

Commercial Customs Operations Advisory Committee
(COAC)

U.S. Customs and Border Protection

Executive Summary

August 21, 2019

1:00 p.m. - 5:00 p.m.

OPENING REMARKS

Ms. Valerie Neuhart called the COAC public meeting to order. She welcomed attendees from the different offices, relayed administrative items, and performed a roll call. Members not present: Kathy Wilkins, John Van Wallaghen, and Heidi Bray. All other members were present.

U.S. Customs and Border Protection Acting Commissioner Mark Morgan proceeded to welcome everyone and introduce special guest Congressman Brian Higgins. His district includes the Peace Bridge which is an integral part of the Niagara-Hamilton-Western New York Trade Corridor. CBP was pleased to work with Congressman Higgins and the Peace Bridge Authority on the Authority's \$100 million renovation project. The Congressman serves on the House Budget Committee and the House Ways and means Committee's Subcommittee on Trade.

The Congressman then spoke on the importance of the Peace Bridge. The bridge is ninety-one years old with three lanes, and is the busiest northern border crossing for passenger vehicles and second for commercial vehicles. He emphasized the need for new infrastructure and the tremendous benefits due to proximity to southern Ontario and the high percentage of Canadian Citizens traveling through Buffalo/Niagara International Airport.

Commissioner Morgan then spoke to the members about the need to work together in order to adapt new policies and technologies which are upending traditional supply chains. He emphasized needing transparency, communication, and collaboration from the Committee members.

Treasury Deputy Assistant Secretary Tim Skud thanked everyone in Buffalo for hosting the meeting. He then went on to review the agenda which focuses on large national issues reflecting

various changes.

DHS Deputy Assistant Secretary Michael Dougherty spoke on the April 3rd memorandum issued by President Trump on the threat to national security and to economic competitiveness due to trafficking of counterfeit and pirated goods. DHS is required to submit a report to the White House by October 30 and a version of that report is going to be made available to the public on November 30.

Intellectual Property Rights (IPR) Center Division Chief, Luis Sierra, explained the IPR Center is based in DC where 25 agencies work collectively to combat intellectual property rights and enforce those laws and commercial fraud. An update was given on the last COAC Meeting and the upcoming Anti-Counterfeiting Innovation League in partnership with the Automotive Anti-Counterfeiting Council. An example of collaboration at the IPR Center with

federal and local partners was also provided regarding allegations of a massive scale complex fraud scheme.

Homeland Security Investigations (HSI) Special Agent Kevin Kelly explained that HSI is the primary investigative team for CBP and within the Department of Homeland Security. The Buffalo team focuses on trade investigations among others that tie in with the economy and trade. The team has nine Canadian Taskforce Officers working under Title 19 Authority with American law enforcement and focuses on transnational criminal organizations.

COAC Trade Co-Chair Lenny Feldman welcomed the new Acting Commissioner Mark Morgan on behalf of the COAC to serve the county in this capacity and offered thanks to everyone for attending the meeting and for their continued support. He then provided an example of a recent event in El Paso, Texas which illustrates how CBP and its agencies

through the One U.S. Government (1 USG) approach continue to go above and beyond to serve and protect the nation.

Mr. Feldman provided a brief overview of some of the issues to be discussed later in the meeting: development of a comprehensive report on migration out of the Northern Triangles, the Security Governance Initiative in Africa, and the 21st Century Customs Framework (21CCF).

COAC Trade Co-Chair Lisa Gelsomino spoke next and also welcomed and thanked everyone. The importance of the Trusted Trader Program was discussed along with her desire to get it from the pilot to formality. Ms. Gelsomino then provided comments put forth on the Presidential memorandum regarding Section 321 and the inclusion of the policy for Entry Type 86. Furthermore, she also stressed the importance of public safety issues in regard to postal and cargo trucks. Lastly, she introduced the launch

of four working groups regarding the 21st Century Customs Framework.

RAPID RESPONSE SUBCOMMITTEE REPORT

Northern Triangle Working Group

Subcommittee Co-Chair Brenda Barnes provided a quick overview on behalf of the Rapid Response Team. Subcommittee Co-Chair Brian White also provided an overview on the Rapid Response Subcommittee goal, which is a ready and active team that addresses, works and partners with CBP on any issues needing immediate attention or a quick response time. He then focused the work that is being done in the Northern Triangle (Guatemala, Honduras, and El Salvador). Since the Laredo, Texas meeting in May 2019, fifty stakeholders across government agencies and private companies were brought together to approach and address issues across the spectrum of areas and authorities that really demonstrates the value of having a One USG approach. Mr. White elaborated that in June, the working

group began with educational sessions held to provide context on the existing atmosphere and conditions of the Northern Triangle. During this time various recommendations and information was provided from trade members and organized into five areas: trade finance and economic growth, trade facilitation, infrastructure, security and corruption, and capacity building. Then, in early July, in-person meetings were held over two days in order to validate and confirm the content received and its place within the five identified areas. Today, COAC delivered the findings report of the Northern Triangle Working Group and associated recommendations.

