

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

Executive Summary

1:00 p.m. to 4:17 p.m.  
Tuesday, October 7, 2014

**Committee Welcome and Committee Roll Call**

Designated Federal Officer Maria Luisa Boyce welcomed everyone to the meeting and began the committee roll call. The committee members present are as follows: David Berry, Mary Ann Comstock, Jeff Coppersmith, Bill Earle, Matthew Fass, Carol Hallett, Susie Hoeger, Vincent Iacopella, Kathy Neal, Julie Parks, Jim Phillips, Kevin Pinel, Liz Merritt (Shaver), Ted Sherman, George Weise were present. Bill Ferguson, Brandon Fried and Karen Kenney were not present.

Ms. Boyce then introduced Commissioner R. Gil Kerlikowske for opening remarks.

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

Mr. Kerlikowske welcomed colleagues to the COAC meeting. He also introduced key people and partners. Timothy Skud, representing Department of Treasury, and Ellen McClain of DHS were introduced. Ted Sherman and Kathy Neal were recognized as Trade chairs of the COAC. Mr. Kerlikowske reported to the group that everyone had a chance to hear from Brenda Brockman Smith earlier in the day at the ACE-TSN event, the new Assistant Commissioner for the Office of International Trade. He announced that the group might be joined by John Wagner who would report some Ebola information. He identified Eugene Schied, Assistant Commissioner for the Office of Administration and Charles Armstrong, Assistant Commissioner for the Office of Information Technology. Rich DiNucci was recognized as the now Acting Deputy Assistant Commissioner for the Office of Field Operations; Michael Denning, Acting Executive Director of Cargo and Conveyance Security; Debbie Augustin, Acting Executive Director for the ACE Business Office, and Sandra Bell, the new Deputy for the Office of International Trade.

Mr. Kerlikowske enthusiastically welcomed the presence of the Pathways to Prosperity delegation with representatives from Uruguay, Guatemala, Peru, and the Dominican Republic who came to observe COAC. He recognized Claudia Mendez, Director General for Guatemala's Customs and attaches from Australia and New Zealand who also are in attendance today.

This has been a productive year in which many lingering issues have been tackled that impact trade and our economic competitiveness. Mr. Kerlikowske thanked everyone for developing more effective processes and programs that will improve economic security for American companies. The meetings have had excellent attendance and attention has been paid to the advice that has been given. He listed the topics to be covered in today's meeting which included progress made by One U.S. Government at the Border Subcommittee; Douglas Stearn, Director of FDA's Office of Enforcement and Import Operations and leader of the Border Interagency Executive Council's (BIEC) Risk Management Subcommittee; updates from the Anti-Dumping/Countervailing Duty Working Group, the Export Subcommittee and Geoff Powell, former COAC member who is now on the President's Export Council Subcommittee on Export Administration. The results of the 2014 Trade Efficiency Survey were also listed as an upcoming report. Mr. Kerlikowske recognized the partnership with ICE and Homeland Security Investigations which are a key to facilitating trade and growth in the economy.

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

Timothy Skud reported that he has been spending a lot of time on the International Trade Data System (ITDS) and there has been a lot starting to happen with this valuable program. He congratulated Brenda Smith on her appointment to Assistant Commissioner for the Office of International Trade, Debbie Augustin on her new position taking Ms. Smith's place in the ACE Business Office, and Sandra Bell for stepping into position as Ms. Smith's deputy. Rich DiNucci was congratulated for his new position as Acting Deputy Assistant Commissioner in the Office of Field Operations.

#### **Opening Remarks by Ellen McClain for Department of Homeland Security**

Ellen McClain reiterated congratulations to all those with position changes. She stated that the work being done in ITDS is focused on the development and delivery of the single window system as well as coordinating and streamlining the import and export processes to expedite cargo release decisions and facilitate trade.

Ms. McClain reported that the BIEC has met four times and will meet again this month. The Risk Management, Process Coordination, and External Engagement Subcommittees have been very productive. Risk management principles and methods as well as process coordination principles have been developed to help guide and inform agency interactions with each other as well as the Trade. Work has been done to ensure all partner agencies can securely access automated commercial environment, ACE.

Ms. McClain thanked the Export and Import Working Groups for their work on export and import mapping. She stated that when ITDS is fully operational in 2016, the key process improvements should be in place to capitalize on the IT capabilities.

She reported that an internal tabletop for senior leaders is planned for the end of this month. Attention will be on key policy and process issues that merit high-level attention to provide guidance towards consensus on key decision points in the import and export process. Government agencies will continue to plan and deploy pilots to test the single window capability. The Environmental Protection Agency (EPA) and Food Safety and Inspection Service (FSIS) launched pilots of the PGA message set in April, and more pilots are planned for the future.

Ms. McClain stated that COAC's help is needed to identify filers to participate in ITDS pilots and to help ensure pilots are designed in a way to attract users and participants that will be useful to these groups. Agencies have been encouraged to broaden their pilots to include more categories of items and to include a greater number of ports.

