

Advisory Committee on the Commercial Operations to  
U.S. Customs and Border Protection (COAC)

Executive Summary

9:00 a.m. to 11:24 a.m.  
Friday, April 24, 2015

**Committee Welcome and Committee Roll Call**

Designated Federal Officer Maria Luisa Boyce welcomed everyone to the first 14th term COAC meeting and conducted the committee roll call. The committee members present are as follows: Cindy Allen, Brenda Barnes, Scott Boyer, Heidi Bray, Celeste Catano, Lenny Feldman, Brandon Fried, Lisa Gelsomino, Susie Hoeger, Vincent Iacopella, Alexandra Latham, Amy Magnus, Elizabeth Merritt, Julie Ann Parks, Kevin Pinel, Adam Salerno, Madeleine Veigel, Michael White, and Michael Young. David Berry was not present.

Ms. Boyce then introduced Commissioner of U.S. Customs and Border Protection, R. Gil Kerlikowske for opening remarks.

**Opening Remarks by R. Gil Kerlikowske for CBP**

Commissioner Kerlikowske welcomed everyone to the first meeting of the 14th term as well as Deputy Assistant Secretaries Timothy Skud, representing Department of Treasury, and Ellen McClain with the Department of Homeland Security. He acknowledged Julie Parks from Raytheon and Vince Iacopella from Janel Group as the Trade co-chairs of the 14th term. Brenda Smith, Assistant Commissioner for the Office of International Trade and Jaye Williams, CBP's Chief Financial Officer were recognized. Todd Owen, Assistant Commissioner for the Office of Field Operations, Phil Lanfrey, Deputy Assistant Commissioner for the Office of Information and Technology, Ana Hinojosa, the Deputy Assistant Commissioner of the Office of International Affairs and, of course, Maria Luisa Boyce were also welcomed.

The Commissioner listed all the returning members, Dave Berry, Scott Boyer, Brandon Fried, Susie Hoeger, Vincent Iacopella, Julie Parks, Kevin Pinel, and Elizabeth Merritt. He said the response was unbelievable that so many people were interested in joining this group. The 12 new members introduced were Cynthia Allen from DHL Global Forwarding; Brenda Barnes, George S. Bush & Company, Inc.; Heidi Bray, FCA US, formerly Chrysler; Celeste Catano of Kewill; Lenny Feldman from Sandler, Travis & Rosenberg; Lisa Gelsomino from Avalon Risk Management; Alexandra Latham, Costco Wholesale; Amy Magnus, A. N. Deringer; Adam Salerno, U.S. Chamber of Commerce; Madeleine Veigel, Expeditors International; Michael White, International Air Transport

Association; and Michael Young, Orient Overseas Container Line.

Commissioner Kerlikowske stated that the COAC is looking for predictability, transparency, and flexibility because these allow us to be better prepared to keep our economy safe and more effectively respond to the needs of global business. He reminded the group that the World Economic Forum found that removing supply chain barriers could increase the global economy up to six times more than removing all tariffs; therefore, helping us modernize and streamline our operations to provide real benefit to the global economy.

### **Opening Remarks by Timothy Skud for Department of Treasury**

Deputy Assistant Secretary Timothy Skud gave some brief opening remarks. He explained that he looks to this committee as a source of information for things that aren't known, issues that concern the members, and information to help the COAC learn what is wrong and the impact of various information. He wants to learn where the government envisions changes in practice or policy. He stated that the transition away from Automated Commercial System (ACS) to the Automated Commercial Environment (ACE) and the introduction of International Trade Data System (ITDS) functionality will have significant impact.

### **Oath and Recognition of 14th Term**

Commissioner Kerlikowske administered the oath to the newly appointed members.

