

**Office of Trade Relations
Advisory Committee on Commercial Operations
to U.S. Customs and Border Protection (COAC)
Subcommittees Status Report**

January 2016

SUBCOMMITTEES OVERVIEW:

Trade Modernization Subcommittee

Accomplishments: During this quarter of the 14th term the Subcommittee leadership has formed two working groups and has begun the formation of a third.

The Centers of Excellence and Expertise Uniformity Working Group has held three conference calls and are identifying areas for uniform treatment, communication and transparency for the deployment of the Centers in applying policy, processes, and strategy with an industry-focused and account-based approach.

The International Engagement and Trade Facilitation Working Group has held four conference calls and is identifying national and international best practices to recommend to CBP or for CBP to recommend to other countries via the World Customs Organization. The working group is utilizing a wide range of materials as well as the tremendous experience and knowledge of the working group members.

The subcommittee has also taken steps to form a third working group that, building from previous efforts, will develop recommendations to modernize 19 CFR 111. The formation of the COAC 2016 Broker Regulations Working Group will promote transparency and collaboration among stakeholders with equities in 19 CFR 111. With these recommendations, CBP will publish a Notice of Public Rule Making (NPRM) describing the anticipated changes and solicit comments.

Next Steps: These three working groups will continue their work with the expectation of delivering recommendations at the April 27, 2016, Quarterly COAC meeting.

Export Subcommittee

Federal Register Notice (FRN) on the *Automated Commercial Environment (ACE) Export Manifest for Vessel Cargo Test*. A Manifest call is being held on 01/08/16, and it may produce recommendations for the meeting.

The group has kicked off a Truck Manifest sub-workgroup with a call on December 18th to establish expectations. Currently, the trade members are submitting their concerns regarding the pending export truck manifest.

The Option 4 Working Group ended its hiatus, and it has rechristened itself the Post Departure Filing group.

Next Steps: During the next call (01/29), the Manifest Truck sub-workgroup will begin discussion of land border supply chain operations (on both borders) and their concerns/issues for the pending truck manifest.

A tabletop exercise is being developed on how post departure filing will fit with advanced manifest requirements.

One U.S. Government (1USG) at the Border Subcommittee

Accomplishments: To date the 14th Term 1USG Subcommittee approved twenty two recommendations. Six of the 22 recommendations were specific to the Consumer Product Safety Commission and the remaining 16 recommendations were related to ACE/Single Window implementation.

During this quarter of the 14th term the Subcommittee has focused on the North American Single Window Vision Working Group (NASW WG) which held five sessions with a focus on what is the North American Trade Communities expectation and vision of a North American Single Window and how is this vision aligns with the North American Leaders Summit milestones.

Also this quarter, the Subcommittee held strategic discussions regarding trade readiness, Partner Government Agency readiness and trade feedback on PGA pilots, CBP readiness, overall communications and metrics. FDA provided the COAC an update on their pilot efforts on Monday December 7, 2015.

Next steps: The North American Single Window Vision Working Group will continue to meet during the next quarter and closely follow the developments of ACE and activities related to the North American Leaders Summit, the Beyond the Border Initiatives and the 21st Century Border project. It is planned that, after the January 13th quarterly meeting, this working group will invite government partners from the Canadian Border Services Agency (CBSA) and Mexico's Servicio de Administración Tributaria (SAT) to join the working group.

Trade Enforcement and Revenue Collection (TERC) Subcommittee

Accomplishments: During this quarter of the 14th term, the Subcommittee met twice to discuss CBP's requirements under the Trade Facilitation and Trade Enforcement Act of 2015 (HR 644). These ongoing discussions will evaluate how domestic industry will benefit from the trade enforcement focus that is being established within the Centers of Excellence.

The Antidumping and Countervailing Duty (AD/CVD) Working Group continues to have discussions on how CBP, the Department of Commerce (DOC) and trade can work together to implement more effective communication and education tools to improve enforcement and facilitate legitimate AD/CVD importations.

The Intellectual Property Rights (IPR) Working Group continues to have discussions on potential recommendations, the Known Importer Program, Notifications to Rights Holders, Abandonment (Express) Pilot 1 and the Trade Survey.

Next Steps: The Subcommittee and Working Groups will continue to address new and carry over topics from the previous COAC term in its efforts to collaborate with CBP to improve enforcement of the trade laws of the United States and the collection of duties and fees. A Bond Working Group has been established and the first call is schedule on January 21, 2016.

