

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

October 2015

SUBCOMMITTEES OVERVIEW:

Global Supply Chain (GSC) Subcommittee

Accomplishments: During this quarter of the 14th term the Subcommittee, through its Electronic Cargo Security Device (eCSD) Working Group, has developed and will present at the October 29, 2015, COAC meeting, 3 recommendations regarding eCSDs and their use in the Global Supply Chain. In addition, the Subcommittee has formed a working group that has met via conference calls and webinars 8 times to discuss their plans to develop recommendations regarding uniformity, automation and new regulations for the importation of commodities that move into the country by pipeline, such as natural gas and petroleum products.

Of the 32 recommendations developed by the Global Supply Chain Subcommittee during the 13th & 14th Term COAC, 3 recommendations have been fully implemented, 25 recommendations have been partially implemented, and 4 recommendations are still under consideration.

In the future the Subcommittee will also develop recommendations regarding the Air Cargo Advance Screening pilot; aspects of the Beyond the Border and the 21st Century pilots with Canada and Mexico; new and future functionality of the Customs and Trade Partnership Against Terrorism (C-TPAT) Portal and the C-TPAT Aqualane pilot.

Next Steps:

Selected Subcommittee members will continue to participate in the Pipeline Working Group to develop recommendations that will identify a path forward for the development of regulations, standard operating procedures and automation requirements for the processing of importations that utilize the pipeline mode of transportation.

Export Subcommittee

Accomplishments: During this quarter of the 14th term the Manifest Working Group (formerly the Air Manifest Working Group) reorganized itself into a multi-mode group, including all transportation modes. It also expanded its membership to include members from CBP's Office of Regulations and Rulings, which fulfills a COAC recommendation from the last COAC meeting.

The Manifest Working Group has completed its review of the data elements from the Federal Register Notice (FRN) on the *ACE Export Manifest for Air Cargo Test* and reached a consensus with CBP on treatment of the data elements for the pilot. Based upon its in-depth review, the

Subcommittee has submitted 6 draft recommendations for the pilot, which includes the disposition of specified data elements.

The Option 4 Working Group took a brief hiatus because there was considerable overlap with the Manifest group topics. Due to the diversity among the types of exporters in the current Option 4 program, CBP agreed that any updated program will need flexibility to account for the vastly different business models and wide variations in the types of risks involved. Plans have been made to re-start the Option 4 Working Group in November.

Next Steps: The Manifest Working Group has started reviewing the FRN *ACE Export Manifest for Vessel Cargo Test* data elements, and will soon begin to review the Rail FRN and the Truck Manifest issues.

The Option 4 Working Group plans to begin a more in-depth review of the risks to Option 4 supply chains.

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

Accomplishments: To date the 14th Term 1USG Subcommittee approved eighteen recommendations. Six of the 18 recommendations were specific to the Consumer Product Safety Commission and the remaining 12 recommendations were related to ACE/Single Window implementation.

Of the 43 recommendations developed by the 1USG Subcommittee during the 13th & 14th Term COAC, 13 recommendations have been fully implemented, 14 recommendations have been partially implemented, and 16 recommendations are still under consideration.

During this quarter of the 14th term the Subcommittee has formed a North American Single Window Vision Working Group (NASWV WG) which held two 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.

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 this working group will invite government partners from the Canadian Border Services Agency (CBSA) and Mexico's Servicio de Administración Tributaria (SAT).

Trade Enforcement and Revenue Collection (TERC) Subcommittee

Accomplishments: During this quarter of the 14th term, the Subcommittee met three times 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.

Of the 21 recommendations developed by the Subcommittee during the 13th Term COAC, 3 recommendations have been fully implemented, 9 recommendations have been partially implemented, and 9 recommendations are still under consideration.

The Antidumping and Countervailing Duty (AD/CVD) Working Group continues to host monthly calls to monitor the progress CBP continues to make on the 4 recommendations made at the COAC public meeting held in February 2015. The overall goal of the AD/CVD Working Group is to maintain regular calls to discuss on-going challenges with AD/CVD matters and brainstorm new initiatives to help with enforcement and revenue collection.

The AD/CVD Working Group will also continue to have ongoing 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 held its first call in October 2015, and will be focusing on the following issues to make an impact during the 14th term:

- 1) Known Importer Program to offer CBP better targeting and facilitate processing. The IPR Working Group will evaluate the benefit of establishing such a program and incorporating into Trusted Trader status.
- 2) Notifications to Rights Holders that will include a review of the notification process and challenges being experienced by the trade.
- 3) Abandonment (Express) Pilot 1: Based on feedback from CBP on the pilot, the IPR Working Group will consider what suggestions might be given to move this out of pilot and expand the program.
- 4) Trade Survey: The IPR Working Group will look to add specific IPR related questions to the COAC 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 will be established in January 2016, to consider the revisions to Bond Directive 3510-004 which contains monetary guidelines for setting bond amounts. The Bond Working Group will also consider the rewrite to 19CFR113, Drawback Bond Revisions, and/or additional topics that CBP may present to COAC for review.

Trade Modernization Subcommittee

Accomplishments: During this quarter of the 14th term the Subcommittee leadership has taken steps to form three working groups. The Centers of Excellence and Expertise Uniformity Working Group will identify areas for uniform treatment and transparency in the deployment of the Centers in applying policy, process, and strategy with an industry-focused and account-based

approach. The International Engagement and Trade Facilitation Working Group will consider how CBP and the trade can support the mission of CBP at the World Customs Organization. These two working groups will begin their activities shortly after the October COAC meeting.

The Subcommittee has also taken steps to form a third working group that will, later in 2016, consider the future role of the various actors in the global supply chain such as importers, freight forwarders, carriers, exporters, express couriers and sureties. This effort will consider the outcomes of our ongoing efforts to consider the future role of the customs broker.

Of the 22 recommendations developed by the Trade Modernization Subcommittee during the 13th & 14th Terms of COAC, 2 recommendations have been fully implemented, 16 recommendations have been partially implemented, and 4 recommendations are still under consideration.

Next Steps: Meetings of the Centers of Excellence and Expertise Uniformity Working Group and the International Engagement and Trade Facilitation Working Group will begin in 2015. Meetings of the Role of the Global Supply Chain Parties will begin in 2016.

Trusted Trader (TT) Subcommittee

Accomplishments: During this quarter of the 14th term, the Subcommittee met three times as a full committee. At the meetings, the subcommittee received a briefing from the Office of Field Operations on the Trusted Trader Pilot program and discussed recommendations for program metrics and future Trusted Trader benefits.

Of the 6 recommendations developed by the Subcommittee during the 13th Term COAC, 1 recommendation has been fully implemented, and 5 recommendations have been partially implemented.

Next Steps: Members will review the Trusted Trader program documentation and make recommendations on program implementation and other possible benefits with a focus on cost savings and supply chain efficiencies. They will monitor activities of other COAC subcommittees where the Trusted Trader concept intersects such as the Export Subcommittee's Option 4 Working Group, the IUSG's Single Window Working Group for PGA requirements, the Trade Modernization Subcommittee's work on the Centers of Excellence and Expertise, and the work of the Global Supply Chain Subcommittee on C-TPAT and International/AEO alignment.