

**Export Sub-Committee Draft Recommendations**  
**Export Manifest Working Group:**  
**Commodity: Licensed**

1. COAC recommends that CBP engages with BIEC in order to deliberate on the development of an interagency information tool comparable to the informed compliance program to help develop the competency of those in the trade with export equities.
2. COAC recommends that CBP engage with the BIS upon their initiation of the project to review European Union practice of cross-referencing their control list and 6-digit harmonized tariff number and provides an update to the BIEC and COAC on findings. COAC further recommends that CBP aligns the initiative within the BIEC, and advocate with BIS to engage DDTC as a stakeholder in the review process.
3. COAC recommends that CBP Headquarters lead a port standardization effort targeted on licensed exports. The effort shall incorporate input from all stakeholders including the trade, AES automation, CBP Ports, DDTC, BIS, and other relevant permitting and licensing agencies. The undertaking should leverage the BIEC as a steering committee and to resolve cross-agency policy matters. The outcome shall be updated policies and guidance on licensed shipments.
4. COAC recommends that CBP automate all licenses and permits via the Single Window into AES or ACE, to accommodate inbound and outbound as appropriate. COAC recommends capabilities to link an import to an export or an export to an import and produce reports. COAC also recommends that the Empowered Official named on the license be privy to questions occurring at the time of shipment, at the AES Account Manager discretion. Evaluation of a short term solution to utilize CBP's Document Imaging System should be considered if license automation implementation is extended beyond 1 year.
5. COAC recommends that the BIEC engage in a dialogue on how to meet the intent of the International Import Certificate in a more automated manner. During the discussion, CBP should present the capabilities associated with ACE regarding possible connection points with non-USG export data routed via the Single Window for action (Government to Government connections to facilitate IICs), as well as present an option for use of the advanced Manifest as a mechanism of government notification, via Customs administrations, of controlled items. USG solution should be discussed in the World Customs Organization for global automation alignment purposes.
6. The COAC recommends that CBP engage DDTC/BIEC to brief the manifest and export automation tools and targeting capabilities and engage in a dialogue to better understand intent and agency concerns around listing intermediary consignees on the license at time of license submission. CBP shall engage trade in education and in the dialogue to design a solution that meets all stakeholders' key concerns.
7. COAC recommends that CBP compare C-TPAT with the Department of Defense National Industrial Security Program Operating Manual (NISPOM), for ways to eliminate overlaps that cause burden on companies participating in good standing. Additional comparisons should be

made to Federal Acquisition Regulations, Defense Acquisition Regulations System (FAR and DFARS) for ways to eliminate overlaps.

8. COAC recommends that CBP communicate policy changes to the trade via the Cargo System Messaging Service (CSMS) as well as via other government agency outreach, e.g. Hand Carried DSP-73 Material – Endorsement Permitted at the 1<sup>st</sup> Port of Departure.
9. The discussion on license valuation and the Census change prompted additional workgroup dialog on the possibility of aligning the U.S. inbound and outbound valuation regulations in accordance with Article VII of the General Agreement on Tariffs and Trade. COAC recommends that CBP prompt a discussion with the Border Inter-Agency Executive Council (BIEC).
10. COAC recommends that CBP and the BIEC discuss a process enhancement for the E2C2 to prepare a monthly “categorization of risk” export report that considers inputs from all agencies related to export and can be used by CBP as a input into targeting adjustments. The report should quantify the risk, including notation of items removed from the risk register.
11. COAC recommends that CBP initiate cross agency operations review meetings on a monthly basis to discuss agency referral turn-around times (requires creation of cycle time and volume metrics) and to receive feedback on effectiveness of field operations.
12. COAC recommends that CBP staff the Exodus command center to allow for trade inquiries to facilitate compliant exports, in addition to the already scoped work for CBP field operations referrals.
13. COAC recommends that CBP collaborate with BIEC and Census and provide details on the new AES design allowing separate filers for commodity data and transportation/manifest data with the intent of ensuring data can be provided to the trade where we are the commodity filer. Additionally, CBP should understand from Census the agency intent behind routed reporting to deliver additional solutions that resonate with already provided business data (e.g. incoterms reporting). Regulatory changes may be required to reduce the burden to trade while still meeting the intent.
14. COAC recommends that CBP engages the trade to provide inputs into CBP’s Licensing Operating Manual. Prioritized areas of review should be focused on the areas of opportunity.
15. COAC recommends automating export data visibility in ACE via Exporter Account.
16. COAC recommends that CBP engages the BIEC in a dialogue regarding non-technical errors with the request to align agency approaches to penalty assessment. The Trade shall develop a list of examples of non-technical errors to facilitate dialogue on a) AES adjustment required for value/quantity discrepancy when adjusted value/quantity does not exceed the total authorized value/quantity of the license (+10%) – trade experiences some ports that require a Voluntary Disclosure before allowing adjustment on endorsement; b) port of exit penalties.

