimum Security Criteria Work Group will be tasked to the Trusted Trader Work Group.

Trusted Trader Work Group

Since October 3, 2018, the Trusted Trader Work Group (TTWG) held eight (8) conferences calls, two (2) leadership calls and six (6) calls as a full working group. The official kick off call took place on October 22, 2018 and introduced the new members of the working group which includes current participants in the Customs Trade Partnership against Terrorism (CTPAT) and Importer Self-Assessment (ISA) programs, reviewed the Scope of Work for the working group, and launched a discussion on CBP's proposed Forced Labor Trusted Trader Strategy. Based on those discussions, the TTWG formulated recommendations on the Forced Labor Trusted Trader Strategy to be delivered at the February 27th COAC meeting.

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 based on the outcome of the face-to-face meeting:

1. Address some regulatory reform issues to allow some efficiencies from Trade based on additional controls established by the new In-Bond regulations.
2. Better handling of In-Bond between modes – including better automation and improved visibility.
3. Defining the strategic direction for In-Bond handling in the future

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.
- Conclude and refine Minimum Security Criteria through feedback obtained as part of outreach process. Define and determine optimum process for phased implementations.