

**Commercial Customs Operations Advisory
Committee
Government Issue Paper
Next Generation Facilitation Subcommittee
ACE 2.0 Working Group**

March 2024



**U.S. Customs and
Border Protection**



Pub# 3591-0224

Office of Trade / Trade Transformation Office
ACE 2.0 Working Group
March 2024

Action Required: Informational

Background:

- The Automated Commercial Environment (ACE) is the commercial trade processing system that provides a single, centralized way to connect U.S. Customs and Border Protection (CBP), the international trade community, and Partner Government Agencies (PGAs).
 - ACE 2.0 will enable the 21st Century Customs Framework (21CCF) business process changes by giving CBP the needed technology by modifying and adding to ACE.
- 21CCF is CBP's initiative to comprehensively address current and future trade challenges and modernization barriers through legislation. CBP envisions, through 21CCF, that it can collect data from non-traditional actors in near real-time. New ACE 2.0 technologies can make this collection a reality.
- While CBP continues to enhance ACE and ensure it is a secure and reliable system, we continue looking ahead to procure the technology needed to implement the next generation business processes envisioned by 21CCF. We call this effort ACE 2.0.
- The result will be a never-before-seen view into the first third of the supply chain, well in advance of arrival as products make their way to the U.S. border.
- This vast increase in supply chain visibility will provide CBP and PGAs with better quality data much earlier in the supply chain, enabling better, faster, and earlier Government responses and determinations on cargo.
- The reimaged entry processes of 21CCF will align with modern supply chains. Using the latest technology in ACE 2.0, CBP will be able to identify risk and allocate it to appropriate parties. This will improve supply chain accountability and increase predictability for the treatment of goods for the trade industry.
- These advancements, as well as others achieved through ACE 2.0, are underpinned by CBP's development and use of innovative technologies, such as verifiable credentials and decentralized identifiers.
- To lay the groundwork for ACE 2.0, CBP is promoting international standards for interoperability. Interoperability standards allows differing systems and technologies to communicate with CBP, offering businesses flexibility and technology choice while enabling CBP to exchange data with a much wider variety of trade entities in near real-time.
- CBP successfully advocated for global standards for a decentralized identifier – a standard unique identifier for goods, people, and businesses – at the World Wide Web Consortium in July 2022.

Issue:

ACE 2.0 is an agency priority and CBP is actively working to make this a formally recognized acquisition program and secure the necessary funding to support acquisition.

Current Status:

- Technology Demonstration

- Working in collaboration with U.S. Department of Homeland Security’s Science and Technology Directorate, CBP is taking steps to verify some ACE 2.0 concepts through the Department of Homeland Security Silicon Valley Innovation Program.
- ACE 2.0 Acquisition
 - Through the Department of Homeland Security Silicon Valley Innovation Program, CBP is pursuing five projects in the steel, natural gas, oil, food safety, and e-commerce sectors.
 - The steel project will track steel from manufacturer to import, assist with origin compliance, and improve product identification.
 - The pipeline oil project will affirm free trade status no matter how many times oil is sold on the open market.
 - The natural gas project will facilitate origin determination and eliminate goods entering from prohibited countries.
 - The food safety project will track perishable goods from farm to import, reduce importer waste, and enable identification of packing materials used in shipping food products.
 - The e-commerce project will enhance traceability of goods bought and sold by online retailers and ensure that importers comply with CBP and other PGA requirements.
 - CBP is still in the early stages of the acquisition process.
 - We have made significant progress towards an initial milestone that will mark the transition from documenting the need for ACE 2.0 to analyzing approaches for meeting that need.
 - CBP continues to facilitate discussions with the Commercial Customs Operations Advisory Committee to better inform our preparation of ACE 2.0 acquisition documentation. Discussions held in January 2024 enabled stakeholders to review proposed scenarios and provide trade community recommendations.

Next Steps:

- Technology Demonstration
 - In FY 2024, CBP plans to test the ability to issue credentials, verify the origin of credentials, and transmit data to PGAs through tech demos of e-commerce, food safety and natural gas trade using global interoperability standards.
 - In the fourth quarter of FY 2023, CBP successfully tested global verifiable credentials and decentralized identifier standards through tech demos of steel and pipeline oil trade that connected CBP with trade users.
 - The Silicon Valley Innovation Program projects will continue to lay the foundation for CBP’s ACE 2.0 efforts.
- ACE 2.0 Acquisition
 - Provided CBP receives authorization and funding to proceed with the proposed acquisition, development would begin no sooner than FY 2026.

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Date: February 5, 2024