Global Supply Chain (GSC) Subcommittee

Accomplishments: During this quarter of the 14th term the primary subcommittee focus was on the Pipeline Working Group (PWG). The PWG met five times this quarter and has engaged in detailed discussions that has identified both CBP and industry business practices that provide opportunities for joint pilots and consensus agreements on areas of mutual concern.

Next Steps: CBP is working with a pipeline operator of natural gas to implement a CBP ruling (HQ H256573) that requires submission of in-bond information for merchandise transiting the U.S. The PWG would also like to begin the process of identifying regulatory needs for pipeline movement in the following areas:

- Automated submission of declarations/manifest by pipeline operator/carrier;
- Automated filing of entries;
- Point of entry release and port entry identification;
- Importer of record determination;
- Standardization of procedures and establishment of business model based processes;
- Bonding requirements – Carrier Bonds

Trusted Trader (TT) Subcommittee

Accomplishments: Since the last quarterly COAC meeting in October, the Trusted Trader Subcommittee has met twice as a full committee. At the meetings, the Subcommittee discussed the future vision of an enhanced Trusted Trader Program based on the concept of a “continuum of engagement” between the trade, CBP and the PGAs, received a briefing on CBP’s fact finding trip to review AEO programs, and reviewed the status of the COAC recommendations from the 13th term.

The Subcommittee received, reviewed, and discussed Trusted Trader program documents related to the Trusted Trader strategy and the incentives outlined in the Federal Register Notice for the Announcement of Trusted Trader Program Test, specifically the Advance Release Program.

Based on these discussions, the Subcommittee formulated, discussed, and agreed upon the following recommendations to be presented and voted on by the full COAC at the January public meeting:

1. COAC recommends that CBP formalize a vision of an enhanced Trusted Trader Program. The enhanced Trusted Trader Program should consider inclusion of partner government

agencies, flexibility in participation based on supply chain roles (importer, exporter, carrier, etc.), and be built on a foundation of national and international interoperability to provide facilitation to global supply chains. This enhanced Trusted Trader Program should be both beneficial and attainable for all sizes and types of businesses by being scalable, achievable and by providing tangible benefits.

2. COAC recommends that CBP communicate this vision to both existing members of the C-TPAT and ISA programs as well as the trade at large. Communication should include information on participation eligibility, application processes, validation processes, reporting requirements and incentives available to the trade for participating in these programs.
3. COAC recommends CBP publish a timeline for when they will extend the “Trusted Trader Program Test Incentives” as listed in a notice published in the Federal Register (79 FRN 13992) on June 16, 2014, to existing members of C-TPAT and ISA.

Next Steps: CBP will provide the results of the program and the program documentation to the Subcommittee. The Subcommittee will work to formulate recommendations in the following areas:

- The criteria used in the selection and assessment of the participants;
- The capability to meet national and international Trusted Trader program requirements;
- The future objectives of the program and the strategy to expand participation in the program;
- The transition plan for existing members of C-TPAT and ISA;
- Opportunities to streamline and improve the existing process; and
- Additional Trusted Trader benefits that focus on facilitation, cost savings, supply chain efficiencies, international interoperability, and simplification.

Trusted Trader Strategy

The Subcommittee will provide input to CBP on the development of a new Trusted Trader Strategy document to align with the current thinking on the tenets of an enhanced Trusted Trader program that is built around the concept of a “continuum of engagement” that allows for flexibility, scalability, and attainability for multiple business models, is globally aligned with AEO programs and MRAs, includes PGAs, and provides tangible benefits.

Strategic View

The Subcommittee will continue to monitor activities of other COAC subcommittees where the Trusted Trader concept intersects such as the Export Subcommittee’s Option 4 Working Group, the 1USG’s North American Single Window Vision Working Group, the Trade Modernization Subcommittee’s work on the Centers of Excellence and Expertise and International Engagement, and the work of the Global Supply Chain Subcommittee on C-TPAT and International/AEO alignment.

Special Project: Trade Efficiency Survey

Next Steps: The Trade survey has two new leads Mike White and Celeste Catano. They will be forming a COAC workgroup to review the survey and update it based on feedback from last year.

The survey should be launched by the April meeting with analysis completed by the July meeting.