She has been working with Tim Skud to accelerate work on regulations that must be updated to implement ITDS by 2016. A major focus is on eliminating paper forms. Other economies have or are developing their own national single window systems. They are urging convergence around the world Customs organization single window standards. Ms. McClain said they are working directly towards data harmonization and system alignment with our key trading partners Canada and Mexico and continue to work with U.S. negotiators to seize opportunities for cooperation and facilitation with our international trading partners on single window and export facilitation goals.

### **Opening Remarks by Ted Sherman for COAC**

Ted Sherman expressed appreciation to Commissioner Kerlikowske for his focus on promoting stability and staffing at the senior leadership ranks within CBP and said he is looking forward to working with Brenda Smith and Rich DiNucci in their new roles. He stated his opinion that they are both honest and open-minded leaders when working with the Trade. He added that the COAC is committed to working with CBP and Debbie Augustin as ACE and ITDS to take trade transformation to the next level.

He informed the group that recommendations will be brought forward today on One U.S. Government, Trusted Trader, the Third Annual Trade Survey and Exports. He said that observations related to the Food and Drug Administration (FDA) and other Partner Government Agencies (PGAs) will be brought forward to the BIEC. A large portion of effort continues to be focused on the transformational efforts of Trusted Trader, One U.S. Government Exports that are critical to promoting economic competitiveness.

Mr. Sherman reported that the COAC is awaiting updates on the Trusted Trader Pilot and the Customs-Trade Partnership Against Terrorism (C-TPAT) for exports initiatives that will aid in providing future advice and input. He said that the Export Process Work Group continued to progress, building off the work of the Mapping Group which was presented earlier to improve the export process for government and business.

He recognized the hard work completed over the summer by Mary Ann Comstock, Scott Boyer, Susie Hoeger, and CBP and FDA partners. He said he looks forward to further progress on the One U.S. Government front to add to the legacies of the 12th and 13th COACs. He added that in partnership with CBP they continue to advise CBP and monitor progress on a number of necessary operational compliance issues. He reported that they are thinking ahead to the next stage for what cargo release will look like in a simplified summary world.

He reported progress on land border initiatives such as the use of a single manifest for rail between Mexico and the U.S., and that CBP is moving forward with recommendations based on prior COAC recommendations.

Mr. Sherman said that with Anti-Dumping they have been working with a diverse group of stakeholders to identify methods for helping honest players navigate the complex process for administering trade remedies in this country to ensure that they have the tools to identify and deal with the party's intent on circumventing the system. He recommended that COAC continue to be engaged early and often to work through issues that are an important part of our national security.

He reported that the third annual Trade Efficiency Survey highlights the key role our government can play in reducing transaction costs and increasing predictability and efficiency in the supply chain on both imports and exports. It was stated that with three years of data, we will be able to develop a better understanding of the impact of initiatives such as the Centers of Excellence and ITDS on parties in the supply chain. Mr. Sherman said we should begin to see tangible results in terms of decreasing dwell time, reducing cycle time, and lowering transaction cost in future surveys.

Ted Sherman recognized Acting Deputy Commissioner McAleenan and Deputy Assistant Secretaries Skud and McClain for their support of COAC. Compliments were also paid to Maria Luisa Boyce and Michael Schreffler and their whole team for all the work they do to support COAC and promote open dialog with the Trade. All COAC members were also thanked for their dedication and service. He further recognized Don Huber (present in the public gallery) for the critical role he has played in building momentum in the 11th and 12th COAC. He added that he has tried to live by Mr. Huber's motto: Don't be namby-pamby.

## 2014 Trade Efficiency Survey

Member/ Project Lead Julie Parks thanked the COAC and everyone who responded to the survey and who made the survey possible. The response rate has doubled. She reported that the reason for the survey is to learn what the Trade sees and to determine whether Customs is on track with regard to their strategic initiatives and to gather cost information and facts and data associated with what we see as the Trade.

Ms. Parks described that this third survey contained 85 multiple choice questions. Responses were increased from 521 in 2012 to 815 in 2013, to 1,674 in 2014. With more information better decisions can be made. The key findings of the survey are the same as previous surveys: CBP and PGA programs that decrease the end-to-end life cycle time (number of steps) or decrease freight dwell (holds/delays) are significant motivators for the trade since they decrease the cost of doing business internationally.

Ms. Parks described the 2014 survey as the first Trade Efficiency Survey that encompassed both exports and imports, with the export portion being a bit more robust than in previous years. Not only CBP has used survey information, but economists, professors, and universities have used the information from these surveys. The section on PGA hold and exam rates was extended in the 2014 survey with added questions on the single window benefits and expectations in advance of some of the ITDS rollout that was happening. Visionary questions were added regarding simplified summary and periodic filing.

She stated that there was an unintended removal of some of the AD questions and said they will be added back in next year. They had planned to record some of the dollar figures and costs associated with their collection and production of AD/CVD information.

Ms. Parks then introduced member Jim Phillips to report on the key findings for import facilitation.

Member Jim Phillips reported that CBP's score on import facilitation rose from 81 percent in 2013 to 83 percent in the 2014 survey. This survey tried to break down the ratings in different geographic regions. The Pacific region scored the highest number of respondents saying they were highly satisfied at 48 percent with a mixture of other responses.