### **Remarks by Ellen McClain, Deputy Assistant Secretary**

Deputy Assistant Secretary McClain discussed activities in which the Office of Policy at Department of Homeland Security has been engaged, working with CBP, partnership agencies (PG), and Tim Skud implementing the executive order on Single Window. She explained that they look for ways to streamline processes, build IT systems and connections. She said the focus is now on persuading Congress that we need to strive for the right balance between transparency and enhanced enforcement, and she predicted they will be extensively engaged in legislation in this regard very soon. She said they plan to involve the COAC Global Supply Chain Subcommittee to gather industry perspectives to enhance security through reusable electronic cargo security devices (or ECSDs) which seem to hold promise for near real-time tracking of cargo through the supply chain by providing enhanced risk targeting, improving tracking of shipments, and identification of cargo diversion and detecting tampering to cargo.

Ms. McClain added that there are challenges to using these devices such as operational, regulatory, and policy challenges as well as cost issues and concerns about collection and processing of the data, integrity of the data, addressing and protecting CBP operations along the same lines as spotters that are seen on borders at

times. She requested that COAC look at these issues to see if there is mutual benefit to moving forward and whether there would be commercial practices and benefits.

### **Remarks by Julie Parks, COAC member, Raytheon**

Trade Co-Chair Parks welcomed the new members and explained that the group wants to build on accomplishments of the 13th COAC. She listed the subcommittees and explained that one significant change was made by shifting Single Window from Trade Modernization to One U.S. Government. She said Centers of Excellence work will be jointly represented in both trade enforcement and trade modernization. Ms. Parks discussed the 14th COAC and stated that we are now in the throes of realizing some of the design business benefits that came from previous COACs. A lot of the ACE development work and Centers of Excellence work is seeping into the trade and being realized now.

### **Remarks by Vincent Iacopella, COAC member, Janel Group, Inc.**

Trade Co-Chair Iacopella said he looks forward to providing strategic advice and commentary regarding subcommittees during the 14th COAC. He previewed action coming up in today's meeting where the One U.S. Government subcommittee will make recommendations on a Consumer Product Safety Commission alpha pilot and ACE deployment where the ACE deployment recommendations will favor maintaining an automated process for Participating Government Agencies (PGA) data through ACE deployment, and a recommendation for periodic assessment by CBP on trade readiness as it relates to PGA data.

He said they hope to support CBP through strategic discussions, communications, and metrics.

### **Overview of Past COAC Recommendations by Maria Luisa Boyce**

Ms. Boyce went through past recommendations and reported there were 146 recommendations provided by the 13th COAC. Ten of these have been fully implemented, and 76 are partially in progress at this time. She explained that many of these recommendations will take years to fully implement and that 60 of the 146 are either under consideration or being addressed by other government agencies through CBP.

She added that justification for non-implementation can be provided. For example one recommendation was to have different regulations for freight forwarders than for air carriers, to which CBP responded that regulators cannot distinguish which regulation to write to whom. She described and showed slides of changes in the website. One

substantial change explained is that information will be sorted by subcommittee.

She pointed out the section with recommendations and showed that the COAC term in which the recommendation was made, the record number, the fiscal year, the date, the subcommittee that made the recommendation are all included, and the status of the recommendation.

### **One U.S. Government at the Border Subcommittee**

Assistant Executive Director, Office of Import Surveillance, U.S. Consumer Product Safety Commission, Carol Cave introduced CPSC Commissioner Mohorovic, one of five commissioners at the Consumer Product Safety Commission, who came today to show his support. Debbie Augustin introduced herself as the acting Executive Director for the ACE business office. She announced that the first mandatory use date for ACE will be May 1st, at which time there will be mandatory filing requirement for electronic manifests. She continued and said that effective May 3rd, ACE will become the system of record for all import air manifests. She said assessment of readiness is an ongoing part of the trade and on the part of CBP.

Ms. Augustin continued and said the next mandatory date of November 1st is the date for filing of the electronic entry summaries in ACE. At this point the priority is ensuring that the software vendors are ready. She said that they are looking at improvement opportunities and the dynamic nature of the trade environment that's going to continue to evolve.

