

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

April 15, 2020

COAC

COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE

Commercial Customs Operations Advisory Committee (COAC)

April 15, 2020

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. 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 December 4, 2019 the STL Subcommittee has held four conference calls to review the activity of the active working groups as outlined below.

In-Bond Work Group

Since the December 4th COAC public meeting, the In-Bond Working Group has held six (6) full working group conference calls. The discussions related to a review of the main core current “pain points” being experienced by each of the different modes of transport, from the trade perspective, in the movement of cargo under the existing in-bond regulations. The main objective was to identify main key issues that impacted most, if not all, of the affected modes, and determine potential solutions that would eliminate or mitigate these pain points, and align with new and emerging technology, simplification and automation – while maintaining effective controls on cargo movement within the US. The consolidated pain points, and recommended solutions were used to assess the respective ROI on each, and to refine the process. The final step will be to use the established consolidated issues and solutions to map out the most effective process, yielding the best ROI in both Trade and CBP perspective. This final review will allow the WG to generate recommendations for regulatory, system and process changes to improve and streamline the IB process in line with the 21st century framework.

Additionally, the WG continues to review the feedback and comments from the 2018, and 2019 face to face meetings that had resulted in several recommendations made in both the February and August 2019 COAC meetings. There are still a number of open issues that were identified in these meetings that primarily related to regulatory changes and would be complimentary or may supersede and replace some of the earlier recommendations.

Trusted Trader Work Group

Since the last COAC meeting on December 4, 2019, the Trusted Trade Work Group (TTWG) held five (5) conference calls and two (2) leadership calls. The TTWG and CBP had an onsite meeting scheduled for March 31- April 1 in Houston, however due to the Coronavirus, the onsite meeting has been replaced by three (3) conference calls that will occur the weeks of March 30th and April 6th. During this quarter the TTWG was very active on several objectives related to our SOW:

- Provided feedback to CBP on additional outreach and support to familiarize the trade with the updated CTPAT MSC Guidelines.

- Provide input on the transition from ISA to CTPAT Trade Compliance including feedback on user experiences on using the CTPAT Trade Compliance portal.
- Re-prioritized the top 10 benefits that the TTWG and CTPAT- Trade Compliance Pilot members developed in the Miami 2018 in-person meeting. Will revisit during the next quarter on feasibility of completion with CBP.
- Began discussions with the 1USG Working Group (1USGWG) to determine path forward for the PGA Strategy for Trusted Trader's work that began with the TTWG, which is more suitable to be continued as part of the 1USGWG scope.

Additionally, CBP will be leading a series of Conference calls with the TTWG the weeks of March 31 – April 7 to cover the topics that were originally planned to be discussed the in-person meeting in Houston, including CBP's demonstration of the CTPAT Trade Compliance Portal, benefits re-prioritization discussion, and the University of Houston Project methodology overview.

Export Modernization Work Group

Since the last public COAC meeting, the Export Modernization Work Group (EMWG) has met 8 times, continuing to focus on reviewing the EEI (Electronic Export Information) and manifest filing requirements for all modes of transportation. This has been tough work going line-by-line through filing requirements and the WG members deserve a lot of credit for persevering through very tedious, weedy work. While we review the data elements, we are mapping the owner of the information, those who are responsible for the information, those that could file the information, and verifying if Census, CBP, and/or Other Government Agencies require the data. We are nearing completion of the data-element, analysis portion and in the next steps we will be determining duplicate requirements of the same data elements and who should be accountable for the accuracy of such data. With a full picture of what data there is, what is needed, who needs it, and who should be responsible for it, we will resume work on recommendations. Armed with this information, we will be in the best position to offer well-informed and collaborative recommendations on how to most effectively bring export reporting to the 21st Century, enforce regulations, and manage risks here and abroad.

Remote and Autonomous Cargo Processing Working Group

Since the last COAC meeting on December 4, 2019, the Remote and Autonomous Cargo Processing Working Group held several conference calls. The kickoff 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). Subsequent calls reviewed the 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 plans 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 the 2 on site meetings, allowing some efficiencies to be gained by both Trade and CBP

- Continue 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
- Defining the potential future direction for In-Bond handling
- 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

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 on the CTPAT Study project planned with the University of Houston.
- Provide input regarding the implementation of Forced Labor requirements into the CTPAT Trade Compliance program, and more specifically, review and provide feedback to CBP's Forced Labor White Paper, which is currently under internal review by Legal Counsel.
- 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.

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 is divided into four teams, each covering modes of transportation that include, Driverless Trucks, Pilotless Air Conveyance, Crewless Ships and Conductor-less trains 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.

Testing is currently underway on the Southern Border Rail environment for a process called Secure Corridor. This "Corridor" creates a "sterile" environment where freight traveling by rail from Mexico into the United States is cleared to travel by train to be operated by an International Crew from a rail yard in Mexico to a rail yard in the United States, generally to and from yards within a relative close distance from the actual border line, without stopping at any point in between, as is done today.

The objective of the Secure Corridor is to increase capacity at the International Bridge by removing the crew change that occurs on the bridge, and by streamlining clearance processes to decrease stop time.

The RACP WG won't have recommendations for the April COAC, but they are reviewing the progress of the "Secure Corridor" and will look to have recommendations prepared for the following COAC public meeting.