Mr. Phillips continued and said delays in exams were the highest rated trade facilitation concern. Additional data in some cases indicated that the time it took for the exams did decline. It was concluded that whenever there is a delay, it is a big deal, and that CBP

has done a good job mitigating the delays.

Related to trade modernization, respondents stated a need for faster cargo delay resolutions more often than any other response at 77 percent. Twenty-eight percent of the respondents chose important for combined C-TPAT/ISA program and 22 percent for simplified summary and payment. He stated that other respondents, 98 percent, stated they were in C-TPAT, while 11 percent participate in ISA.

When ranking solutions, respondents stated the following needs: provide visibility to the importation process and more descriptive messaging from CBP. These responses received the highest percent of top priority rankings of 55 percent. Mr. Phillips explained that it is believed that as ACE and ITDS and the PGA message set are all rolled out, there will be improvements in the survey results.

Related to the Centers of Excellence and Expertise (CEE), Mr. Phillips stated that he believes most know CBP has rolled out these changes to various ports and that more importers will be added in the future. Mr. Phillips reported that of the 115 respondents who were in contact with the CEE, 81 percent were satisfied with the CEE; 25 were neither satisfied nor dissatisfied; and only 9 were dissatisfied. It was concluded that the Centers of Excellence is working well for the importers.

Member Vince Iacopella from Imports, Costs and Holds, continued the report and said that basically 85 percent of those who experienced some type of exam represented a much lower percentage of shipments actually held for exam. So while more experienced an exam, there were less exams than in the past. With the help of the CBP economist it was determined that every hold is a delay but not every delay is due to a hold. Sixty percent of those responding had some delay. The usual cases of delays were cargo exams, requests for paper documents, PGA exams, and stops for other information. The goals of the Trade Modernization agenda and One U.S. Government could decrease some of the delays with earlier data and targeting.

Mr. Iacopella reported that 65 percent received information about their delays from their brokers. He stated that this is an example where an intermediary can be a partner with CBP on exam messaging. It seemed from survey results that 7 percent received information about costs and holds from CEEs, which indicated a very high satisfaction rate. Respondents reported that messaging wasn't detailed enough on the exam to tell which agency was holding it. CBP messages were detailed, but the participating government agency messages needed to be a little more detailed.

Mr. Iacopella noted a trend and said even though there are fewer exams, they are costly. Eight percent may not seem high, but for small to medium-sized importers, an 8 percent cost reported cost of over a thousand dollars for a one-day hold as an example.

He said with earlier and more descriptive messaging and more cooperation from the PGA would result in fewer holds and lower costs for imports.

In response to a question from Tim Skud, Mr. Iacopella stated that the most obvious cost to exams is the physical labor cost and also the long-term costs such as the dwell, the delay, as well as the delays to the supply chain. Julie Parks added that there is a time value of freight and that for every day at rest there is a cost to the customer and to the shipper's production line and that the real cost comes with regard to drayage charges for the exam station.

Member Mary Ann Comstock spoke and said that at least 83 percent were satisfied with CBP's facilitation efforts. When respondents were asked about how they felt about PGAs, 46 percent were satisfied, 33 percent were neutral, and 21 percent were dissatisfied. This indicated a 6 percent improvement on the satisfied scale compared to the past. She predicted that descriptive messaging will improve the results of the survey in the future.

Ms. Comstock said in response to the release of shipments 34 percent indicated the merchandise was subject to a PGA requirement, 38 percent said no, and 29 percent said they didn't know. Customs brokers who responded, 79 percent indicated that their merchandise was subject to a PGA, 15 percent said no PGA, and 6 percent didn't know. Ms. Comstock said that a knowledge gap in PGA requirements still exists.

Ms. Comstock continued and said that 66 percent of importers had contact with the broker and 26 percent said they go to the port of entry or to the individual PGA directly. She attributed the high satisfaction rate of going to the broker and being able to interpret the message that came back from CBP. She suggested that when more descriptive messaging from PGAs through the ACE message is achieved, improvement will be seen.

Member Susie Hoeger reported that the trade strongly supported the ability to file data electronically, followed by the need for a single coordinated One U.S. Government entry release, kind of a single PGA release of all agencies at the same time as well as receiving admissibility decisions prior to the arrival of cargo, a pre-clearance for highly compliant shipments so they can be delivered immediately.

Ms. Hoeger said that if shippers do not get a quick release for FDA and U.S. Department of Agriculture (USDA), there tends to be at least a day or more delay. Automated releases are much quicker than when it goes to a human review. We noticed that the respondents did not always know the reasons for cargo holds. This would be helped with more descriptive messaging. Ms. Hoeger said that the vast majority of respondents indicated that none of the holds or exams resulted in any

enforcement actions.