Executive Director Cynthia Whittenburg emphasized the importance of having the new automation system be streamlined and modernized. She said they are looking forward to hearing from COAC how to best move forward and are using timelines even though it seems painful. She added that they planning to continue work on developing and refining questions in the trade efficiency survey for 2015-16 to ensure they will have the best and most meaningful metrics to move forward with One U.S. Government efforts.

Member Scott Boyer reported that due to the intended scope of the One U.S. Government Subcommittee being so broad, they have divided the leadership between three co-chairs -- Mr. Boyer, Susie Hoeger, and Amy Magnus. He reported some of the additions to the statement of work and said the COAC work on ACE-related matters will be transitioned from the Trade Modernization Subcommittee to the One U.S. Government at the Border Subcommittee. He said the following language has been added to the objectives and scope of activities: "To the extent possible, make recommendations consistent with the February 19, 2014, President Obama's Executive Order 13659, streamlining the export/import process for America's businesses."

He listed the Subcommittee's priorities and key elements as follows: Number one, ACE implementation and Single Window automation, including strategic discussions,

communication, and metrics. Number two, continuing the work of partner government agencies and identifying and determining steps to overcome regulatory and policy obstacles which impede efficient Customs and Border Protection and trade border processes and prevent greater information sharing between partner and government agencies. Number three, focus on the international operability, including greater information sharing between international trading partners. Number four, leveraging the subcommittee to develop questions for and obtain trade community feedback from the 2015 and 2016 COAC trade efficiency surveys with a focus on internationally harmonized data, regulatory, and policy obstacles, impeding border processes, and the Single Window Initiative.

Member Susie Hoeger spoke next and explained that a Single Window working group was formed under One U.S. Government and was tasked to provide trade readiness for the November 1st mandatory electronic filing date as well as provide comments on agencies that have original document requirements and how those might be facilitated in ACE.

Ms. Hoeger read the three recommendations her group is presenting today. First recommendation: To enable the trade to effectively plan for trade readiness and implement related contingency plans, CBP should collaborate with trade on its own alternate risk mitigation plan and those of the PGAs as they relate to the November 1st mandatory electronic filing date. The COAC is concerned that reverting to paper will significantly slow the velocity of trade, especially given the pre-holiday peak season. We recommend that CBP make periodic assessments on trade and PGA readiness in advance of November 1st and adjust their implementation schedule accordingly.

Second recommendation: To expedite the finalization of the PG message sets and ensure the timeliest receipt of the final data requirements and programming specifications by the trade in advance of November 1st. CBP should ensure that in the development of their respective PG message sets that PGAs do not data creep by including new data elements that are not currently submitted electronically or via paper at the same time of entry. Furthermore, new data elements defined as optional or conditional such as production dates should not impact the automated release of the goods.

Third recommendation: CBP should work with PGAs who have original document requirements to alter rules to achieve some sort of PG message set capability to sufficiently support, release, and make proceed decisions. The agencies should be encouraged to modify the underlying regulations to make scanned copies acceptable alternatives to the currently mandatory originals where the provision of originals does not impact the true admissibility of the goods.

Ms. Boyce suggested a wording change in the second recommendation from ensure to encourage, and Ms. Hoeger suggested strongly encourage instead.

Mike Mullen from the Express Association of America suggested it is important to have adequate time for testing after the code is locked down, perhaps six weeks in order to get all the testing done and bugs worked out.

Ms. Boyce conducted a vote and all three recommendations were passed unanimously.

Ms. Cave said since the last COAC meeting, Consumer Product Safety Commission initiated the request to form a work group to provide input on the pilot project the Commission has regarding the electronic filing of certificates. Thanks went to Ms. Boyce, Mary Ann Comstock, Alexandra Latham, and Amy Magnus for their help in moving the project forward to fix the quirks and stay on course. Three public webinars have been held since the formation of this group to discuss methodologies that are in place or being thought about.