Trade Co-Chair Lenny Feldman stated that the recommendations will be presented first and then CBP will be heard. The first recommendation to the COAC is the creation of a Northern Triangle Taskforce. The taskforce embodies a coordinated approach from the various Partner Government Agencies (PGAs), Non-Government Organizations

(NGOs), and members of the private sector, which will continue the discussion on sustainable policies and processes, looking at short- and long-term solutions to reduce non-tariff trade barriers, improve the processes, and enhance facilitation. The second recommendation goes into the first of five areas previously mentioned and is the encouragement of a rule of law, transparency, and a formal process in the financial arena. Although a lot is still unclear, it is suggested that U.S. regional and even some third country financial institutions could help in this regard.

Subcommittee Co-Chair Brian White provided three recommendations relating to trade facilitation that is designed to help identify uniform national policies and procedures to streamline the process across the agencies within the Northern Triangle. This recommendation includes the possibility to coordinate processes between various Customs administrations, such as uniform

release procedures or a fast-lane process model, as well creating the ability to move between FTZ to FTZ on a streamlined and consistent level. It is also recommended to build a more coordinated outreach process for sustainable long term facilitation while implementing the core tenants of the World Trade Organization (WTO) Trade Facilitation Agreement. Furthermore, in order to build economic viability, one recommendation is designed to support a Northern Triangle Trade and Job Promotion Act, in consultation with the U.S. administration and its trade policy, for a limited duration to enhance benefits of regional economic staples that are exported to the U.S.

Mr. White then spoke on the recommendations around infrastructure. It is recommended to separate cargo processing from passenger processing. By building out the infrastructure to separate them, trade can be facilitated as well as the processing of passengers through a separate area. He then elaborated on the idea of

creating a proof of concept at certain ports in order to demonstrate the value given by infrastructure investments.

Trade Co-Chair Lenny Feldman spoke again and focused on the next area, security and corruption. As some automation begins taking place, there becomes less individual decision-making and the opportunity to ensure border processing uniformity, consistent with the ideas that have been implemented by the WCO. Two examples are the Arusha Declaration of the Customs Cooperation Council and the U.S.-Africa Security Governance Initiative. Building on that, another recommendation is to look at Authorized Economic Operator (AEO) programs paired with private sector policing initiatives working alongside the public sector.

Lastly, Mr. Feldman emphasized the need for CBP to work with the Partner Government Agencies, specifically UNICEF and the United Nations, and

aligning with private stakeholders to create a multilayered approach when working through trade and commercial-related challenges. The final recommendation being working with outreach and education programs in both the public and private sector to empower and inform local populations on what trade facilitation is and its importance to economic development.

Comments were then offered by CBP colleagues.

International Affairs Executive Director

Josephine Baiamonte noted that the

recommendations are currently missing consistency and sustainability that should be done as a One USG effort. Office of Trade Director Maya Kamar noted that the recommendations need to be more formalized. The COAC then voted on the adoption of the recommendations which then passed.

See Appendix for full recommendations.

NEXT GENERATION FACILITATION SUBCOMMITTEE

Subcommittee Co-Chair Cindy Allen stated that there were no recommendations and the Subcommittee looks forward to working on the Unified Entry Process in the future. Ms. Allen then went on to thank CBP for announcing two pilot programs on E-commerce and Section 321. The subcommittee looks forward to understanding how trade adopts the automated process.

Subcommittee Co-Chair Barry Baxter then spoke on the Emerging Technology Working Group. Over the summer, CBP hosted a pitch day for members to pitch different blockchain initiatives in a 10x10 format - ten minutes of presentations and then ten minutes of questions. Additionally, the group has been focusing on the IPR blockchain proof of concept that will begin live testing in September. Mr. Baxter then reported that previous recommendations on communication improvements have been implemented on the website.

