

**The Advisory Committee on Commercial Operations
of Customs and Border Protection (COAC)
Comments from the
Trade Enforcement and Revenue Collection Subcommittee
November, 2013**

Background

At the March 6, 2013, meeting of the 13th Term Commercial Operations Advisory Committee (COAC) in Washington, D.C., the Committee established the Trade Enforcement and Revenue Collection Subcommittee, a blending of the Intellectual Property Rights, Bonds, AD/CVD Subcommittees from the 12th Term COAC, and adding Regulatory Audit. The objectives for the Subcommittee are to generate advice and develop recommendations pertaining to improving enforcement of the trade laws of the United States and the collection of duties and fees. Enforcing U.S. trade laws adds not only to the security of the global supply chain and our nation, but expedites products into the marketplace. Identifying and expediting compliant trade by enforcing our trade laws adds to both our national security and facilitation efforts. With compliant trade identified and appropriate fees and duties assessed, CBP can then focus its limited resources on non-compliant and higher risk commerce.

Given the above objectives, COAC's Trade Enforcement and Revenue Collection (TERC) Subcommittee developed a Statement of Work which outlines its focus for this term.

Outline of Work

It is expected that, during the lifespan of this Subcommittee, the focus will be on providing advice and recommendations that covers, but will not be limited to, the following areas: Intellectual Property Rights, Anti-Dumping and Countervailing Duties, Bonds and Regulatory Audit.

Each of these issues will be further refined and discussed in its Working Group that in turn will report back to the larger Subcommittee. These Working Groups will be supported by a broad range of stakeholders and the advice provided will incorporate the views and address the concerns of industries impacted by the projects.

Summary of Work

Since the initial launch of the TERC Subcommittee, four Working Groups have been opened including an AD/CVD Working Group, a Regulatory Audit Working Group, an Intellectual Property Rights Working Group and a Bond Working Group.

Regulatory Audit Working Group

Throughout the weeks since the May public meeting, CBP has been using feedback from the Working Group and will continue to reference that input to fine tune its

proposed enhancements to the FA process as well as the accompanying Internal Technical Guidance document. The trade and CBP have suspended their activities until CBP releases its final draft to present to the COAC for formal comment. CBP has advised that it hopes to have the draft ready for the trade by the beginning of December, 2013.

Intellectual Property Rights Working Group

The Intellectual Property Rights Working Group (IPRWG) has continued its work, focusing much of its time in the area of Distribution Chain Management as a tool to better segment risk. Except during the period of government hiatus, the IPRWG held bi-weekly meetings to discuss:

- Concerns that some Distribution Chain Management initiatives we've explored may be costly / burdensome to the brand owners / legitimate importers of IPR
- The need for real metrics about how those programs would enhance enforcement and improve targeting
- Bi-directional education between CBP and the trade to close any disconnects with the trade helping to further educate CBP about steps that could be undertaken to help their businesses without adding unreasonable burdens
- Recognizing the need for a practical, layered approach to IPR enforcement while ensuring those layers are affordable and practical for the brand owners/legitimate importers
- The seizure process for small/express shipments
- Gathering more information about exclusion order enforcement from interested members of the trade
- The use of DIS as a potential IPR Enforcement/Facilitation "layer"

The IPRWG will continue its discussions on these topics on regular, bi-weekly conference calls.

Bond Working Group

As previously reported at the August meeting, the work group membership composition was identified and awaiting CBP approval. The first meeting of the work group was held on September 18, 2013. The tasking to the work group is consolidation of the filing of single transaction bonds at the Finance Center in Indianapolis, IN. It was the opinion of the work group members that an automated process for the filing of single transaction bonds was needed to make a successful transition from the current practice of filing at the ports of entry. The other work group consensus was that the focus of the work group should be at the strategic level of the consolidation process with the specific details of the automation process developed through the Trade Support Network e-Bond subcommittee.

Due to the government shutdown in early October, additional meetings of the work group were delayed until 10/30/13. The agenda for that meeting is a review of the proposed e-Bond process flow, discussion of the current bond sufficiency formulas, and how and when the formulas will be applied in an automated process.

AD/CVD Working Group

This statement represents the second COAC Executive Summary for this Working Group during the current COAC term. The mission of this group is the following:

- Strengthen partnerships between CBP and the trade community to promote compliance with AD/CVD laws and policy
- Improve the effectiveness of AD/CVD risk assessment through better identification of high and low risk shipments and/or entities
- Identify effective approaches for deterring AD/CVD violations
- Support other steps to enable more effective administration and enforcement of AD/CVD operations.

The work since the last term has been a focus on the AD/CVD questions that are part of the current Trade Survey. This was the first survey with any specific AD/CVD questions. The two primary questions attempted to extract additional feedback from the trade related specifically to the retrospective vs. prospective enforcement policy.

Moving forward – the goal is to form an expanded Working Group that will consist of a diverse range of individuals who can provide an array of expertise on matters that help support the mission of more effective and efficient AD/CVD administration and enforcement. In addition, COAC will continue to engage CBP in ways to improve the trade intelligence function within CBP including ideas to help expand the role of the Centers of Excellence and Expertise in AD/CVD cases. COAC recognizes that CBP has done effective work reaching out to specific industries in AD/CVD cases and would like to continue to explore ways to expand this model to other cases.

Moving forward – this Working Group will continue to discuss issues in accordance with our mission and looks forward to continued work with CBP and the trade.

Summary

It is expected that all of the 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.

Respectfully submitted:
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