Ms. Hoeger said that 74 percent of respondents said that they were regulated by FDA with 55 percent being regulated by USDA, followed by Federal Communications Commission (FCC), EPA, Fish and Wildlife, and Consumer Product Safety Commission (CPSC). She said she hoped Customs will share this information with the partner government agencies so they better understand the impacts of holds, detentions, and the problems with dwell times on the international supply chains. She said it is believed that implementation of the One U.S. Government at the Border single window approach along with the PG message will give greater visibility to the trade as to the reasons for the delays and holds.

Julie Parks continued and discussed export facilitation and said 49 percent indicated they were very satisfied with CBP overall with regard to facilitation. She gave results related to data about the respondents with 51 percent indicating they had fewer than 3,000 shipments per year; 62 percent with 999 or fewer shipments. A majority of respondents reported roughly a third of their shipments were exempt from Automated Export System (AES) filing requirements, leaving two-thirds of export shipments subject to AES filing requirements.

Ms. Parks stated 48 percent of respondents reported making Electronic Export Information (EEI) filings in AES which underscored the critical nature of AES development regarding export facilitation piece.

She said that under Trusted Trader 94 percent participate in C-TPAT for imports; 76 percent would be interested in participating in C-TPAT for exports. She said she looks forward to reviewing the results of the C-TPAT for exports pilot as it gets under way. She added that 55 percent of respondents reported that 1 to 5 percent of shipments are delayed by U.S. Government export control authorities while 34 percent reported no delays, and 10 percent indicated 6 to 10 percent of their shipments are delayed.

Ms. Parks reported that 27 percent of respondents said their exports were largely regulated by the Bureau of Industry and Security; 22 percent by the FDA; 15 percent by the USDA; and 13 percent by the Department of State; 11 percent by the EPA. She continued and said that in terms of CBP's export priorities, 63 percent of respondents found harmonization with other agencies in delivering a risk-based export model to be very important, while 51 and 47 percent respectively found the elimination of paper manifests and standardization of port practices to be very important. These results highlighted the future direction of increased automation.

Vince Iacopella took over and said most of his report on the export costs and holds is aligned with the import data so he would only call out what he found to be different. He

said about 60 percent of exporters have some sort of hard stop, not necessarily due to a government control but due to terminal operations, a CBP stop, or other government agency stop. Eight percent reported a cost of more than a thousand dollars for the hold which is in alignment with the import side. Mr. Iacopella said that he believes that entry level exporters will not be stopped with more automation. He reported that most respondents, 42 percent, received their hold data from a third party.

Mr. Iacopella concluded and said the number one stop on outbound is physical terminal operations in the terminals and not a CBP stop. The number two is inconsistent port procedures not related to government. He said CBP on the outbound side is down on the list as far as the reason for the stop. His last remark was that terminal operations are the number one stop for anything moving in and out of the west coast.

Julie Parks concluded to say that the results are published to CBP.gov. She continued by reading ten recommendations into the record. **The motion was unanimously passed to accept the recommendations. There were no public comments submitted prior to the vote.**

### **Exports Subcommittee**

Maria Luisa Boyce announced that the Exports Subcommittee would review and discuss the findings from two of the seven planned subgroups formed under the Export Process Work Group and the collaboration between the Bureau of Industry and Security's Federal Advisory Committee, the President's Export Council Subcommittee on Export Administration and introduced Liz Merritt as the first speaker.

Subcommittee Co-Chair Liz Merritt gave a brief history of work done by the Exports Subcommittee with the formation of the Export Mapping Work Group. This has led to the establishment of an Export Process Work Group to expand on the work done by the Export Mapping Work Group. The new group was further subdivided into two main groups: manifest and commodity with manifest divided into air, ocean, rail, and truck; commodities divided into licensed, non-licensed, and then Option 4. Work was begun on air manifest and licensed commodities and have tried to have a broad membership in the group.

Ms. Merritt described the composition of the Air Manifest Subgroup with CBP and Commerce on the government side and TSA representation. She said there are a lot of databases and paper processes to be combined into an export manifest system and that there are all types of carriers, U.S. and foreign, express and conventional, all cargo and passenger to cover everyone. They brought in representatives -- freight forwarders, small, medium, and large, as well as representatives from other modes of transport.

They established two main goals: first, to improve the government's ability to accurately risk assess exports and to support the National Export Initiative; second, to protect operational reliability, speed, and flexibility. Its goal is to get the information that the government needs to target a shipment to the government as quickly as possible, as early as possible in the supply chain to let all the targeting be done and all of the resolution of issues take place in advance of a shipment's arrival. Stops should occur before cargo is ready to be loaded. Ms. Merritt reported that final recommendations will probably be delivered in the next term of COAC. She said an announcement of an Air Manifest Pilot would be in a Federal Register Notice very soon so the IT functionality may be tested. Ms. Merritt said a final recommendation would be coming in 2015.

Subcommittee Co-Chair Julie Parks continued and said they reviewed disposition and listed 18 areas of opportunity that required review. She said some of these need to be proposed through the Border Interagency Executive Council because they aren't technically Customs' recommendations and this will be examined further at the next COAC meeting.