Office of Trade Director Vincent Annunziato stated that the World Economic Forum considered blockchain to be the fourth revolution that is behind agriculture, industrial, and the information age. He then provided a brief explanation on blockchain. On a basic level, a blockchain it is a transaction that is open to everyone that is joined together in the chain through individual algorithms that independently recognize the other blocks in the chain. Should someone try to hack into it, the individual algorithmic number will change from the compromised block onwards. Trust is created in terms of a data scenario, that two systems are comparing the origin of the data hasn't changed. Blockchain gives you the entire set of data and that data can be input by a number of different variety of people that we don't normally get to and provides information closer to the origin data and that we can start to see things in ways that has never been done.

Currently CBP has a specification being looked at by the W3C as well as developing proof of concepts, such as interoperability between software, technological tasks, and tracking licensing. He then concluded that blockchain provides the opportunity at a business level to look at processes that are antiquated and to see if they can be modernized for use of future generations.

Office of Trade Executive Director John Leonard wanted to highlight two things. The first being in regard to the One USG Work Group. He stated that the Commissioner will meet with over 40 agencies. Secondly, we are going to look at the e-commerce work group again to prioritize the areas of focus.

INTELLIGENT ENFORCEMENT SUBCOMMITTEE

Subcommittee Member Amy Magnus informed COAC that the team has been working on three areas: risk-based bonding, IPR information, and anti-dumping and countervailing. No recommendation will be provided from the Anti-Dumping and Countervailing Duty Working Group, however there have been interesting conversations about AD/CVD, and how Customs is enforcing anti-dumping and countervailing duty. Also, there have been discussions about the Enforce and Protect Act (EPA) and the success of the EPA from a Customs standpoint.

Ms. Magnus continued by pointing out the need for more training and awareness of what is subject to AD/CVD. Also, make the information easily accessible so as to determine if their goods may be subject to AD/CVD.

Bond Working Group

Subcommittee Member Lisa Gelsomino made mention of having a large number of participants of the subcommittee comprising of the various working groups, the stakeholders, and numerous government agencies. The subcommittee's main focus has been on TFTEA. Section 105 is the joint strategic plan from CBP on enforcement efforts and requires collaboration with COAC.

Additionally, Section 115 of TFTEA has prompted the following bond recommendations being presented. A priority trade issue is anti-dumping in conjunction with revenue collection issues. The Department of Commerce (DOC) sets the policy and it is left to CBP to enforce it. The Subcommittee's recommendation has evolved from previous years recommendations and when outreach with the Bond Working Group and the AD/CVD Working Group began, impact concerns were raised.

COAC has made numerous recommendations on moving to a retrospective system, unfortunately DOC cannot approve them. More time is needed to develop policy, its functionality, and then its implementation. COAC recommends reconsideration of the risk-based bonding policy to allow for completion of desktop exercises and time to review its impact on the trade. It is also recommended to delay upcoming model implementations to finalize policy and learn of its impact on ACE functionality.

Mr. John Leonard, Executive Director of Trade Policy and Programs, was invited to make any additional comments. He acknowledged the recommendations and alluded to being on the same page of the process. A concern was then raised by COAC Member Cindy Allen.

Lastly, a procedural question was asked by Christopher Smith, a private citizen. His

question was to be included in the transcript in order to fully understand the question and he was informed someone would follow up. A motion was made by Madeleine Veigel, and seconded by Mike Young to move the recommendations around risk-based bonding. The COAC then voted and the motion to move was carried. See Appendix for full recommendations.

AD/CVD Working Group

Additionally, Subcommittee Member Lisa Gelsomino provided an update from the AD/CVD Working Group. Working with the DOC, particularly the Customs Liaison Unit has provided helpful feedback for the group to put together new guides and FAQs. DOC, per COAC recommendation, has updated their scope rulings as far back as 1990 and has made that publicly available. The department was thanked for the funding to redesign the AD/CVD Case Management in ACE. Ms. Gelsomino raised one more issue on finalizing the date of duty calculation and will be addressed in the future.

IPR Working Group

Working Group Co-Chair Jody Swentik then presented. The IPR Working Group is there to advise and provide recommendations on improving IPR enforcement. Recommendations presented in February 2019 relating to IPR work white were on: data elements regarding IPR information, small package concerns, automation needs, regulatory changes, donation acceptance programs, and the E-recordation program and system. The working group was broken down into a subcommittee and that subcommittee's work added to the development of today's recommendations. Mr. Swentik then briefly mentioned previously discussed topics regarding CBP's proof of concept for the IPR blockchain and the response to the presidential memorandum.

