

United States Customs and Border Protection
Advisory Committee on Commercial Operations of
Customs and Border Protection and Related Functions (COAC)
November 15, 2013
Report of the Work of the COAC
Subcommittee on Trusted Trader Programs

1. Background:

On March 6, 2013, during the 13th Term Advisory Committee on Commercial Operations of U.S. Customs and Border Protection (COAC), the COAC made a decision to establish a Trusted Trader Subcommittee. The Trusted Trader Subcommittee objectives and scope are consistent with the official charter of COAC.

2. Objectives and Scope of Activities:

It is expected that, during the lifespan of this subcommittee, the focus will be on providing advice and recommendations in one or more of the following areas:

- Trusted Trader Program
- C-TPAT/AEO

Trusted Trader Program- CBP has asked the Trusted Trader Subcommittee to provide support of the Trusted Trader initiative as being developed by the Trusted Trader Working Group in order to realize a test of the trusted trader concept by the September 2013 timeframe. The subcommittee had been advised that the Trusted Trader Pilot FRN final draft in which CBP will call for volunteers for a pilot of the new Trusted Trader Program was nearing completion. As of this report the subcommittee has not been given an update regarding the status of the FRN.

C-TPAT/AEO- Having completed our work of the Industry Accepted Standards Working Group and the Metrics Working Group the Trusted Trader Subcommittee was tasked to review a pre-decisional draft of a C-TPAT for Exports, which is consistent with our charter and appeared as objective 8 in our last public report.

3. Activities and Progress:

CBP presented to the Trusted Trader Subcommittee a pre-decisional draft entitled “Minimum Security Criteria/Eligibility Requirements for C-TPAT Exports”, dated September 19, 2013.

The Trusted Trader Subcommittee reviewed the document and produced over 125 specific and substantive comments. The subcommittee summarized the comments conceptually into 4 general conceptual areas.

Accordingly the subcommittee provides herein the observations of the subcommittee regarding the draft:

Trusted Trader Subcommittee
Conceptual Comments on Proposed C-TPAT Exporter Minimum Security Criteria and Eligibility Requirements

The Trusted Trader Subcommittee would like to thank CBP for the opportunity to co-create the C-TPAT Export program. The Subcommittee members have reviewed the concept paper and would like to propose the points below for discussion about the C-TPAT exporter concept and purpose of the program.

1. Scope

Several of the Trusted Trader Subcommittee members commented that the document includes many regulatory requirements that are already mandated under various agency regulations. Since C-TPAT is a voluntary program, the scope of the minimum security criteria should be limited to those requirements that are not already mandated by the regulations.

2. Purpose

The subcommittee members agree that the purpose of the C-TPAT Exporter certification should be to facilitate exports, with the intent of supporting the President's National Export Initiative. The minimum security criteria as listed are difficult to meet and do not seem to reduce the regulatory burden on exporters nor provide synergies with import destinations to expand business. The overall goal of the program is not clear to the subcommittee members.

3. Explore Existing AEO Standards

The subcommittee members agree that the requirements for C-TPAT Exporter certification should be based on existing AEO programs.

4. Recognition of Legitimate supply chain business practices

The program must accommodate today's legitimate supply chain practices which are part of the normal business of exporting. The existing supply chain practices should not be disregarded or identified as risky when, in fact, they are accepted and standard methods of doing business in today's marketplace.

Trusted Trader Subcommittee Next Steps:

Realizing a US Export Framework Which Affords US Exports AEO Status-

The Trusted Trader Subcommittee stands ready to continue the discussion with CBP to co-create a US export framework which recognizes legitimate supply chain business practices and meets AEO requirements without creating undue and costly additional burdens to the trade.

The subcommittee in pursuit of an AEO-like approach has identified an existing document produced by the International Chamber of Commerce entitled "ICC Guidelines for Cross-Border Traders in Goods" (Document No. 103-6/15 – 21 April 2013), which could serve as guidance for the development of a US Export program that would be recognized by national customs

authorities and realizing benefits for US AEO export cargo at destinations and waypoints. Balancing existing business practices, baseline security requirements and the costs of international business engagement will be a critical component of enhancing US exports. This work is timely considering the ongoing significant trade talks aimed at facilitating international commerce.

While recognizing the adverse impacts of the recent government shutdown on our Trusted Trader Subcommittee activities, we await their feedback and further instruction in this regard.

End of report.