

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

July 15, 2020



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Report of the Work of the COAC Secure Trade Lanes Subcommittee

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Secure Trade Lanes Subcommittee Members
Heidi Bray, Erika Faulkenberry, Warren Hastings, Jody Swentik, Kate Weiner, Brian White,
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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.

Under the Secure Trade Lanes (STL) 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 Daniel Randall, Heidi Bray and Jody Swentik

All subcommittee objectives and scope are consistent with the official charter of COAC.

Summary of Work

Since the last COAC meeting on April 15, 2020 the STL Subcommittee has held three (3) conference calls to review the activity of the active working groups as outlined below.

In-Bond Work Group

Since the April 15th COAC public meeting, the In-Bond Working Group has held six (6) full working group conference calls, and one Sub Committee call. The discussions related to a review of the main

core current “pain points” being experienced by each of the different modes with the intent to consolidate and formulate the recommendations that will be made in the July public COAC Meeting. The main objective was to identify the key strategic issues that need to be addressed to move IB into the 21st Century framework, while ensuring the main key issues that impacted most, if not all, of the affected modes, as well as CBP, are identified and included in the overall strategy direction. A White paper will be produced that will be the core focus in determining long term and short term recommendations that will be forthcoming in future COAC meetings addressing regulatory, automation, technical and process efficiencies for the future movement of In-Bond cargo. The White Paper will be presented as part of the recommendations in the forthcoming July COAC meeting.

Further development of the identified areas within the White paper will be used to define future recommendations in forthcoming COAC meetings and will encompass the following specific areas:

- I. Automation of all parties involved in the In-Bond transaction in all modes
- II. Visibility for all stakeholders in In-Bond transactions
- III. Electronic handoff and transfer of liability
- IV. Harmonization of In-Bond policy nationwide
- V. Addressing Trade / CBP high pain point transactions within the In-Bond movements
- VI. Regulatory changes to support the above

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, together with these new issues to ensure effective alignment on the recommendations made and future recommendations to be proposed. There are still a number of open issues that were identified in these meetings that primarily related to regulatory changes and would be accommodated through the development of the current white paper that will allow consolidation of the recommendations to allow development towards the 21st Century initiative.

Trusted Trader Work Group

Since the last COAC meeting on April 15, 2020, the Trusted Trade Work Group (TTWG) held four (4) conference calls and one (1) leadership call. The calls focused on four areas related to the work of the TTWG: a PGA engagement strategy, virtual validations, and the development of a new benefits methodology. In addition, the TTWG received updates on the University of Houston CTPAT study and the Forced Labor Trusted Trader white paper.

We are pleased to present recommendations for a CTPAT-Trusted Trader Program Benefits Methodology. We believe that, for any voluntary program to be successful, there needs to be positive returns on investment (ROI) both for the creators of the program (CBP) as well as for the participants (Trade), and these benefits should address the needs of both parties. Furthermore, the ROI must be measurable for program administrators, and participants to determine if the benefits of the program outweigh the costs of implementation and ongoing maintenance.

Additionally, both government and program participants’ needs may change over time, thus, it is important to have an established methodology as part of the CTPAT- Trusted Trader program to periodically re-evaluate the efficacy of existent benefits, discontinue those that are not effective or have no positive ROI, and assess potential new benefits as the environment evolves. To this end, there needs to be a methodology established to create a sustainable process to receive, evaluate

and implement new benefits as well as a communication plan and ongoing performance measurements of all benefits.

Export Modernization Work Group

Since the last public COAC meeting, the Export Modernization Work Group (EMWG) has met nine (9) times and completed the review of the EEI (Electronic Export Information) and manifest filing requirements for Ocean, Air, and Rail and 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. It was arduous work done by a very engaged and dedicated working group. We then compared the data and identified duplicate information requests and primary owners of the data.

With this phase of the work completed, we now have a complete picture of what data there is, what is needed, who needs it, and who should be responsible for it. Armed with this information, we are in a great position to offer well-informed and collaborative recommendations on how to most effectively bring export reporting to the 21st Century, enforce regulations, promote trade facilitation and manage risks here and abroad. We have enjoyed tremendous participation and engagement not only from our working group members, but also from Census throughout and thank them for their dedication on this initiative.

We will continue the working group through our next exercise which is to go through a list of issues as it pertains to penalties, rules, PGA (participating government agencies), trade facilitation, risk, and resources for exports in the 21st Century.

Remote and Autonomous Cargo Processing Working Group

Since the April 15, 2020, public COAC meeting, the Remote and Autonomous Cargo Processing Working Group held seven (7) conference calls and one (1) leadership call. Four modes of transportation were identified to review; rail, truck, ocean and air. The working group focused on reviewing and assessing how advanced technology can be utilized within cargo processing applications for rail and truck first. With input for rail and trucking industry experts the working group considered the challenges and opportunities of the US north and south land borders. Five recommendations impacting various phases of the entry and conveyance processes were developed with the goal of building efficiencies ultimately saving costs to both traders and the US government.

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 and will be accommodated through the development of the White Paper

- Leverage the White Paper to develop effective recommendations that will lead to an effective and efficient In-Bond process to meet both Trade and CBP future processes
- Determining cost benefit analysis / saving obtained through application of potential solutions to eliminate the pain point discussed and consolidated within the white paper and detailed in the individual mode specific pain point exercise.

Trusted Trader Work Group

Consistent with the Statement of Work and the identified priorities for the, the TTWG will continue 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.
- 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:

- 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.

Remote and Autonomous Cargo Processing Working Group

The RACP WG's is focused on four modes of transportation that include, trucks, air, ship and trains with the goal of establishing 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:

- Define key categories of autonomous technologies for each environment
- Identify which phases of the entry and conveyance process are most/least adaptable to automation
- Define which Trade and CBP processes need to adapt in order to facilitate implementation of autonomous conveyance technologies
- Provide a set of recommendations to CBP regarding the costs, benefits, and risks associated with implementation of autonomous technologies as it pertains to entry and conveyance processes