Working Group Co-Chair Amy Smith then presented on the two groups of recommendations on e-recordation group and ACE portal automation. The E-recordation group containing three sub-

sections: electronic updates, renewal prompts, and interactive recordation system. It is recommended that the rights holders have the ability to securely update information electronically, for rights holders to have the ability to receive alerts of the renewal process and respond electronically, and lastly, permitting rights holders to securely exchange detailed information including products in the system to aid in identifying legitimate merchandise.

Ms. Smith moved on to discuss the ACE portal automation group and its two sub-sections: detention and seizure process visibility and intelligence and information sharing. Both recommendations focus on building functionality into the ACE portal. The first one is allowing rights holders access to detention and seizure information to the extent allowed by law. This will increase visibility throughout the process. The other recommendation is to allow confidential

intelligence sharing between Customs, rights holders, importers, and exporters on the outcome of IPR violations and involved parties to the extent allowed by law.

The Executive Director for Trade Remedy & Law Enforcement, Deborah Augustin, was invited to provide any additional input. She acknowledged and appreciates the effort of the working group. The recommendations provided will be useful moving forward.

Lisa Gelsomino emphasized the need for information sharing, citing the 21st Century Customs Framework. Amy Smith, Co-Chair of the IPR Working Group, responded that there is a lot of opportunity with automation. The Co-Chair is interested in the ability for private sector to support efforts that they're particularly interested in, such as donation acceptance automation. COAC then voted and carried the motion made regarding the IPR Working Group

recommendations. See Appendix for full recommendations.

SECURE TRADE LANES SUBCOMMITTEE

Alexandra Latham provided an overview of the Subcommittee. It contains three working groups, In-Bond Working Group, the Trusted Trader Working Group, and Export Modernization Working Group. There will be an additional working group coming from the 21st Century Customs Framework under the Rapid Response Subcommittee and it will focus on autonomous operations and processes.

In-Bond Working Group

Subcommittee Member Mike Young mentioned the Working Group to be very active and has had proactive discussions with CBP in terms of the initial regulation changes and phasing the implementation. As a result, the group published a paper on different elements within regulatory, automation, and efficiency to make changes to the new regulations. These recommendations focus on

automation and efficiency effective way that maintains group requirement, compliance needs, and the need to apply effective regulations to manage cargo moving in-bond. An overview of the future environment within in-bound was then given.

Mr. Young explained that elements within the paper were converted to recommendations and the initial recommendations were presented in February 2019. The recommendations presented here are the second phase and focus on long-term regulation. The goal is to be more effective as there is a compliance need and the need to apply effective regulations to make sure we manage cargo moving in-bond within the United States. Looking into the future, issues between different modes of transportation will be discussed.

Mr. Young then proceeded to present the first five recommendations. It is recommended that CBP provide all necessary functionality to enable

effective automation across various transportation modes as well as between import and export cargo. The aim is to create visibility and seamless movement of legitimate cargo within the United States. Building on that, the second recommendation is to automate and enhance manifest systems to assume liability when it moves transportation mode, such as moving from ocean to rail. The next recommendation is the development of guidelines for electronically reporting diversions of cargo in a seamless manner, as in the past cargo would be diverted by deleting it from the system, adding it back in, and moving it.

Continuing with the fourth recommendation, requiring all facilities handling in-bound cargo to become automated in order to create visibility of liability transfers and in-bound closures. The fifth recommendation is to provide specific functionality within ACE to create commonality of capability amongst all the different modes.

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Specifically, when handling cargo that is refused entry or is impacted by an impediment of movement to its final in-bound location.

Assistant Secretary Tim Skud from the Department of Treasury asked "...Would you describe companies that are not automated as small companies?" Mr. Young's reply was that they are not necessarily small; they just don't have the capability.

James Swanson, Office of Field Operations Director, explained that non-automated companies are lacking visibility. Mr. Skud followed up by asking if a web interface was a possibility for companies lacking incentive to invest in ADI interface. Mr. Young replied that yes, it is capable those companies could leverage the portal; however, it has not been developed.

Subcommittee Member Jose Gonzalez then spoke on the next four recommendations. The sixth recommendation is concerning FTZ and providing an automated solution which allows for notations for zone-restricted cargo in order for CBP

enforcement. Another recommendation around FTZ is making detailed information available on in-bond regardless of the mode. The eighth recommendation is to allow expedited clearances for in-bond merchandise using the FAST lanes. Currently, in-bond merchandise does not qualify for FAST regardless of being CTPAT certified. The last recommendation is on the supply chain process needed for effective implementation of in-bond regulations. It is recommended that CBP allows to narrow categories of air shipments to be exempt from current in-bound requirements when transferred to air until automation can be provided.

