

ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF CUSTOMS AND BORDER PROTECTION

Global Supply Chain Subcommittee Executive Summary – Trade Progress Report January 2016

I. Background

The Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) determined to carry on the work from the 14th Term COAC Global Supply Chain Subcommittee.

Mission Statement:

Advance priorities that promote trade facilitation, global customs modernization and global supply chain security, to enhance the competitiveness of our American businesses.

Trade Co-Chairs: Adam W. Salerno & Brandon Friedman

Government Co-Chairs: Liz Schmelzinger, Jennifer McGill

Members: David Berry, Liz Merritt, Mike White, Kevin Pinel, Lisa Gelsomino, Vincent Iacopella, Vincent Iacopella, Michael Schreffler, Maria Luisa Boyce, Steven Graham, Sean Moon, Steven Krupinsky and Cheryl Bryce.

II. Summary of Work

Cross Border Pipelines

Progress continues in the work between industry experts and CBP with encouraging movement towards common understanding of crude oil movements, particularly with regard to the in-transit movement of merchandise via pipeline.

We are focused on industry providing CBP with comprehensive examples of common reporting documentation for in-transit crude movements. A pilot project will be launched utilizing current industry practices to establish procedures which will allow the reentry of crude that moved in-transit through Canada, without formal entry. The launch of this pilot project is the group's first 2016 priority. The pilot is intended to be approximately six months in duration. Industry anticipates that information provided by the pipeline carrier during the pilot will increase the depth of CBP's knowledge of the industry and will be used to provide assurance to CBP that the industry's current documentation is comprehensive in nature to support in-transit movements.

Industry expects that the pilot project will also highlight to CBP the overall principles of the industry and that these principles will guide all further discussions and the necessary effort towards identifying and satisfying the regulatory needs for pipeline movements. Industry priorities for 2016 include:

- Establishing appropriate regulations for the in-transit movement of natural gas (given the recent CBP ruling has created impediments to industry compliance);

- waiving manifest requirements for pipeline movements;
- uniform entry/entry summary procedures for importers of record; and
- Standardization of reporting requirements for pipeline carriers.

Air Cargo Advanced Screening

The committee commends the duration and extensive analysis and breadth of the Air Cargo Advanced Screening (ACAS) voluntary pilot program. We further acknowledge CBP's efforts in international forums to obtain operationally feasible international standards adopted for pre-departure data submission and risk assessment in both the customs and security environments.

The committee continues to anticipate issuance of the Notice of Proposed Rulemaking (NPRM) this year and expects that will help clarify what further issues remain to be discussed and resolved prior to mandatory implementation. We trust and expect the NPRM to provide sufficient time to implement a change of this size, with a period of informed compliance similar to what was provided for the Importer Security Filing for maritime customs transactions.

If CBP envisions that the planned regulatory regime will require any changes to how the pilot functions today, we expect that these will be introduced into the pilot environment as quickly as possible to allow testing and necessary changes.

Finally, since the forwarder community is envisioned to play such a vital role in this initiative, a large group of forwarders should be engaged in the pilot and CBP should be making all efforts possible to recruit more volunteers from this group in this endeavor.

III. Next Steps

The Committee will closely watch as the pipeline pilot is brought together, and provide recommendations where necessary on the project. We continue to wait for the ACAS NPRM, and will also be looking for other priorities in 2016, yet to be announced.