Liz Merritt continued and said that the success of the Air Manifest Progressive Filing Model is dependent upon the empowerment of transport intermediaries to protect the operational reliability by submitting their own data into the export system. It would be critical that freight forwarders be included in the Export Manifest Pilot. A recommendation was made and the motion carried.

Gerry Horner from the Bureau of Industry and Security, Department of Commerce, picked up next. He said he has participated because of the Department of Commerce's knowledge and regulations on the export process and gave a brief history and introduced Geoff Powell who is now the President of the National Customs Brokers Forwarders Associations of America (NCBFAA).

Geoff Powell discussed some of the past history. He said that the President's Export Council Subcommittee on Export Administration (PECSEA) was taking opportunities that were listed and addressing them from a BIS perspective and asked what advice could be provided to BIS to facilitate these exports. They also asked if there was something Trade could do to make license determinations easier when things came up in the field. They asked if more data could be provided. They discussed the possible mandatory use of an Export Control Classification Number (ECCN) number.

Mr. Powell said the group will make recommendations to the PECSEA who will make recommendations to the President's Export Council, who in turn can turn to BIS and make those. He reported that he has reached out to Michael Ford in the Trade Support Network (TSN) about the ACE reports to provide greater visibility on shipment status,

filer performance, training and education not only about trade but also the government as well on the supply chain and what goes on there.

Geoff Powell explained that Greg Healy, Director in the Export Enforcement Command Center invited the subcommittee to come tour the facility to see exactly what goes on and to find out how to improve communication. He said they should have some recommendations after the December PEC SEA meeting.

Acting Executive Director Michael Denning was introduced and said that the Export Work Group has made tremendous progress working towards developing and requiring an automated manifest and a pre-departure filing so enforcement work and advanced targeting can be done to help reduce costs and get the work done as early as possible in the export process. He said in a joking manner that they are looking at 85 pain points. They have done work with the Office of Regulation and Rulings to develop a Federal Register Notice to start a pilot in Electronic export manifest. He said they are looking to do this in each transportation mode, beginning with air, followed by rail, vessel, and truck. He explained that the pilot with 73 participants will be used to better understand and formulate future requirements for the timeliness of filing advanced information.

Acting Executive Director Debbie Augustin added that the export capabilities are published in their schedule and they are committed to meeting the schedule.

In Liz Merritt's overview of the Air Manifest Progressive Filing Model (AMPF), one of the main components of the model is having freight forwarders transmit house airway bills on behalf of the air carrier. As such, the Export Subcommittee recommended that the Air Automated Export Manifest Pilot specifically include freight forwarders as participants. **The motion was unanimously passed to accept the recommendation. There were no public comments submitted prior to the vote.**

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

Subcommittee Co-Chair Mary Ann Comstock said she is going to deliver a report from the COAC One U.S. Government at the Border Import Mapping Working Group. She said in less time than the Export Mapping Working Group, her group, together with a group of subject matter experts, developed the process flows in the current Automated Commercial System (ACS) system for five modes of transportation: conventional air, air express, ocean, truck, and rail. Challenges and opportunities were identified for each mode. The work product developed consists of flow of data, flow of cargo, documentation, all parties involved, and simplified maps. The roles and responsibilities were broken down and put in an overview document. The BIEC Process Coordination group had a chance to review the maps, findings and supporting documents.

Ms. Comstock reported that the goal was to have a single consolidated multi-agency data submission to obtain the single window entry release of cargo. They suggested the need for the international harmonization of data and government-to-government data exchanges to support the global economy. The data should be consistent with World Customs Organization (WCO) data standards. She said the group recognized the need for non-resident importers of record becoming more common as the global supply chain evolves. She said one goal is to have trusted or known traders receive expedited release for their low-risk cargo. The group didn't have any recommendations for this meeting. Ms. Comstock **moved that the work product of the Import Map Work Group be accepted and the motion was passed unanimously. Prior to the vote it is reflected for the record that there were no public comments.**

Subcommittee Co-Chair Susie Hoeger presented a briefing of the FDA Working Group. They presented 11 recommendations for a vote and another 21 for information purposes. As a preface to the recommendations, Ms. Hoeger gave a brief history of FDA regulated imports and said they have increased more than tenfold in a 20-year period while the work force and systems at the agency have remained the same. She explained that the goal of the FDA Working Group was to develop recommendations to improve the quality of data submitted and to reduce the number of rejects.

Ms. Hoeger and Scott Boyer (FDA Working Group lead) both expressed gratitude to all the parties who worked together on the recommendations and with the Working Group. In discussion Doug Stearn explained that recommendations would be seen by high level officials at FDA and at Customs. **The recommendations were read, voted on, and the motion carried unanimously. Prior to the vote it is reflected for the record that there were no public comments.**

Ms. Hoeger and Mr. Boyer then read the additional 21 recommendations that would be submitted to the FDA.

Maria Luisa Boyce asked Doug Stearn to comment on the 21 recommendations from an FDA perspective. Mr. Stearn said that their job at the border is to prevent threats to the public and that data quality is a major issue and targeting relies on data quality.