Subcommittee Member Mike Young then presented the tenth and final recommendation on visibility and the impact on communication relative to autonomous conveyances. An example of the trucking industry was provided. There are not many people entering the industry thus

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significantly reducing the capacity of truck power which leads to visibility issues on moving the status of cargo. The CBP is recommended to provide bonded carriers with visibility of any in-bound hold prior to the arrival report and enabling effective cargo movement.

Executive Director of Trade Relations Valarie Neuhart took a moment to recognize the amount of collaboration that has been going on between the COAC In-Bond Working Group and the Office of Field Operations with the newest version of the Implementation Guide posted on the web for wider visibility and distribution throughout the industry. Additionally, Mr. Young complimented CBP for being so accommodating when scheduling additional ad hoc meetings. Comments from the Executive Directors were then heard.

Office of Field Operations Executive Director Thomas Overacker complimented the members of the In-Bond Working Group, citing the complexity and

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various challenges from an automation perspective and from a policy perspective.

James Swanson, Director for the Office of Field Operations also complimented the work group by commenting on the number of recommendations provided which reflects their passion. He then reported that the last two recommendations are being adopted, with the ninth one implemented. Although it is not necessarily part of the 21st Century Customs Framework, it needs modernization as it is still largely physically controlled. A better method of control is needed from a revenue perspective as that is a large issue.

Comments from COAC Members were then heard. Ms. Magnus believes the work done on the Implementation Guide is a great example of what can be achieved when Trade and CBP work together. Mr. Gonzalez followed up on what was said by Director Swanson. The recommendations are within a living document and at this time, we've already had two updates and are working on a third as the

information is constantly changing. For the record, Mr. Gonzalez reminded members to not forget the difference between manipulation and review.

Trade Co-Chair Lenny Feldman then made a comment for the Commissioners benefit. It should be noted that a GAO report from a few years prior stated the need for CBP to look at the types of trade issues as a lot of cargo is staying here. This background information is critical and highlights the importance of the in-bound work for security and revenue reasons. However, what has been alluded by the Subcommittee are old regulations that do not reflect the policy and modernized state of affairs. There are some regulations in in-bond that could probably be taken off or modified in a big way and need to be revamped. He concluded that COAC must not lose sight on why this is important to the big picture. A motion for the In-Bond Working Group was made and COAC voted to carry the motion. See

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Appendix for full recommendations.

Trusted Trader Working Group

Subcommittee Member Alexandra Latham informed the Committee that there is the new CTPAT/Minimum-Security Criteria has been published and finalized. Implementation and development of upcoming rollout of the new CTPAT Trade Compliance Program will begin in January 2020. An overview was given on several other action items that are being worked on. Additionally, the group provided recommendations, which have since evolved, regarding Forced Labor Trusted Trader Strategy Document from CBP those will be presented today stemming from group discussions over many complex issues. Next quarter, the group will be look at KPI's reporting and PGA strategy.

Subcommittee Member Erika Vidal-Faulkenberry then presented the recommendations. The first one relates to the foundation of the program and that

CBP design the CTPAT Trade Compliance Program requirements for forced labor and associated benefits encouraging participation of self-identification of low-risk importers. The requirements should be scalable and flexible, specifically addressing the company's efforts to combat forced labor in their supply chain. It is recommended that the requirements be limited to forced labor and companies should not be required to provide information beyond the scope as defined under 19USC1307 and the CTPAT Trade Compliance Program.

The second recommendation is that CBP partner with the stakeholder in order to learn about typical corporate social responsibility programs, the efforts to combat forced labor, as well as the available program documentation that can show what those best practices there. This should be done prior to finalizing CTPAT Trade Compliance requirements. Another recommendation is that CBP conducts this outreach and bidirectional

education which should also be done prior to finalizing documented evidence of the CTPAT Trade Compliance. Additionally, it is recommended that CBP meet with third-party auditing companies that conduct global social compliance audits on forced labor. Finally, the fifth recommendation is that CBP align the program requirements for the forced labor component of the CTPAT Trade Compliance with other existing compliance and regulatory requirements for the current Importer Self-Assessment. The Annual Notification Letter where importers provide a status to CBP should be completed once and encompass all components of the CTPAT Trade Compliance.