Ms Cave reported that CPSC is on track to recruit less than 10 pilot participants during the May to June time frame and hope to work out the kinks before implementation. She announced a public meeting for May 13th at CPSC headquarters for fur4ther discussions and technical concerns that come up.

Member Amy Magnus read the following recommendations: Number one: The COAC recommends that CBP and CPSC work with the trade community to ensure the alpha pilot includes a variety of importers, small, medium, large, as well as a variety of modes of transportation such as air, ocean, truck, rail, and courier. In addition, the alpha pilot should test both manual data input to the registry and electronic batch upload data received directly from importers. Lastly, the alpha pilot should also test a full PG message set with all required data elements and a limited PG message set with only the registry numbers provided.

Recommendation Number two: The alpha pilot will include many different stakeholders, for example, quality assurance departments, trade compliance departments, Customs brokers who have traditionally not been involved with either Consumer Product Safety Commission product safety requirements or Customs and Border Protection import process. The COAC recommends that CBP, Consumer Product Safety Commission, and the trade community work together to ensure in a measureable way substantial multidirectional training engagement and outreaches conducted for all parties prior to the beginning of the alpha pilot.

Recommendation Number three: The COAC recommends that CBP work with CPSC to strongly encourage the proposed alpha pilot is consistent with the executive order on Single Window. The alpha pilot should be limited to the data that CPSC is currently authorized to collect with a focus on streamlining the flow of critical information CPSC needs in order to conduct effective risk assessment for admissibility purposes. It is important to note that currently the certificates of compliance are in paper form, and the

trade community will undertake a significant burden and expense to translate those documents into a PG message set for CPSC's risk analysis. CPSC should gather information from the TSN, ITDS, CPSC working group on the PGA message set data requirements prior to conducting the alpha pilot. CPSC should make every effort to evaluate the expense for software development and the important surveillance value of the pilot prior to developing the software for the alpha pilot and trade facilitation benefits.

Member Alexandra Latham continued and read the next three recommendations. Recommendation Number four: The COAC recommends that CBP work with CPSC and other PGAs to the border Interagency executive council to develop a Trusted Trader program to create the opportunity for highly compliant importers to reduce the burden of the data collection and transmission. A Trusted Trader program should consider a tiered approach to data collection, the registry process, and import surveillance with a view toward reduced examinations and explore other defined benefits.

Recommendation Number five: The COAC recommends that CBP work with CPSC to conduct a cost benefit analysis prior to the start of the alpha pilot to evaluate the expense and the import surveillance value of the pilot to CPSC, CBP, and to the trade, and that CPSC should further consult with the trade prior to a beta pilot or final rulemaking.

Recommendation Number six: The COAC recommends that CBP work with CPSC to establish a means for CPSC to be directly involved in the discussions with any future CPSC working group engagement in order for the working group to be most effective.

There was no discussion, and all the recommendations were approved unanimously.

### **Export Subcommittee**

Special Assistant Michael Denning, CBP Office of Field Operations, said they are moving forward with a pilot to help understand the export process and who has what information when. Work has been done to map the process flow for exports. He explained he would like to get closer to the ability to receive export manifest level information prior to departure in the interest of having the ability to screen and target exports more efficiently than has been done in the current environment.

Ms. Augustin reported that ACE is now processing all export commodity transactions. They have deployed functionality to allow for electronic filing of air, ocean, and rail electronic manifests, and piloting for these will begin following publication of the Federal Register notices.

Ms. Boyce recognized some of the export partners, Ms. Dale Kelly from the Census Bureau; Jeff Wise, who is the lead for the BIEC External Engagement Committee; David Long who oversees the exports.