Assistant Commissioner Brenda Smith suggested that both COAC and the FDA consider focusing on the identifying functionality as opposed to recommending a particular system. This would allow them to remain as flexible as they can and as true to the vision of a single window.

CBP Executive Director Cynthia Whittenburg addressed Ms. Comstock and said the Border Interagency Executive Council is waiting to receive the final mapping product.

Susie Hoeger explained that she failed to mention that on the matrix provided the pink shaded column identified as appropriate for the BIEC, those were thought not to be FDA specific but PGA specific, so it could be extended to other agencies.

Mary Ann Comstock suggested that the Trade get onto ACE, get ready for the PGA message set, and participate in some of the pilots so we can validate the work that's being done and has been done in order to truly get this single window completed.

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

Subcommittee Co-Chair Matthew Fass listed the four working groups that have been opened in the Subcommittee: Regulatory Audit Working Group, Intellectual Property Rights, IPR Working Group, and the Bond Working Group, and the Anti-Dumping/Countervailing Duty Working Group. The Regulatory Audit Working Group has been on hiatus until CBP presents COAC with some additional topics for review.

Mr. Fass said the IPR Working Group has continued its work on the voluntary disclosure recommendation that was made at the May 2014 public meeting. The recommendation was that CBP open a working group to finalize details of the pilot program. He said the Voluntary Disclosure Working Group has put forward comments, suggestions, and questions to CBP so a determination can be made about the viability of the program across the trade. Among other things, a complete list of the factors CBP would use to determine whether to accept an IPR voluntary disclosure.

Mr. Fass reported that CBP has moved forward to implement a simplified abandonment process for shipments suspected of an IPR violation in the express consignment environment based on the COAC's May 2014 recommendations and expects feedback from CBP in the coming weeks. Mr. Fass reported on the expectations regarding the document imaging system.

He continued to report that the Bond Working Group has continued its work on the eBond topic and expects to provide additional updates to the Trade in the next public meeting.

Executive Director Cynthia Whittenburg next reported that work has been done to decide whether or not there is viability to pursuing the voluntary disclosure program. They have identified participants for a pilot to test the concept of document imaging. She said the start of a documents imaging pilot could be started soon. She said it was expected that the simplified enforcement express consignment, the voluntary abandonment in the express consignment environment should move out quickly.

Ms. Whittenburg announced that a way to capture occurrences of abandonments with automation was identified recently. Because of this recent solution, there will be a short delay to enable CBP officers to capture the information in an automated manner to get credit for keeping those goods out of the commerce and keep track of the statistics.

CBP Director Bruce Ingalls announced that he is excited about the eBond and gave a history of eBonds from the early stages when they centralized the CBP bond program, then moved to a sort of stand-alone database where they received bonds via e-mail and did away with paper. He said they are on target to bring up a pilot in early January for eBonds and the Questions and Answers (Q&As) are out now and should be on the website next week.

Member Mary Ann Comstock, a member of the Bond Working Group, commented that they have received the advance copy of the bond status message, CBP and Trade Automated Interface Requirements (CATAIR). She stated that the successful automation of the single transaction bond is as much a process as it is about technology, so the processes need to be known, too. Questions between the brokerage community and their surety partners need to be addressed now. She said she was interested in seeing the recordkeeping requirements for brokers on single entry bonds and whether it will be covered in the new regulations. Ms. Comstock was interested in knowing how a broker would be notified when an additional bond is required. Her questions had a lot to do with processes. Mr. Ingalls replied that many of the questions are included in the Answers.

Matt Fass continued to speak about the Anti-Dumping and Countervailing Duties Working Group and provided a brief history and said that the overall mission of the working group was to strengthen partnerships between CBP and the trade community and to promote compliance with AD/CVD laws and policy among other things. He emphasized that this is a strong working group that has been working on so many different aspects of an extremely challenging issue.

He listed discussions that have been related to the impact of requiring cash deposits versus bonds and stated that there is a bonding system now that's in place for new shippers. He said CBP has increasingly used single transaction bonds to attempt to target higher risk shipments in AD/CVD cases or in other imports that potentially represent higher risk. He said that they have had discussions about increased coordination between CBP and the Department of Commerce. He said he believes that doing intelligence work overseas would help enhance enforcement.

Mr. Fass stated that this diverse and experienced working group will bring forth a wide range of tangible ideas across different areas that can eventually form the basis of numerous recommendations that will increase the efficiency and effectiveness of the

system that is currently in place. He said he hopes to have some recommendations at the next public meeting.

When Deputy Assistant Secretary Ellen McClain asked whether similar activity has been undertaken by Commerce, Federal Advisory Committee Act (FACAs) or whether they were collaborating with the COAC on discussing the issues and then later on developing recommendations, Mr. Fass said that it was an important thought that they have had as well that has resulted in discussion.

Executive Director Cynthia Whittenburg said that she has envisioned that over time they will bring Department of Commerce into the conversation. Case coordination efforts and leverage from Commerce when a new case comes out could be addressed.

Trade Co-Chair Ted Sherman added that this work group decided that they had different opinions on prospective versus retrospective and agreed that this conflict wouldn't be solved and they would address other operational issues. He stated that Commerce and Customs have some very basic operational issues that make it difficult for compliant importers to be compliant and to execute this process at all. He said he believed that recommendations would be forthcoming.

