

# Commercial Customs Operations Advisory Committee (COAC) Government Issue Paper: Trusted Trader

February 2019



U.S. Customs and  
Border Protection



CTPAT and Trusted Trader Partnership Division / Office of Field Operations  
Secure Trade Lane Subcommittee / Trusted Trader Work Group  
February 2019

**Action Required:**

- Informational...

**Background:**

- During the period April 2016 to July 2016, the Trusted Trade Subcommittee held two meetings as a full committee. At the meetings, the work of the Subcommittee focused on finalizing the Trusted Trader Strategy document that outlines the future vision of an enhanced Trusted Trader Program. The Trusted Trader Framework Strategy was released at the July 2016 COAC meeting.
- COAC's Trusted Trader Subcommittee recommended CBP focus Trusted Trader strategic and tactical objectives on developing compelling benefits for voluntary participation in Trusted Trader Programs, and these benefits should outweigh the cost of participation. These benefits are essential for the advancement of Trusted Trader Programs and must be articulated in specific facilitation metrics. Benefits must be aligned with Section 101 of HR 644 on Improving Partnership Programs.

**Issue:**

- The 15<sup>th</sup> Term of the COAC instituted a restructuring of the previous subcommittees to align more with CBP's vision and priorities. Under the newly formed Secure Trade Lanes Subcommittee a Trusted Trader Working Group was formulated. It is envisioned that this working group will continue the great work that was being completed under the auspices of the former Trusted Trader Subcommittee.
- The former COAC subcommittee was asked to provide CBP with recommendations and advice on a Trusted Trader Program. Trusted Trader is an integration of the CTPAT and ISA programs into a consolidated program that includes supply chain security and trade compliance. The program is being implemented via the Trusted Trader Pilot Program, announced in the Federal Register (79 FRN 13992) on June 16, 2014.
- CBP established the pilot with a phased approach. Phase I (June 2014 - June 2016) entailed the development of internal guidance, vetting and validation of the nine pilot participants; and concluded with the issuance of the Trusted Trader Validation Report and formal acceptance of seven pilot participants as Trusted Traders.
- CBP has been closely engaged with the pilot participants through bi-weekly conference calls and has been working to evaluate the impact of the program incentives via operational metrics developed in coordination with pilot participants.
- CBP has developed a catalogue of proposed benefits to help improve and standardize incentive delivery as the pilot transitions to an operational program.

- Phase II of the pilot launched in June 2016. The focuses of this phase were to evaluate the current incentives with pilot partners to complete the development of the CTPAT Portal to accommodate Trade Compliance in addition to supply chain security.
- Currently in Phase III, the pilot participants begun testing the Trade Compliance Portal October 1, 2018. CBP operationalized Trade Compliance and began the transition of the seven Trusted Trader Pilot members. Current ISA members will be transitioned into Trade Compliance and the Trade Compliance Portal once the program and portal are operational.
- Further, CBP will create and test user profiles for the National Account Managers (NAMs) and Trade Compliance staff, and develop automated application and re-validation processes for the Trade Compliance Program.
- CBP, the Trusted Trader Subcommittee members and the Trusted Trader Pilot participants met in Long Beach January 17-18, 2018. Key outcomes of the meetings were prioritization of program benefits and a discussion on COAC recommendations as they pertained to CTPAT, and ISA process re-engineering. Eight program benefits were prioritized based on their feasibility of implementation and impact to industry:
  - 1) CTPAT portal development for Trade Compliance;
  - 2) Reconciliation;
  - 3) Penalty Mitigation/Offset;
  - 4) Expedited Rulings;
  - 5) Release of Goods/Post Release Exams;
  - 6) CTPAT Defender (Identity Theft Program)
  - 7) Exemption from random NIIs;
 Automation of Confidential Manifest requests.

### **Next Steps:**

- The Trusted Trader Working will continue to review and provide feedback and formulate strategic recommendation on the ongoing development of an enhanced Trusted Trader program in line with the Trusted Trader Strategic Framework. Objectives include developing a strategy to engage PGAs; propose methods to receive and process Industry recommended Trade Compliance benefits; develop metrics that evaluate and mutually quantify benefit effectiveness for industry and government and further development of the CTPAT Trade Compliance Program.
- On November 2, 2018 CBP held a kick-off meeting with the newly established Trusted Trader Working Group. Subsequent meetings were held November 6 and 14, 2018. CBP is continuing to work on implementing the Forced Labor Strategy into the Trade Compliance Program.