

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

December 4, 2019



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Report of the Work of the COAC Secure Trade Lanes Subcommittee

Subcommittee Government Co-Chair
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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. These areas are to enhance trusted trader, manage imports and exports through the 1USG single window, deploy authentication technologies to reduce supply chain barriers, and ensure e-commerce shipments are secure.

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:

- In-Bond Working Group, co-chaired by Director James Swanson, Mike Young and Jose Gonzalez.
- Trusted Trader Working Group co-chaired by Director Manuel Garza, Alexandra Latham and Erika Faulkenberry.
- Export Modernization Working Group co-chaired by Director James Swanson, Kate Weiner and Brenda Barnes
- Remote and Autonomous Cargo Processing Working Group co-chaired by Director Efrain Solis, Heidi Bray and Jodi Swentik

The Pipeline Working Group has been placed on hiatus.

The CTPAT Minimum Security Criteria (MSC) Working Group has concluded its intended work and was also placed on hiatus. Future activities of the MSC Working Group will be handled by the Trusted Trader Working Group.

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 was placed on hiatus. The CTPAT Minimum Security Criteria Work Group, completed its objectives, and 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 and benefits, will be presented to the Trusted Trader Working Group. Three new working groups have been launched under the STL subcommittee: the Trusted Trader Working Group (November 2018), the Export Modernization Working Group (April 2019), and most recently, the Remote and Autonomous Cargo Processing Working Group (October 2019).

Since the last COAC meeting on August 21, 2019 the STL Subcommittee has held three conference calls to review the activity of the active working groups as outlined below.

In-Bond Work Group

Since the August 21st COAC public meeting, the In-Bond Working Group has held three (3) full working group conference calls, one (1) In-Bond leadership call, and an onsite meeting in DC. The main core of the discussions related to the current exercise being undertaken by teams divided into specific modes of transport, and the current “pain points” being experienced, from the trade perspective, in the movement of cargo under the existing in-bond regulations. The teams consolidated the identified pain points, to refine process maps that can be used to help identify more cost effective, and efficient in-bond handling protocols – leveraging new and emerging technology, simplification and automation – while maintaining effective controls on cargo movement within the US. After the two-day face to face meeting in DC in October, each of the different mode groups were tasked to validate and determine the cost impact and potential savings pertaining to the recommended changes, to address the identified pain points, to facilitate prioritization of the relevant proposed changes.

Additionally, the WG continues to review the feedback and comments from the 2018 face to face meeting that had resulted in 10 recommendations made in the February COAC public meeting and have given rise to 10 additional recommendations for the August COAC meeting in Buffalo. A review of the In-Bond Process Document v2.1 was also undertaken by the WG with feedback provided to CBP from Trade perspectives. It is expected that additional recommendations will be forthcoming after the completion of the analysis of the process flow pain points identified by each mode in the current exercise under the WG.

Trusted Trader Work Group

Since the last COAC meeting on August 21, 2019, the Trusted Trader Work Group (TTWG) held two (2) conferences calls and one (1) leadership call. The WG was briefed the status of the Forced Labor recommendations delivered in December 2018, and the development and implementation of new program benefits. Discussions focused on updating the objectives for the Statement of Work, providing feedback to the new Trade Compliance Handbook, ideas for enhanced reporting to supplement ITRAC data, and suggestions for streamlining the user experience for the new CTPAT Trade Compliance portal. The group also received responses and discussed the Forced Labor recommendations presented at the August COAC meeting.

Export Modernization Work Group

Since the last public COAC meeting, the Export Modernization Work Group (EMWG) has met 7 times working on two specific projects. The first, to identify penalties sometimes referred to as “parking ticket” penalties by all entities involved in export transactions. These specific types of penalties are often characterized as unavoidable by the compliant filer. We gathered this information through multiple ways from many public sources including trade associations, public meetings and input directly to CBP. The list of penalties has been created and is being held for the second and larger project. The second project we are working on is analyzing all data elements from the Electronic Export Information and export manifest filings. This analysis includes defining the owner of the information, those who are responsible for the information, those that could file the information, and verifying if Census, CBP, or Other Government Agencies is the agency requiring the data. We anticipate this project will show duplicate requirements of the same data elements and the accountability of accuracy not falling on the primary source of the information. Once project two is complete, we anticipate resuming work on project one armed with the results of project two and be in the best position to offer well informed and collaborative recommendations on how to most effectively enforce regulations and manage risk at the port of export.

Remote and Autonomous Cargo Processing Working Group

Since the last COAC meeting on August 21, 2019, the Remote and Autonomous Cargo Processing Working Group held (2) two conference calls. The kick off call in early October allowed introduction of the CBP & COAC team members as well as a high level review of the draft Statement of Work (SOW). A second call in late October began to understand current state of autonomous vehicles, their locations, efficiencies and cost benefits, problems and the time frame of adaptation. Exploration in terms of the various modes of such vehicles and research of current applications were shared.

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 additional key regulatory reform issues identified in both the 2 day on site meetings, allowing 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, and leveraging the new In-Bond regulations and potential automation and simplification – including potential regulatory reform that may be necessary to achieve the desired efficiencies.

- Determining cost benefit analysis / saving obtained through application of potential solutions to eliminate the pain point discussed at the October 2019 face to face meeting
- Continue to pursue uniformity amongst the ports of exit and follow up on COAC recommendation **010317** specifically at the Southern border, and ensure a clear definition of manipulation of In-bond merchandise is addressed.
- Defining the potential future direction for In-Bond – including alignment with CBP 21st Century direction

Trusted Trader Work Group

Consistent with the Statement of Work and the identified priorities for the TTWG (revised after the August 21, 2019 COAC meeting), the plan is to focus on the following objectives:

- Provide input regarding the implementation of Forced Labor requirements into the CTPAT Trade Compliance program.
- Provide input on the transition from Importer Self-Assessment and the implementation of CTPAT Trade Compliance
- Propose methods to receive and process industry recommended Trade Compliance benefits for consideration; including the ability to evaluate, prioritize, and vet recommended benefits within the Trusted Trader Framework.
- Propose methods for the communication of benefit status to include new benefits, benefits under consideration, and effectiveness of benefits.
- Develop metrics that evaluate and mutually quantify benefit effectiveness for industry and government
- Develop a proposed strategic inter-agency partnership engagement approach to Trusted Traders.
- Further development of the CTPAT Trade Compliance program.

Export Modernization Work Group

The EMWG will continue to work in the following focus areas in the order listed below:

- Data element mapping of the EEI and the Export Manifest filing determining the owner of the primary information.
- Overlay the data element mapping results over the current export enforcement environment and develop collaborative recommendations.
- 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.

Remote and Autonomous Cargo Processing Working Group

The RACP WG's next call is scheduled for November 22, 2019 with the goal of continuing the discussion to establish a clear vision of autonomous conveyance in each environment and speculate how customs operations should be built to afford efficiencies both to traders and to the U.S. government by addressing the following:

- Illustrate autonomous conveyance in each environment
- Provide a cost/benefit/risk analysis and identify the tipping point at which this technology will be widely adopted.
- Provide a cost/benefit/risk analysis from the USG perspective that would establish the business case to enable this technology.
- Customs operations need to modernize some of its process so that trade will see efficiencies from this technology.
- Identify individual approaches that need to evolve as the trade moves to autonomous conveyance and CBP moves toward automated cargo ports of entry.