### **Trusted Trader Subcommittee**

Subcommittee Co-Chair Bill Earle started by saying the subcommittee has worked on two principal initiatives, C-TPAT exporter entity and the Trusted Trader program flowing out of the FRN. He said the committee is interesting because it is comprised of almost the entire COAC. He told the group that they had reviewed the C-TPAT flyer provided by CBP, and that the flyer is posted on CBP's website. They have also developed 125 questions that will be posted soon. He informed the group that the second initiative of the C-TPAT pilot program is a collaboration with the Food and Drug Administration, TSA, and the Consumer Product Safety Commission. The Federal Register Notice for the pilot program was issued on June 16th. Mr. Earle told the group that there are nine pilot participant slots and possibly 30 some applicants yet to be selected.

Acting Executive Director Michael Denning reported that they have started to actually notify the nine participants of their participation in the upcoming pilot. He said that they were working on CBP's side to unify management and oversight of the program under one division with C-TPAT and Importer Self-Assessment (ISA) together. He said they are working to define the role of the CEEs both for Trusted Trader and for all the trade activities that will go on under the CEE that are non-trusted, and set service levels within the CEE. As part of the unification process, they have been working to unify the application process, the validations processes, the revalidation process and what the requirements will look like. He stated that the next step would be to define the Phase 2

framework and start to define the benefits and how to include EPA in what they are doing in the pilot.

**Bill Earle then read two recommendations that were voted on, and the motion was passed. Prior to the vote it is reflected for the record that there were no public comments.**

After a brief recess Maria Luisa Boyce announced that she was reconvening the meeting and wanted to explain that Commissioner Kerlikowske had been called away to a briefing regarding the Ebola situation. He had asked Ms. Boyce to convey his apologies for leaving the COAC meeting early. She called the panelists to the head table to present the Trade Modernization Subcommittee information.

### **Trade Modernization Subcommittee**

Subcommittee Co-chair Jim Phillips began by saying that the Subcommittee has continued to follow ACE development and to participate in comments on simplified entry summary and payment that had been discussed in the previous COAC. He reported that there has been discussion with CBP related to ACE and how to handle the PGA integration. They think the executive order was a great thing to help move this forward. Ideas that were thought of were to break down PGA interaction with CBP into different categories such as PGA to CBP programming processes and procedures; PGA to the Trade information, and Trade to CBP for cargo release information throughout the import process.

Mr. Phillips said he thought it was great that the ACE schedule that includes PGA deployment has not needed frequent updates. He said they thought that the schedule is a key piece to be able to plan and implement ACE in the guidelines that have been laid out. He said the pilots have been going well and that CBP has continued to look for trade volunteers.

He reported that they received an overview of the simplified entry, summary, and payment process and received information on the ongoing work of the Simplified Entry Summary and Payment Work Group. The Work Group has put together an initial framework on how the simplified entry summary and payment will work. Mr. Phillips said that by the next COAC meeting there might be some recommendations.

In a reply to Ms. Boyce's question about a role of the broker report, Mr. Phillips said there was nothing new to report.

Executive Director Cynthia Whittenburg assured everyone that the work of this group has been broadening their input and will continue to do so over the next three to six

months. She said they look forward to engage the trade community at large at various venues to continue to refine what this process looks like for a monthly summary and a statement process.

Acting Executive Director Debbie Augustin said that the group acknowledged that the ACE and ITDS schedule is aggressive, but said they have been doing everything possible to meet the schedule, including the three mandatory dates that are required for filing in ACE. She said they have an approach for prioritizing the partner government agencies who have a role in cargo release. The group is encouraging the trade to help work with the PGAs to help test when the capabilities are piloted. Ms. Augustin reported that two PGAs are involved in a pilot now, EPA and Food Safety and Inspection Service.

She said they have the Document Image System now. She said that they appreciated the COAC support in helping get the participation needed to help test the capabilities that help them deliver a better product that will meet your needs.

Acting Executive Director Michael Denning had no updates, but Executive Director Troy Riley announced that they have been working with their regulations and rulings on the broker regulations to rewrite 111.141. He added that they have reached out to some of the stakeholders and added that some have provided very insightful information on pieces of information around the ratios of licensed brokers to employees to include. He said they have also been doing some research around that, too. Mr. Riley said that the 5106 is now with the Office of the Federal Register Notice, so that should come out soon.

In response to a question from member Jeff Coppersmith, Mr. Riley replied that the Working Group has met a number of times regarding the continuing education aspect and they had a lot of discussion on getting to the point of what type of models should be considered. Models that have been discussed were a board of directors model and a market model. He said they even followed up with the Department of Education and, the Center for Higher Education and Accreditation (CHEA) outline setting up an accreditation model. The pros and cons have been discussed, but no direction has yet been set.