CTPAT Director Manuel Garza has been ensuring clarity of what's required for trade compliance versus the minimum-security criteria to the trade and to the industry. He then stated that the handbook mention has been completed with the help of COAC and phased implementation is currently

being done. The next step is training of the account managers and regulatory auditors to ensure their understanding. Finally, he states that although a recommendation has not been completed there have been discussion regarding social compliance programs.

Executive Director Thomas Overacker stated there is a full commitment to continuing outreach, social compliance audits, as well as bidirectional education. A motion was made for the adoption of the recommendations. It was voted on and carried. See Appendix for full recommendations.

A brief status update on the Export Modernization Effort was then given by Committee Member Brenda Barnes. The group has not yet made it to a recommendation point but have reviewed the Electronic Export Manifest Business Process Document Draft which is based off the ACAS

process. There have been comments received on the document and focus that on the electronic manifest. Currently, there is only three modes as truck is not ready yet.

Office of Field Operations Director James Swanson made the commented that even though there are no recommendations currently, the group has done a significant amount of work. A reviewable product has been made and now it is attempting to become operational. Further, there is a focus on the serious enforcement effort involving counter networks, money laundering, and international criminal organizations that have been misusing the export process. In addition to working on getting the export manifest up and running and being able to focus on post-departure filing, one of the first efforts is a meeting on export penalties on how they're issued and to identify any problem areas.

Committee Member Kate Weiner then commented on

the needs of review and interagency on what is to be accomplished with export enforcement, and the management of what the regulations are today. There has been excellent collaboration with Customs to modernize it and that is seen here with the Export Modernization Working Groups.

Director Neuhart then moved into closing comments. Commissioner Mark Morgan than complimented the members on the great work being presented and thanked everyone for their teamwork and partnerships. Then, Ms. Neuhart adjourned the meeting at 4:43 p.m.

APPENDIX

COAC FINAL RECOMMENDATIONS

August 21, 2019

**Buffalo Niagara Convention Center
Buffalo, New York**

RAPID RESPONSE - NORTHERN TRIANGLE WORKING GROUP

General

010360

COAC recommends that CBP create a Northern Triangle Task Force that embodies a coordinated whole of government or “1 USG” approach comprised of CBP, DHS, PGA (including but not limited to USAID, UNICEF, UNHCR, DOC, DOS, USTR, OPIC, IFC, EXIM Bank and the IADB), NGO and private sector members, including COAC, that meets regularly to address challenges, opportunities and progress in the Northern Triangle Region (Region). The Task Force would ensure that sustainable policies and processes are executed, which in the short and long term reduce nontariff trade barriers, improve customs processes, enhance facilitation and promote safety, security and economic well-being in the Region.

Trade Finance and Economic Growth

010361

COAC recommends that CBP work with its PGA, NGO and private sector partners to encourage promulgation of a rule of law that promotes formality and transparency in the financial arena and leverages U.S., Regional and third country financial institutions and banks including OPIC, USAID, IFC, EXIM Bank and the IADB to increase direct and indirect funding that supports small and medium sized business (microfinancing) as well as larger enterprises demonstrating a strong track-record of local investment and job creation.

Trade Facilitation

010362

COAC recommends that, as a top priority, CBP and the PGAs encourage uniform national policies and procedures that harmonize and streamline licensing and permitting procedures, in-bond and foreign trade zone (FTZ) movements as well as cargo inspection and swift, uniform release procedures through risk management consistent with CBP’s and other customs administrations’ best practices such as “fast lane” processing. Such policies and procedures should be designed to facilitate not only large containerized, but also small parcel e-commerce, shipments.

010363

COAC recommends that CBP continue to work with the public sector (USTR, DOS, DOC ITA & CLDP) and private sector to conduct coordinated outreach that builds upon the progress in the Region to implement the core tenants of the WTO Trade Facilitation Agreement such as publication, notification and transparency of laws and regulations.

010364

COAC recommends that CBP consider the viability of supporting a “Northern Triangle Trade and Job Promotion Act” that the U.S. Congress would enact for a limited duration, enhancing program benefits to apparel, agricultural and other Regional economic staples exported to the U.S. While considering this approach, CBP and the appropriate PGAs should explore the reasons for the underutilization of tariff preference levels (TPLs) in the Region and how to enhance such opportunities.