Member Liz Merritt reviewed a bit to say a lot of time was spent in the 13th COAC on completing a detailed mapping project from the commodity and the manifest points of view. She complimented Julie Parks for her work through the 13th term. She explained the different levels of work as progress to the export process work groups were divided into commodity and manifest was made with a goal of streamlining. She said they expect the first pilot to start with air. The Option 4 group is being started this term. She emphasized the basic two principles of co-creation and bi-directional education for this group. She stated that work to leverage AES filings and manifest filings are planned are expected to make the process more rational in terms of data delivery. She explained that by determining who has data, which data they have, and when the data can be delivered is key to giving the government their ability to do risk assessment as early as possible in the process to keep legitimate trade flowing smoothly. Ms. Merritt said they are looking at how other directions in CBP's work can be leveraged, mainly Trusted Trader programs, and the concept of account-based management principles. She said they believe the Option 4 work group will help them see how to leverage account-based pre-departure information provision at an account level and in combination with real time manifest submissions to give the government what it needs in advance and maintain the basic advantages and facilitation that Option 4 provides to exporters today.

Member Heidi Bray explained that the term Option 4 is a post-departure transactional filing. When goods leave, exporters can file the transactional data up to five days after the goods leave the country. She said they understand the requirement for Customs to have pre-departure data, but people don't want to give up the post-departure filing. She announced they have a proposal that needs some fine tuning and then approval.

Ms. Boyce added that the work group is comprised of carrier representatives, manufacturers, agriculture industry, and freight forwarders. She said that bringing BIS and Census into the group during the 13th COAC has been useful to understand the export process from the agency perspective.

### **Trade Enforcement and Revenue Collection Subcommittee**

After a brief recess, CBP Executive Director Troy Riley was introduced and reported they have a lot of automation activities in the works that are supporting integration of information. They have built strong partnerships on all levels, and there is a lot of legislative interest in the enforcement role. The group has identified a number of roles and opportunities for CBP to engage in anti-invasion activities. He welcomed input from everyone as it is critical to helping look at trade enforcement activities and keeping these activities water tight through automation, integration of information, and using the

information to make better risk assessments and the decisions that come as a result of that. He concluded and said they want to work to leverage information to operate smarter, more efficiently, and to improve overall enforcement and make sure stakeholders are well informed.

Ms. Whittenburg said the continued work with a working group consisting of importer interests, surety interests, and domestic businesses is invaluable. She said she believes that moving the Center of Excellence into the Trade Enforcement Working Group is where the rubber will meet the road in terms of how CBP carries out its enforcement efforts in ensuring that there is a level playing field.

Member Kevin Pinel reported that during the 14th term, the Trade Enforcement and Revenue Collection Committee will continue to generate and develop recommendations to improve the enforcement of U.S. trade laws and the collection of duties. He said the committee will focus and work on areas of intellectual property rights, anti-dumping, and countervailing duties and bonds. He added that the committee will monitor the IPR and the ADD CVD recommendations made by the 13th COAC and work with the broader import and domestic stakeholder collective under the ADD CVD working group.

Member Lisa Gelsomino told the group the Anti-Dumping Working Group will be working on some of the outreach and things that were required from the 13th COAC. She noted some of the new guidelines from the Trade Facilitation and Trade Enforcement Act that will have to be incorporated in terms of the metrics that are being looked at for trade enforcement and tying that in with the seas. She emphasized that the seas should focus on commodities. She agreed with Mr. Owen that it makes sense that they can then focus on IPR infractions, anti-dumping, and those that are high on the list and really target the bad actors. She said she believes her surety background will help many of those claims be seen and they can be more predictive in looking at some metrics and standards. She gave a plug for bonds in terms of how successful e-bond was in ACE. Ms. Gelsomino said with full use of e-bonds, the committee would be looking at possible rewrites of the 113 regulation to be keeping up with technology.

Ms. Boyce requested Ms. Gelsomino to share an anecdote, so Ms. Gelsomino described the time saved in getting a bond on file now versus before. Most larger importers are using a continuous bond and can now get it in about five seconds as opposed to the five business days it used to take in the past. In the past if an application was rejected, it could result in a three-week waiting process. Now it can be processed in about 30 seconds. She emphasized that the automated process has eliminated a lot of stress on importers that cargo shipments would literally be stopped.

