

**The Advisory Committee on Commercial Operations
to U.S. Customs and Border Protection (COAC)**

**January 2016
Report of the Work of the COAC
Subcommittee on Trusted Trader Program**

Co-Chairs

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1. Background:

At the April 24, 2015, COAC meeting, the first quarterly meeting of the 14th Term Commercial Operations Advisory Committee (COAC), it was decided that topics from the 13th Term Trusted Trader subcommittee would continue to be worked on in the 14th Term. The Trusted Trader subcommittee objectives and scope are consistent with the official charter of COAC.

2. Objectives and Statement of Work:

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, and reviewing the scope and capability of meeting both national and international criteria through:

- Trusted Trader Program
- C-TPAT/AEO Programs

After engaging in full deliberation and discussion, the subcommittee shall advise the COAC of any advice or recommendations related to any CBP trusted trader program. Specifically the subcommittee is expected to help CBP develop an enhanced CBP trusted trader program and to continue to advise CBP on C-TPAT issues. By developing a program that includes trade compliance and enforcement, CBP is moving C-TPAT towards a true AEO program, thus creating an opportunity to both amend its current mutual recognition agreements (MRAs) and enhance its future MRAs by including trade compliance criteria and offering corresponding incentives for participants.

3. Summary of Work:

Meetings: Since the last quarterly COAC meeting in October, the Trusted Trader Subcommittee has met twice as a full committee. At the meetings, the Subcommittee discussed the future vision of an enhanced Trusted Trader Program based on the concept of a “continuum of engagement” between the trade, CBP and the PGAs, received a briefing on CBP’s fact finding trip to review AEO programs, and reviewed the status of the COAC recommendations from the 13th term.

The Subcommittee received, reviewed, and discussed Trusted Trader program documents related to the Trusted Trader strategy and the incentives outlined in the Federal Register Notice for the Announcement of Trusted Trader Program Test, specifically the Advance Release Program.

Based on these discussions, the Subcommittee formulated, discussed, and agreed upon the following recommendations to be presented and voted on by the full COAC at the January public meeting:

1. COAC recommends that CBP formalize a vision of an enhanced Trusted Trader Program. The enhanced Trusted Trader Program should consider inclusion of partner government agencies, flexibility in participation based on supply chain roles (importer, exporter, carrier, etc.), and be built on a foundation of national and international interoperability to provide facilitation to global supply chains. This enhanced Trusted Trader Program should be both beneficial and attainable for all sizes and types of businesses by being scalable, achievable and by providing tangible benefits.
2. COAC recommends that CBP communicate this vision to both existing members of the C-TPAT and ISA programs as well as the trade at large. Communication should include information on participation eligibility, application processes, validation processes, reporting requirements and incentives available to the trade for participating in these programs.
3. COAC recommends CBP publish a timeline for when they will extend the “Trusted Trader Program Test Incentives” as listed in a notice published in the Federal Register (79 FRN 13992) on June 16, 2014, to existing members of C-TPAT and ISA.

The Subcommittee strongly believes in the value of the trusted trader concept as integral to the global supply chain in order to advance trade facilitation objectives. Trusted Trader programs serve as a risk segmentation tool to afford the opportunity for companies to self-select as low risk traders and thereby enable CBP to identify and segment risk to focus enforcement efforts.

As such, the trade needs to understand CBP’s vision, objectives, and implementation strategy of the trusted trader programs in order to evaluate the value, benefits and incentives to participate in these programs as a business decision.

4. Next Steps:

Trusted Trader Program Test

Now that the Trusted Trader Program Test has been concluded, the Subcommittee looks forward to reviewing the results of the program and the program documentation to be able to formulate recommendations in the following areas:

- The criteria used in the selection and assessment of the participants;
- The capability to meet national and international Trusted Trader program requirements;
- The future objectives of the program and the strategy to expand participation in the program;

- The transition plan for existing members of C-TPAT and ISA;
- Opportunities to streamline and improve the existing process; and
- Additional Trusted Trader benefits that focus on facilitation, cost savings, supply chain efficiencies, international interoperability, and simplification.

Trusted Trader Strategy

The Subcommittee will provide input on the development of a new Trusted Trader Strategy document to align with the current thinking on the tenets of an enhanced Trusted Trader program that is built around the concept of a “continuum of engagement” that allows for flexibility, scalability, and attainability for multiple business models, is globally aligned with AEO programs and MRAs, includes PGAs, and provides tangible benefits.

Strategic View

Monitor activities of other COAC subcommittees where the Trusted Trader concept intersects such as the Export Subcommittee’s Option 4 Working Group, the 1USG’s North American Single Window Vision Working Group, the Trade Modernization Subcommittee’s work on the Centers of Excellence and Expertise and International Engagement, and the work of the Global Supply Chain Subcommittee on C-TPAT and International/AEO alignment.