In response to a question by Trade Co-Chair Kathy Neal for the status on the CEEs on the roll out and the expansion, Michael Denning replied that they have been working hard to accelerate the three CEEs in Houston, New York, and Los Angeles. Mr. Denning said they have been working on putting in place the legal authorities needed for the CEE directors to be able to perform that function. He offered further information that they have been working to position key staff in place to move that trade work permanently into the centers when they are ready to do so.

Mr. Denning added that they have been working to realign their import specialists in the ports of entry and structure them so that, until there's a permanent transition, they're in place and aligned by industry. This way when they are ready to transition the trade work into the centers, trade work and staff will be aligned to move into their assigned centers. He said that they are aware that they need to update Title 19 CFR regulations to establish the centers as permanent organizations within CBP. Mr. Denning added that they have been working on a draft of an interim rule expected to be completed around the end of this year.

### **Global Supply Chain Subcommittee**

Subcommittee Co-chair Jim Phillips greeted everyone and reported that the Subcommittee has continued to receive updates and briefs on the Beyond the Border Initiative, the 21st Century Border Initiative, Free and Secure Trade (FAST), and the Border Release Advanced Screening and Selectivity (BRASS) in the ACE environment as well as the Air Cargo Advanced Screening Pilot (ACAS). He reminded the group that Beyond the Border has a very good website that tracks and shows all the progress made.

He informed the group that they have been working on Data harmonization and that the focus has been part of an in transit pilot for trucks that enter and leave Canada and come back into the U.S. or out to a destination in the originating country. He said there has been discussion and resolution regarding the requirement of an inclusion of value as a data element. He said CBP and the Canada Border Services Agency (CBSA) have continued to work on that. He said he believes it would be a good step forward both to harmonization as well as the pilot itself.

Related to the Peace Bridge Pre-Inspection Pilot, Mr. Phillips reported that data continues to be gathered on the pilot. He said that in addition to automation, it has become clear that personnel on the bridge that help manage traffic add significant value. He explained that there have been discussions related to the pre-inspection pilot on processing of money, and said that if you could automate the user fee collection, it would be a big step forward.

Related to the Canada-U.S. Border Fee Study, Mr. Phillips said they have been waiting for a draft to come out on that. He added a comment about the 21st Century Border Initiative between the U.S. and Canada and with Mexico and the U.S.

Mr. Phillips reported that projects include Front of the Line Privileges Pilot and a Single Manifest for Rail Pilot. He said he will get detailed briefings of these in the future. Additional topics that he has discussed were Free and Secure Trader, FAST and

BRASS as part of ACE. He said that programming will be brought into the main ACE platform and will be nearly transparent to the Trade when it's moved into the current ACE environment.

Mr. Phillips lastly mentioned that the ACAS Notice of Proposed Rulemaking is currently being drafted, and said they have been waiting to see what the results are.

Mr. Michael Denning added a comment regarding FAST BRASS and said these programs will go forward in the new platform with full functionality. He said that the ACAS pilot will continue for the next 12 months. He said they are still in the Notice of Proposed Rulemaking process but not quite ready to get into discussions on an informed compliance phase. He stated that they will use all the experience they have from Trade Act and 24-Hour Rule to work through the issues regarding the Notice of Proposed Rulemaking.

Director Liz Schmelzinger thanked the working group and said they have had several productive calls to include helping them work through the in-transit issue. She agreed with Mr. Phillips that they continue to work with CBSA, their stakeholders within the trucking industry to work through the regulatory issues to make this a reality.

Ms. Schmelzinger reported that they have experienced tremendous cooperation between Canada and the U.S. on the Peace Bridge Pilot and the Pre-Inspection Pilot in Buffalo and Fort Erie. The pilot has been set to run until December, and there will be a full and frank evaluation of what was achieved during that pilot phase. One thing that has been learned in the pilot is that they can't legally collect money in Canada because there is no method for doing so. It was also noticed that there was about a 20-second time savings in processing time. She said that in field operations and throughout all of CBP they are dedicated to save time and make processes more efficient at the same time.

Deputy Assistant Commissioner Ana Hinojosa complimented Jim Phillips and Liz Schmelzinger on their presentations and added that one of the valuable things the Subcommittee have been able to accomplish is some practical glitches that they have had in communication both between the U.S. and Canada and the U.S. and Mexico as Mexico is very dynamic and has made a lot of changes to regulations and a lot of changes to a lot of their operations. She added that Mexican Customs is very receptive and interested in a future dialog and other opportunities to improve connectivity for notices that go out. She reported that there is an upcoming meeting with their leadership in the next couple of weeks. She said some of the topics raised from the Subcommittee will be raised to ensure that there's more clarity in some of the glitches to get them resolved.

Maria Luisa Boyce thanked everyone for coming and mentioned that she and A. C. Smith were in Mexico City two weeks ago leading the continued discussions about the inoperability and how we are communicating with Mexico and Canada as well as the rest of the world. She met with the Mexican Brokers Association and the Mexican Association for Exporters and Importers and had a conversation about their perspective on what they see in the supply chain movement.

She invited Tim Skud to make a closing remark, and he thanked everyone for coming. Ms. Boyce then thanked everyone and adjourned the meeting.