Chief Financial Officer Jaye Williams explained that the new efficiencies allow the ability to do more of the true critical analysis and critical engagement with the trade industry. He also said he believes they will be focusing over the coming years on automating many other collection activities and collection-related activities. She said they see that

effort as a platform for how to roll into things like check and cash collections and the modernization and automation of those activities.

Member Iacopella added to the comments and said that besides faster transactions and less stress, the transaction cost on the broker's side has decreased. Mr. Skud added that another advantage is that they expect the Treasury revenue to increase, too, with the decrease in transaction costs. He said that the work of this committee is extremely important and of particular interest to the Treasury Department.

Assistant Commissioner Brenda Smith requested that the group keep another area on their radar screen such as the Trans-Pacific Partnership and the TTIP.

### **Global Supply Chain Subcommittee**

Mike Denning pointed out that there are a lot of touch points between some of the program efforts and some of the subcommittee work, including some Global Supply Chain touch points to work being done in Trusted Trader areas. He said he hopes to bring situation awareness and keep people on the same page when there's program movement forward in some areas that may be technically outside the boundary of this particular subcommittee.

He said he thinks the focus here is on the future of C-TPAT. He would like to work with industry on how to leverage a strategic approach to bring additional C-TPAT trusted traders into the C-TPAT program to start to close the gap on some of the broader efforts to move cargo that's deemed low risk that's coming out of a foreign country, transiting another country and then into the U.S. efficiently. He said he would like to have the supply chain pre-vetted and known in order to have seamless handling of the cargo.

Mr. Denning said they are moving on a new C-TPAT entity for export which is clearly a touch point to the Export Subcommittee work they will be doing. He said they will definitely look forward to getting industry recommendations into continuing to define what that export entity would look like, what kind of trade efficiencies they would like to enable for exporters that are willing to make the investment to meet the criteria of a C-TPAT privilege. He talked about additional work he would like to see from this subcommittee such as Aqua Lane. He would like to get recommendations from the trade in this subcommittee to better quantify some of the trade efficiencies that C-TPAT has enabled and some of the associated cost savings that might be realized by those participating.

Deputy Assistant Commissioner Ms. Ana Hinojosa made note that as far as the C-TPAT portion, because C-TPAT is the U.S. authorized economic operator program, there is a lot of connectivity to what is being done in conjunction with the World Customs Organization with our international partners beyond the immediate border.

She said that Mexico has approved its law that will help us in the near term to move forward with the pilots for pre-inspection with Mexico.

CBP Director Liz Schmelzinger informed the group that they have had a number of pilot programs that they want to engage the subcommittee on to help them understand the evaluation of and the next steps. One process improvement that has been identified is removing cash collections from the primary line. She said they will encourage truck drivers to file their empty manifests in advance to make that easier and more accessible.

Member Adam Salerno, a representative of the U.S. Chamber of Commerce, stepped forward to co-chair this committee because of the importance that the global supply chain represents for over three million businesses represented by the U.S. Chamber of Commerce. He said global supply chain is driving international trade. He said he believes if small and medium-sized businesses navigate the global supply chain correctly, they can access over 95 percent of the world's GDP in less than three days which can turn a small garage business into a global business overnight. He said for retailer and manufacturer members, they find that 60 percent of international trade is in intermediate goods, which means a supply chain connectivity is absolutely critical to the competitiveness of their member companies. He agreed with the Commissioner that improving supply chain connectivity will improve global GDP by almost six times the amount than would eliminating all global tariffs.

Mr. Salerno stressed that new and innovative ways to drive down cost and complexity of the international trade need to be found in order to make our companies more competitive in the international environment. He said this is why the goal of this subcommittee is to drive down the cost and complexity of trade, and to improve efficiency, strengthen security of the global supply chain. He said he wants to focus on new innovative ways in the global supply chain to drive North American competitiveness. He said they will focus on the Beyond the Border agreement with Canada and the 21st Century Border initiative with Mexico. He said he wants the subcommittee to look at the preclearance agreement and the modernization of C-TPAT and how they can achieve our shared goals and improve efficiency and security.