17. COAC recommends the formulation of a new work group to address the export post entry process. This same work group shall address the trade inputs required to address area of opportunity #25.
18. COAC recommends that CBP reviews the possibility of automating the filing and release of hand-carried licensed hardware by leveraging a CBP Mobile Group application that may be designed for traveler declarations of hand guns.



# COAC EMWG: Commodity: Licensed

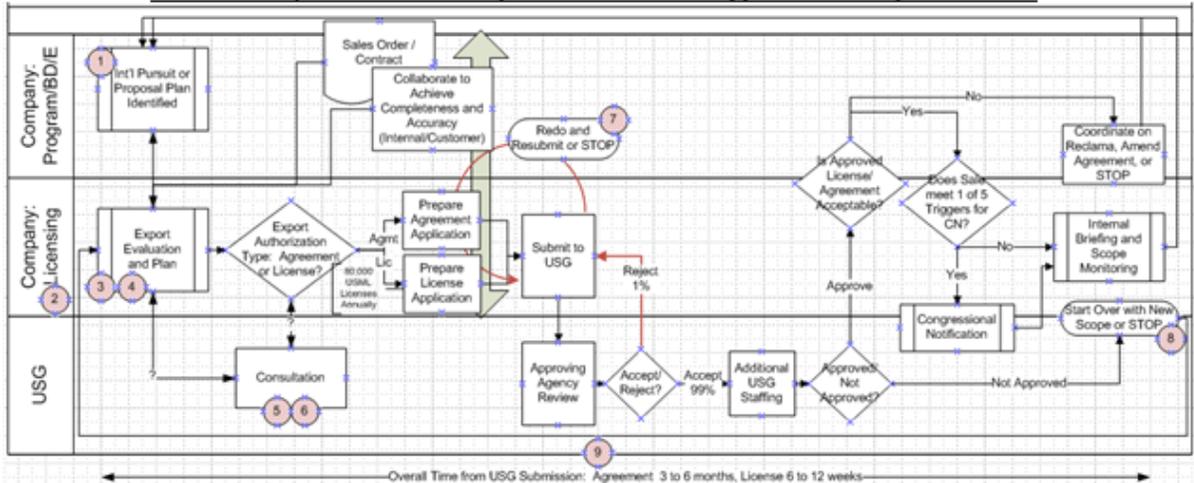
## Work Group Disposition

February 2015:

*The results of the Trade and Government Interactions are noted beneath each area of opportunity in **blue**.  
This document shall be considered as a follow-up to the mapping exercise for the Commodity: Licensing portion.*

### STEP 1: OBTAIN AGREEMENT OR LICENSE

#### Commodity: License: Step 1: Obtain Agreement/License



#### **Areas of Opportunity:**

1. Denied party screening require use of several lists
2. Competency limitations between licensing, export, import, and logistics cause misunderstandings
3. USML or CCL? Confusion
4. USML to CCL to USHTS/B Translation Gap. Increases complexity
5. USG training and guidance gaps contribute to port variation
6. Several regulations contain varying controls that cause trade increased work. Misunderstood USG benefits.
7. Start license process over if the authorizing agency was interpreted incorrectly by the company
8. Limited flow down of authorization data elements
9. Time consuming: lost sales