Infrastructure**010365**

COAC recommends that CBP and its public and private sector partners should initially target one and then eventually several land and sea ports throughout the Region to promote infrastructure yielding both physical (cargo inspection/processing facilities, dedicated cargo versus passenger lanes, improved roads, employee housing, etc.) and operational (consistent work hours, technology, unified cargo processing, etc.) improvements and efficiencies. The projects could serve as a proof of concept that could be replicated in other locations. Suggested projects for prioritization are included in the Northern Triangle Findings Report.

Security and Corruption**010366**

COAC recommends, as a top priority, that CBP and its public and private sector partners continue to promote and encourage professionalism among customs and border processing officials consistent with the WCO Revised Arusha Declaration of the Customs Co-Cooperation Council Concerning Good Governance and Integrity in Customs, the U.S.-Africa Security Governance Initiative (SGI) and other best practices implemented in the U.S. and other customs administrations.

010367

COAC recommends that CBP and its public and private sector partners immediately take the necessary steps to develop a U.S.-Northern Triangle Security Governance Initiative (Initiative) to engage leadership in the Northern Triangle, with interagency support from the U.S. Government, to identify and develop areas to address the greatest security needs through a Border Management Secretariat and public-private partnership to ensure the Initiative complements the work that Regional bodies already have conducted in this regard.

010368

COAC recommends that CBP immediately encourage the Region to build business partnerships that support and grow secure and ethical trade by increasing participation in, and benefits from: i.) local public-private sector policing initiatives and ii.) Authorized Economic Operator (AEO) programs reinforced with U.S. and other AEO mutual recognition agreements.

Capacity Building**010369**

COAC recommends that, as a top priority, CBP work with the PGAs and particularly organizations such as UNICEF and UNHCR as well as the U.S. private sector stakeholders, to employ a multi-layered approach to synergize local, regional and national elected officials with business, non-profit and faith-based institutional leaders to jointly tackle trade and commercial related challenges. CBP and its public and private sector partners should initially identify one and then additional communities where it can assist in building such a coalition to educate youth in academic and vocational settings that create job opportunities with local employers. Suggested cities for prioritization are included in the Northern Triangle Findings Report.

010370

COAC recommends that CBP conduct education and outreach programs with its public and private sector partners that promote trade facilitation by empowering local customs and border officials to convey such knowledge to others through “train the trainer” courses.

INTELLIGENT ENFORCEMENT SUBCOMMITTEE BOND WORKING GROUP

010371

Risk-Based Bonding: COAC recommends, consistent with recommendation 010282, that CBP reconsider its Risk-Based Bonding policy and complete the desk top exercises to determine the impact this new model will have on the trade.

010372

Delay Implementation of Risk-Based Bonding: COAC recommends that CBP delay implementation of the risk-based bonding model to collect STBs on AD/CVD shipments for at least 90 days or until CBP can finalize the policy and the functionality to build a bond query for the trade to identify a new importer that is required to post STBs prior to Cargo Release.

010373

ACE Automation for Risk-Based Bonding: Once policy is finalized, the trade needs ample time for testing in CERT before the risk-based model for STBs can be fully implemented in ACE. COAC recommends that CBP develop an edit in ABI which identifies a “new importer” for this policy and provides a message to the filer.

IPR WORKING GROUP

010374

E-Recordation Automation

COAC recommends the CBP receive budget and resources to make the following improvements to the eRecordation system:

- a) **Electronic Updates:** Allow rights holders to update information electronically on specific products, such as adding new, or deleting former, licensees, manufacturers or subsidiaries, in a secure mode.
- b) **Renewal Prompts:** Provide prompts or alerts of the renewal process enabling rights holders to electronically take subsequent responsive actions.
- c) **Interactive Recordation System:** Make the eRecordation system more interactive with the rights holder, permitting an exchange of more detailed information, in a secure mode, about products contained in the system in order to assist customs officers in identifying legitimate merchandise.

ACE Portal Automation

010375

Detention and Seizure Process Visibility: COAC recommends functionality be built in the ACE portal where rights holders can view detention and seizure information to the extent allowed by law to increase visibility throughout the detention and seizure process. As a short-term solution, the CBP Centers should work with affected rights holders and importers to share this information.

010376

Intelligence and Information Sharing: COAC recommends functionality be built in the ACE portal to allow intelligence sharing which provides the means for CBP, rights holders, importers and exporters to exchange intelligence, on a confidential basis on the outcome of IPR violations and involved parties to the extent allowed by law.

SECURE TRADE LANES SUBCOMMITTEE IN-BOND RECOMMENDATIONS

010377

COAC recommends that CBP provide all necessary functionality to allow effective automation across all modes and between import and export cargo movements within the automated manifest systems, especially leveraging the planned truck refactoring and the automation of ocean export manifest processes in ACE prior to the next level of enforcement.