Mr. Salerno emphasized that they plan to take it one step further because our best practices are only as good as those of our trade partners, so they want to make sure we're exporting these best practices and pushing them out to our trade partners and showing them this is the best way to do it.

Member Brandon Fried announced that the Global Supply Chain Subcommittee is going to focus on three primary areas: trusted party programs, targeting initiatives, and harmonization. The trusted party programs will provide advice and recommendations on its benefits. She said they will be exploring portal upgrade, cost efficiencies for those in the program as well as provide recommendations and advice on encouraging

more participation in the program. She said there are plans to look at the Aqua Lane concept on the ocean side and delving into Option 4. She told the group that targeting initiatives are near and dear to her heart and that the Air Forwarders Association in the air cargo industry is the Air Cargo Advanced Screening initiative. She said that as far as harmonization, alignment of the U.S. programs with other country programs such as the Authorized Economic Operator (AEO) program overseas and the Canadian-U.S. manifest requirements would be worked on.

### **Trusted Trader Subcommittee**

Mr. Denning reiterated that there are a lot of touch points in some of the other subcommittee work, and he said he hopes to play an integration role to make sure the discussions are synchronized between the groups. He said in Trusted Trader's partnership with FDA and CPSC, they are working to build a new Trusted Trader program that unifies C-TPAT and the importer self-assessment process in order to have an integrated supply chain security and trade compliance program that's managed in an account-based approach. Mr. Denning said that he hopes through working with the subcommittee there will be discussions regarding strategies on how to expand the program beyond the current nine volunteer participants. He said he thinks the Trusted Trader work being done now strengthens the C-TPAT alignment to the AEO model and the efforts to work with foreign governments. He would like to start working now with COAC to flush out and start to quantify the same trade efficiencies early in the process -- those willing to make the investment and apply to be a Trusted Trader in the future. He said COAC's input is needed to understand what the sort of relevant or associated cost efficiencies are when those capabilities are enabled within the program.

Member Alexandra Latham said she looks forward to working on Trusted Trader initiatives to realize and quantify the value to business of what an enhanced Trusted Trader program could be.

Member Mike Young would like to look at the achievements of the 13th COAC to make sure the momentum is continued and try to dig a little bit deeper into the pilot program, see what results have been established so far, what information can be gleaned from there to look at future forward progress in terms of the Trusted Trader program and enhance it a bit more through introduction of additional PGAs for a more holistic and complete view in terms of the parties that will be involved in the Trusted Trader program to get better traction from that perspective. He said from an international perspective there are good initiatives from both sides, part of AEO and also from the mutual recognition agreements that are in place to see how we can leverage the capabilities of C-TPAT and of the Trusted Trader program to create mutual benefits for the parties going through international trade and ensure that what they gain from the Trusted Trader program can be leveraged to provide better capabilities overseas with other parties they deal with. He said he believes there is going to be some overlap and coordination and communication needed between the trade and from CBP and with

other COAC members.

### **Trade Modernization Subcommittee**

Ms. Whittenburg guaranteed that this subcommittee will be the most cerebrally stimulating of all the subcommittees. She said this subcommittee has the potential to catapult us into the next generation of what we want to see in customs modernization and really addressing areas that minimize non-tariff barriers to trade. She emphasized that whatever they undertake, they want to be sure it meets genuine business needs while looking far into the horizon at the same time.

