

Commercial Customs Operations Advisory Committee (COAC)

Secure Trade Lanes subcommittee Executive Summary

May 2019

The logo for the Commercial Customs Operations Advisory Committee (COAC) features the letters 'COAC' in a bold, serif font. The 'C' and 'A' are blue, while the 'O' and 'C' are red. The letters are positioned above two horizontal lines, one blue and one red.

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

Commercial Customs Operations Advisory Committee (COAC)
May 30, 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.

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 will be placed on hiatus. The CTPAT Minimum Security Criteria Work Group 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 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 February 27, 2019 the STL Subcommittee has held two conference calls to review the activity of all the active working groups as outlined below.

In-Bond Work Group

Since the February 27th COAC public meeting, the In-Bond Working Group held five (5) conference calls and one (1) one day on site meeting. The discussions were set up to review the remaining issues identified during the 2 day on site meeting in DC late last year and also to review the forward direction and potential future process / strategy for In Bond cargo handling. There are still a number of long term / regulatory issues that the working group will continue to pursue in further discussion, including areas of concern related to the southern border, specifically the handling of “proof of export” and a clearer definition of manipulation. The In-Bond working group also created a small focus group during the one day on site meeting, to define specific pain points within each mode of transport, to facilitate the drafting of process maps, that will help define the future In-Bond process. Analysis of these mapped pain points will allow the WG to address the existing process in a manner that will create greater efficiency as well as streamlining the future In-Bond development, through the use available automation, through new / existing technology, and increased simplification.

CTPAT Minimum Security Criteria Work Group

Since February 27th, the CTPAT Minimum Security Criteria Work Group did not hold any conference, or meetings. The WG had participated with CBP to refine the new MSC based on additional areas of inclusion (notably Cybersecurity and Agricultural issues) and in coordination with existing criteria – CBP published workbooks that were trade participant specific and circulated in July 2018. The workbooks provided a clearer outline of the new MSC as it impacted each area of trade and was specifically helpful during the socialization process that followed. CBP recently (April 2019) published updated versions of the workbooks that incorporated the feedback received during the comment / socialization period. As a result of the conclusion MSC WG’s tasked assignment, the WG was stood down, with the benefits identification process and inclusion of the new MSC being incorporated into the Trusted Trader Work Group.

Trusted Trader Work Group

Since the last COAC meeting on February 27, 2019, the Trusted Trader Work Group (TTWG) held five (5) conferences calls and one (1) two day onsite meeting. The discussions focused on the status and prioritization of current and future benefits for CTPAT Trade Compliance participants, a PGA Engagement Strategy, the Forced Labor Strategy, the new Trade Compliance Handbook, developing program metrics, the Trade Compliance Portal and the integration of current Importer Self-Assessment (ISA) members into the new CTPAT Trade Compliance program.

The Trusted Trader work group completed a prioritization of past recommendations on benefits and a draft PGA Engagement strategy. The work group plans to provide additional feedback to CBP on the Trade Compliance Handbook and is awaiting a response from CBP on the recommendations on the Forced Labor Strategy delivered at the February 2019 COAC meeting. We also expect further discussion and future recommendations on the PGA Engagement Strategy as well as the Forced Labor Strategy.

Export Modernization Work Group

The Export Modernization Work Group (EMWG) has held one (1) leadership call and two (2) full working group calls. The official kickoff was April 22, 2019 where the broad range of members of the Work Group were introduced. We attempted to balance the membership of the Work Group with a diverse mix of transportation providers, freight forwarders and US Principal Parties in Interest along with our government partners. During the kickoff we also reviewed our Statement of Work that includes the Objectives and Scope of Activities of the Work Group. Our second full Work Group call was on May 13, 2019 and we reviewed previously generated export materials for potential modernization by the Work Group as well as the Post Departure Filing Proof of Concept Implementation Plan.

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 regulatory reform issues identified in the 2 day on site meeting, to allow 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
- 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.

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.

Additionally, the EMWG will continue to review export materials that have been previously generated and formulate recommendations regarding their relevance and subsequent disposition in the context of a more modern supply chain. After engaging in full deliberation and discussion, the Work Group shall advise the COAC of any advice or recommendations.