

**ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF
CUSTOMS AND BORDER PROTECTION (COAC)**

**Subcommittee on Exports
Executive Summary – Trade Progress Report
February 2015**

Overview

During 2013, the Export Mapping Work Group (EMWG) completed extensive work to map export processes and identify areas of opportunity for improvement, along with initial proposed solutions. All kinds of exports moving on all modes of transport were carefully reviewed during this process from both the “commodity” and “manifest” points of view, producing a 69 page document that serves as a foundation for the work of the Export Process Work Group (EPWG).

The EPWG focuses on the areas of opportunity compiled by the EMWG, expanding upon both the identified issues and proposed solutions, prioritizing them, and developing concrete recommendations for delivery to the Export Subcommittee and the full COAC. Similar to the structure of the EMWG, the EPWG has organized its work into three commodity topics (licensed, non-licensed, and Option 4) and four manifest topics (air, ocean, rail and truck). Each of these are being examined individually, beginning with licensed commodities and air manifest.

The Air Manifest Export Process Work Group

The Air Manifest work group consists of representatives from:

- CBP, Department of Commerce – the Bureau of Industry and Security and the U.S. Census Bureau, and the Transportation Security Administration
- U.S. and foreign air carriers – passenger, express and heavy all-cargo
- Air freight forwarders – small, medium and large
- Other modes of transport – ocean VOCCs and NVOCCs, rail carriers and truck carriers

Work since May 2014:

As a first step, the work group identified -

- 1) The two key goals of its work:
 - a. Efficient and effective enforcement of the multi-agency U.S. export regulatory regime while supporting NEI NEXT (National Export Initiative), and
 - b. Protection of the air cargo business model’s key features – speed, flexibility and reliability – and the minimization of costs and negative impact on the flow of legitimate trade.
- 2) Five guiding principles to be employed to reach the identified goals:
 - a. Risk management as a key component of the approach,
 - b. The importance of cost/benefit and economic competitiveness analyses,
 - c. The advisability of incorporating proven “ACAS Best Practices” in development of the automated export system where appropriate,
 - d. Enhancement of the government’s ability to target early and resolve concerns well in advance of export, and
 - e. Improving the accuracy of information delivered to the government.

The 42 air-manifest items that had been identified by the EMWG were then distilled into 21 points for further analysis with regard to the type of work needed – i.e., an isolated fix versus an integrated long-term solution, or regulatory revision versus policy guidance versus IT development, or some combination thereof.

Working from all of the above, the work group has developed a “progressive filing model” as an ideal solution to meet the needs of all stakeholders. This model is based upon the initial proposed solution contained in the EMWG Education Package, and it continues to be further refined and revised as new questions arise and additional details and supporting documentation are incorporated. The work group is careful to ensure that the solution developed is workable for all parts of the air cargo supply chain, including conventional carriers (both passenger and “heavy all-cargo”), integrated express carriers, transport intermediaries such as freight forwarders, and U.S. exporters and their agents, and that it comports with the requirements of the legislation authorizing electronic export manifesting – the Trade Act of 2002.

Current and Future Work

At the time of the drafting of this report, the expected Federal Register Notice authorizing an air automated export manifest pilot has not yet been published, causing further delay to practical testing of the proposed progressive filing model. The IT functionality developed for the pilot supports the key features of the work group’s progressive filing model, and all stakeholders look forward to the opportunity the pilot will provide to collect empirical data on the model’s sufficiency for all government and industry stakeholders. The work group expects to include pilot data and analysis in its final recommendations, to be delivered in 2015 or 2016.

Because the success of the progressive filing model is dependent upon the empowerment of transport intermediaries to protect their operational reliability by submitting their own data into the export system, it is critical that freight forwarders be included in the air export manifest pilot. A recommendation to include freight forwarders in the air export manifest pilot was submitted at the October COAC meeting, and CBP has indicated its intention to include freight forwarders in the pilot.

The work group also identified a need to educate transport intermediaries about electronic export manifest developments, and several associations representing carriers and forwarders agreed to develop a joint education package for distribution and presentation nationwide. The first module of this program has been developed and presented by webinar to members of the Airforwarders Association, and will be further distributed in the near future. Additional modules are planned, which will be based on feedback from the first webinar.

In early 2015, the work group began working with the International Air Transport Association (IATA) to develop metrics for expected cost savings from the result of automation.

The Licensed Commodities Process Work Group

The licensed commodities process work group consists of representatives from:

- CBP
- Department of Commerce
- Directorate of Defense Trade Controls (DDTC)
- Exporters/Importers
- Exporters
- Brokers/Filers

Work since May 2014:

- The work group prioritized and reviewed the areas of opportunity requiring review.
- Discussions ensued on all items, most of which were dispositioned with joint government/trade satisfaction; however, timelines for completion require review and prioritization. The recommendations have been categorized as a short-term or long-term recommendation.
- The work group has reviewed the entire list, and produces the following recommendations:
 - TBD Areas of Opportunity are closed.
 - TBD Areas of Opportunity have a Customs Recommendation.
 - 18 Customs Recommendations total
 - TBD Areas of Opportunity require a referral to DTAG or PECSEA FACA Committees.
 - TBD Areas of Opportunity require a referral to the BIEC.