Member Cynthia Allen explained that things have been pulled out of the subcommittee that will allow it to now focus on the future. She said the goal is to build on the Commissioner's trade vision for 2020 and make recommendations that support specific efforts to continue to build on simplifying and facilitating trade processes in not only the U.S. but also supporting CBP role in the international arena. She stressed that she believes the U.S. should be prepared as global trade changes, particularly with the growth of e-commerce. She said in order to do this we need to focus on four main areas: First, simplification of processes; second, is policy and regulatory modernization that focuses on key areas in CBP that significantly impact trade that haven't been looked at in any detailed fashion thus far; third, is CBP expertise development to address the concerns of the loss of the trade expertise that's left CBP over the last decade with a focus on security in some of the other programs; and fourth, the international engagement to ensure that trade has a solid avenue to provide recommendations on the many areas at the international level that impact the global supply chain.

After expressing thanks to Commissioner Kerlikowske and Deputy Assistant Secretary Skud and the team for the opportunity to serve on the 14th COAC, Member Lenny Feldman said he sees this as a great opportunity to take an innovative and entrepreneurial approach to how we look at international business and how we look at trade. He said he is thrilled that an e-bond can be sent in five seconds, and asked what's the next message from CBP after the e-bond is sent. He asked if it could be a message saying welcome to the world of importing or exporting with a list of things you should know, what you should do, and what you shouldn't do. He would like the information provided to be transparent and predictable with room for innovation as well. He said the 13th COAC did a great job in looking at the role of the broker and asked what are the roles of the other parties in the transaction. He asked if the importers, carriers, and warehouse proprietors, and the FTZ should be encouraged to take part in education.

Mr. Feldman said administrative review, looking at rulings, decisions, the petitions process, and how it can be streamlined are near and dear to his heart as it relates to the Centers of Excellence and Expertise. He said he believes these internal advice

decisions and those petition decisions to the trade and our own folks in government can help make very transparent decisions. He said another piece to that with regulatory modernization is looking at regulations and policy recommendations which he believes are critical. He said that he and Ms. Whittenburg are not able to write the regulations and doesn't think COAC has been able to do that either. He stated that at a high level recordkeeping needs to be looked at now that there is a system of record that's going to capture a lot of data. He asked if confidentiality issues are going to be looked at now that data is so prevalent and accessible. He asked if bonded processes are being looked at. He said a critical issue is trade expertise and development. On the topic of education, he said the private sector has excellent programs and wondered how that can be shared with the public sector. He said that collaboration with academia is starting supply chain management programs with a custom component being desirable so there are trained people who can start careers in the U.S. government.

Mr. Feldman said he believes the big piece is international engagement. He mentioned that Adam Salerno could travel around the world spreading the word of what we do, but that can't be done with the 179 members of the World Customs Organization. He said we can come up with a strategy for WCO engagement and see how we might implement the WTO facilitation agreement. He suggested that looking at the trade barriers, increasing the GDP, and looking at trade agreement implementation here in the States and taking advantage of opportunities with the Trans-Pacific Partnership, the TTIP to see how we implement those agreements. He said that could be rolled out potentially to look at our free trade agreement friends to look towards a global Single Window, starting with those we trust and work with, those with whom we have a good rapport.

He concluded by saying he looks forward to collaborating with the trade community to integrate their ideas and bringing them to the government and to the trade so we can make a lot of interesting headway over the next COAC.

Deputy Assistant Secretary Skud was thrilled to hear all the fascinating topics, all the topics worth exploration. He offered to help and is really interested in the issues.

Mr. Feldman added that prioritization is going to be important in order to prevent being overwhelmed. He said he believes with bit-by-bit rollout they will make it to the finish line.

Ms. Boyce expressed gratitude to the participants followed by an announcement of upcoming COAC public meetings: Chicago on July 28th and 29th with the 29th for the public meeting; Washington, D.C. on October 28th; and then another meeting will be held in January with the date and location to be announced at a future time.

### **Closing Remarks by R. Gil Kerlikowske**

Mr. Kerlikowske's closing statement was, "Let the games begin." said this is a continuous learning experience. He said he hopes you will continue on with your ability through Maria Luisa, or Patrick Schmidt, or others or contact him on particular issues and make sure he is aware and that he is engaged and doing what's needed and wished everyone a great day.