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COAC 2014 TRADE EFFICIENCY SURVEY

Overview

The Advisory Committee on the Commercial Operations of Customs and Border Protection (COAC) is finalizing its third annual *Trade Efficiency Survey* (survey) to measure how effective CBP's trade facilitation efforts are at lowering the cost and burden of doing business for the Trade during the calendar year 2013. The COAC 2014 survey combined exports and imports for the first time, and the survey had a record response rate of 1,674 responses (the 2013 survey had 815). The survey was divided into four topics: Facilitation, Costs and Holds, CBP and Partner Government Agencies (PGAs) Satisfaction, and Exports. The survey report also captured the data by industry type and by the respondent's role in the supply chain. The COAC assigned a team to analyze each category.

Survey Information

Survey Methodology:

Using a secure web-based survey service, COAC distributed the anonymous survey to various networks including trade associations and members of the Customs Trade Partnership Against Terrorism (C-TPAT) program (98% of respondents were C-TPAT members). The survey consisted of 84 multiple choice and open ended questions that requested input from importers, exporters, customs brokers, attorneys/consultants, freight forwarders, non-vessel operated common carriers (NVOCCs), and other service providers.

The anonymous survey was open to anyone wanting to take it, and service providers were asked to respond on behalf of their collective, averaged customer base. Feedback was requested from service providers because cost and efficiency details are often better reported by those entities with direct knowledge of specific areas of the supply chain since many importers/exporters outsource various aspects of importing/exporting to service providers.

Survey Findings:

Though, the survey's findings continue to see similar results, there are signs of progress. CBP's trade facilitation efforts were rated as 83% satisfied, up 2% from the last survey. The highest level of concern still revolves around shipments being delayed; 59% of respondents had shipments delayed, which was down from 65% in the last survey. Various impacts were noted from delays such as supply shortages, increased demurrage, and plant shut downs. Earlier messaging after entry filing and more descriptive CBP/PGA messaging were the main solutions cited to decreasing import delays.

More questions were asked to gather information on satisfaction with interaction with PGAs; 46% were satisfied (up from the previous survey of 40%). However, the lack of knowledge of PGA regulations/requirements among importers/exporters continues.

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A leading area of focus for the export questions was on the Automated Export System (AES) requirements. Delays were also a main factor with 59% experiencing a delay. The causes of delays were mainly attributed to inefficient terminal operations, inconsistent port procedures, and a lack of data elements. Main export priorities for CBP were harmonizing with PGAs to have a risk based export model, eliminating paper processes, and standardizing port practices, and 64% of respondents were interested in possible certification in the upcoming C-TPAT Exporter entity.

COAC Recommendations

The below recommendations have been carried over from previous surveys as the findings have remained constant.

Visibility

- The COAC recommends that CBP and PGAs partner with the trade community to target PGA requirements training and promote visibility of holds in ACE/ACS. We recognize and encourage the implementation of the One US Government at the Border Single Window approach, coupled with the PGA Message Set will provide greater visibility to the trade community as to the reasons for the holds. We encourage the Partner Government Agencies to become early adopters of PGA Message Set, allowing for early submission of information so the PGA may make earlier risk assessment decisions on admissibility of cargo.
- The COAC recommends working with CBP to define delays and holds and ensure a process exists for those types that require data capture. In addition, once delays and holds are defined in accordance with 2013 operations, COAC recommends that CBP develop national import/export port metrics as a method a) to understand the complexities associated with goods release by mode of transport and region and b) to achieve standardization of best operating practices across ports. Further, we recommend sharing the results with the Centers of Excellence and Expertise via the Industry Working Groups to achieve industry-specific best practices.
- With strategic efforts such as the implementation of CEE's, streamlining and integration of PGAs via trade processes, and the National Export Initiative and Export Control Reform, it is important for CBP to continue to collaborate with COAC to seek ways to measure and improve trade processes and reduce freight dwell. We recommend CBP provide the trade with web-based metrics regarding export and import delays and holds on a One USG basis. We additionally recommend the continuation of the Center Industry Working Group metric sharing to generate meaningful bi-directional dialogue that will generate successes in meeting the objectives of both CBP and the trade.

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Knowledge Sharing

- The COAC recommends that CBP share the survey information with the Partner Government Agencies (PGAs) to achieve a better understanding by the PGAs of the impact of cargo holds, detention and dwell times on the international supply chain. Establishing integrated policies serves to remove port variation, regulatory misunderstandings and trade inefficiency, a key contributor to cost.
- The COAC recommends that CBP share the results of the AD/CVD questions with relevant government entities when discussing issues related to the retrospective system of AD/CVD enforcement and collection. The 12th COAC made a formal recommendation based on several reasons that the AD/CVD system be changed to a prospective system similar to those utilized by all global trading partners. The feedback in this survey indicates that the larger trade community strongly supports this earlier COAC recommendation and would favor a prospective system. As this subject is often a topic of discussion in various forums in which CBP participates, the COAC recommends that CBP communicate this feedback in the appropriate forums.
- When shipments are stopped or paused at the ports, the results tell us the respondents are favorable to dealing with CBP, as compared to the PGA (in general). COAC recommends that CBP champion a knowledge sharing exercise between PGA's and CBP specifically around holds / freight stops to align best practices and identify process improvements. Accomplishing this review in conjunction with the Centers will ensure positive benefits for the trade. We anticipate that the metrics will reveal the positive impact to the trade in the areas of decreased freight dwell, improved targeting, and increased customer service.

Integrated Customer Service Model

- We recommend CBP advocate for an integrated customer service model with the PGA's. Synthesizing the current customer service design of CBP and PGAs will benefit both trade and security. Additionally, using the Centers to aid in the integration of a service model is most beneficial to impact processing times and freight dwell.

Annual Trade Efficiency Survey

We recommend the continuation of an annual COAC survey to assist in prioritization, measure success, obtain satisfaction feedback, and begin establishing trends.