010378

COAC recommends all automated manifests systems, and associated CBP policy, should be significantly enhanced to allow a carrier to “take possession” of an in-bond shipment, where the initial in-bond was applied in another mode automated system, within the secondary mode system and confirm the appropriate arrival / export within the assuming mode manifest system. This will eliminate the need for multiple subsequent in-bond filing.

010379

COAC recommends that CBP develop written guidelines for electronically reporting the diversion of in-bond cargo – including the handling of entry filings in shipments that have been diverted

010380

COAC recommends, due to the impacts of non-automated facilities within the in-bond supply chain, that CBP require all facilities that handle in-bond cargo to automate to the extent necessary to allow the seamless passing of cargo and closure of in-bonds at the respective facilities.

010381

COAC recommends that CBP provide specific functionality be programmed across ACE modules to facilitate the movement and disposition of cargo that has CBP / PGA refusal / disaster recovery requirements, to allow the extension of the 30 day clock and / or the provision of a status / reason code for the post 30 day status, to facilitate effective handling of cargo that is refused entry or is impacted by an impediment to effective movement to final in-bond location.

010382

COAC recommends that CBP provide an automated solution to accommodate the required notations for zone restricted cargo to facilitate CBP enforcement of the FTZ Board or TTB required export or destruction of ZR merchandise.

010383

COAC recommends that CBP make available information on in-bond events regardless of mode (in-bound and export) related to FTZ and warehouse operations that provides details of events, transfers of liability, responsible parties and status. Information regarding and the ability to update transaction events to be available both through the ACE portal and an EDI solution.

010384

COAC recommends that CBP allow benefits for expedited clearance for in-bond participants using FAST lanes at border facilities to expedite border transit

010385

COAC recommends, due to the complexity and supply chain process needed for effective implementation of the proposed in-bond regulations, that CBP allow two (2) narrow categories of air shipments be exempted from the current intended IB-FR requirements for electronic arrival/export until such time the automation can accommodate below scenarios:

- Cargo originating in the US from either bonded warehouses or FTZs and are subsequently exported by air, and
- Cargo arriving in the US on a mode of transport other than air and are subsequently transferred to air for exportation from the US or movement to a US port of entry

010386

COAC recommends that CBP provide the bonded carrier (not only the QP Filer) with visibility of any in-bond HOLD, prior to the report of arrival at the destination port. Since carriers are no longer required to physically report to the port office, visibility is required for the real time routing of goods when an exam is requested by the port of destination after normal business hours.

TRUSTED TRADER WORKING GROUP/ Forced Labor Implementation**010387**

COAC recommends that CBP design the CTPAT Trade Compliance (CTPAT-TC) program requirements for forced labor and associated benefits to encourage participation to facilitate self-identification of low risk importers. Program benefits for voluntary participation should be measurable, reportable, and off-set the cost of participation. Requirements should be scalable, flexible, and address a company's efforts to combat forced labor in their supply chain. As forced labor is often a subset of a broader corporate social responsibility program, requirements should be limited in focus to forced labor and companies should not be required to provide information beyond the scope of forced labor as defined under 19 USC 1307 and the CTPAT-TC.

010388

COAC recommends CBP partner with stakeholders to hold informal meetings in order to learn about typical corporate social responsibility programs, the efforts to combat forced labor, and available program documentation by meeting with a cross-section of companies to review their programs prior to finalizing the CTPAT-TC Forced Labor program requirements.

010389

COAC recommends CBP conduct this outreach and bi-directional education prior to finalizing the documents required as evidence of implementation for the Forced Labor component of the CTPAT-TC program.

010390

In addition to meeting with importers, COAC recommends that CBP also meet with third party auditing companies who conduct social compliance audits that include the area of forced labor. These companies see a variety of programs and supply chains and could be a valuable stakeholder to consult for a broader viewpoint of effective actions and best practices for combating forced labor in the supply chain.

010391

As a baseline, COAC recommends that CBP align the program requirements for the forced labor component of CTPAT-TC with the other compliance and regulatory requirements of the current Importer Self-Assessment (ISA) program, similar to how risk and internal controls are reviewed and assessed for classification, valuation, free trade agreements, anti-dumping, etc. The application, Application Review Meeting, and Annual Notification Letter should be completed once and encompass all components of the CTPAT-TC program including forced labor.