

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

May 2019

**COAC**

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COMMERCIAL CUSTOMS OPERATIONS  
ADVISORY COMMITTEE

**Commercial Customs Operations Advisory Committee (COAC)  
May 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:**

Lenny Feldman, Luisella Basso, Celeste Catano, Lisa Gelsomino, Amy Magnus, John Van Wallaghen, Amy Smith, Erika Faulkenberry, Jose Gonzalez, Mike Young, and Alexandra Latham

**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.

The former Trade Modernization Subcommittee is now called the Next Generation Facilitation to reflect CBP's initiatives to:

- 1) Propose a 21<sup>st</sup> Century Legal Framework via Customs Modernization Act 2.0 and Deregulation.
- 2) Modernize Exports by utilizing Advance Information, Extended Single Window functionality and to invest in Export Frontline Operations.
- 3) Facilitate legitimate E-Commerce.

Under the Next Generation Facilitation Subcommittee, it was agreed the following working groups would continue:

- 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) Regulatory Reform co-chaired by Lenny Feldman and Cindy Allen
- 4) FTZ Regulatory Reform, co-chaired by Lisa Gelsomino and Rebecca Williams, Rockefeller Group

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. The e-Commerce Task Force has met several times in person and has proposed several pilots to CBP to facilitate effective risk management for trade facilitation and trade admissibility and security purposes.

**Emerging Technology:** This working group includes a core group of cross-functional work group members to achieve functionality utilizing new technologies such as block-chain. COAC is encouraged by the work of CBP, DHS and the trade thus far in the area of blockchain and it looks forward to continued progress in the area. The results of the NAFTA/CAFTA Proof of Concept was published and presented to the Trade during the February COAC meeting. Based on the results of the NAFTA/CAFTA blockchain Proof of Concept (POC), COAC is providing recommendations designed to guide the strategic process moving forward. As the NAFTA/CAFTA proof of concept has shown great promise, the group is excited to see the next proof of concept on IPR. The working group has started the IPR blockchain proof of concept with an in person meeting on March 26<sup>th</sup> & 27<sup>th</sup>. The IPR proof of concept is expected to take place over the next several months. In addition, CBP has solicited the trade for ideas for future blockchain proof of concepts. Initial submissions were to be submitted by May 3<sup>rd</sup>, 2019 with in-person presentations for top submissions to be held on June 4<sup>th</sup>, 2019.

**Regulatory Reform:** Significant work has gone into the evaluation of Title 19 of the Code of Federal Regulations in light of Executive Orders 13771 and 13777 issued in early 2017 calling for regulatory modification or repeal to achieve savings of time and money for the business community. The work-group participants, along with our CBP partners have literally performed a line by line review of the CBP regulations, making notes on what we recommend be removed, updated, streamlined, or rewritten. Many of the CBP regulations are old and outdated referring to extinct or near extinct technology and processes no longer in place. As a result of this significant effort, the COAC Sub-Committee made recommendations focused on central themes identified across all of the regulatory chapters at the last COAC meeting in February 2019.

These strategic recommendations focused on removing reference tables and lists that change (such as country lists) from the regulations in favor of publication via other means that are more readily updated such as on websites; removing references to outdated technology (such as sending telexes); updating processes where technology has changed them substantially (such as declarations made in person vs. via an electronic transmission); elimination of regulations that are no longer applicable or have been overcome by advancements.

Since the last COAC meeting at the end of February 2019, many of the concepts that were raised in the Regulatory Reform group are now being discussed in the context of the 21<sup>st</sup> Century Customs Framework.

**FTZ Regulatory Reform:** The workgroup continues to discuss items that were identified and not included in the recommendations submitted at the last COAC meeting in October 2018.

### **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.