- 1) Denied Party Screening require use of several lists
  - a) DESCRIPTION – Prior to engaging in business and throughout the trading lifecycle, companies are required to screen/rescreen partners against various lists. The count of lists are exorbitant, the frequency of electronic updates from a subscription service is variable, agency responsibilities regarding hit resolution are not clear, and agency guidance on shipment holds is not clear.
  - b) PROPOSED SOLUTIONS
    - i) Create ONE Government Screening list the trade can use to screen for a number of different reasons. Provide clear expectations to the trade on screening cadence that coincides with list updates.
    - ii) Create ONE Government entity as a single point of contact to resolve hits. This entity should be accountable to a timeline, decisive in guidance on shipments regarding hold/proceed, and when a hold exists transparent regarding hold type and hold reason.
  - c) DISPOSITION – CLOSED. Trade to monitor screening solution effectiveness; engage in discussion if the solution is not effective - On 11/20/2014, Commerce Secretary Pritzger publicly released the news of the new Consolidated Screening List (CSL) search engine and Application Programming Interface (API). The CSL now consists of nine lists, adding the Office of Foreign Assets Control (OFAC's) foreign sanctions evaders, sectorial sanctions list and Palestinian legislative council list. Three Departments collaborated to create a developers API and a limited search engine for this new CSL. The new features were tested by the Bureau of Industry and Security (BIS's) FACA committees, President's Export Council Subcommittee on Export Administration (PECSEA) and Regulations and Procedures Technical Advisory Committee (RPTAC).
- 2) Competency Limitations between Licensing, Export, Import, and Logistics Cause Misunderstandings
  - a) DESCRIPTION – The practitioners of International Trade within a company can be divided into four distinct competency areas: Licensing, Import, Export, and Logistics. These competency areas are typically responsible to disseminate regulations throughout their company, drive adherence, and perform risk analysis. The limited horizontal integration of these vertical competencies is the source of many misunderstandings. These misunderstandings typically result in shipment delays, increased risk, and unnecessary exposure for a company. This company matter is comparable to and intensified by the same occurrence on the government side. With several agencies involved in international trade across our government, there is little horizontal integration. With lacking horizontal integration both across trade competencies and across government agencies, we only compound the misunderstandings problem. In some ways, this occurrence impedes true root cause analysis. We additionally believe this root cause to be the significant source of delays in international supply chains, especially when adding the world trading complexities. The solutions below only pertain to the aspect of company trade competencies, since government solutions are a part of the One U.S. Government at the Border COAC Sub-Committee.
  - b) TRADE PRIORTIZED SOLUTIONS – Promote education or certification programs that synthesize the competencies of Licensing, Import, Export, and Logistics.
  - c) DISPOSITION – AGREED WITH COAC RECOMMENDATION.
    - i) The government will deliberate on task of developing an interagency information tool comparable to informed compliance program to help develop competency of those in the trade with export equities.
    - ii) **COAC Recommends CBP engages with BIEC in order to deliberate on the development of an interagency information tool comparable to the informed compliance program to help develop the competency of those in the trade with export equities. (see area of opportunity #2)**

3) USML/CCL? Confusion

- a) DESCRIPTION - Companies that manufacture USML and/or CCL items, especially smaller companies that lack specific export compliance staff, often find themselves confused regarding the classification of their item(s). This leads to companies filing costly and time consuming Commodity Jurisdiction (CJs) with the Department of State and/or Department of Commerce. At times a company would even receive separate decisions from State and Commerce designating the same item for the USML control and CCL control –leading to further confusion and delay.
- b) TRADE PRIORTIZED SOLUTIONS - The current Export Control Reform initiative created a “decision tree” for companies to follow to determine if their product is USML or CCL classified. The “decision tree” provides companies a series of questions to better guide their intra-company decision on appropriate classification. We agree that continued outreach and education by the Administration would be beneficial as companies adjust to the new regulations.
- c) DISPOSITION – CLOSED. Trade to monitor the effectiveness of the decision tree solution and engage in further dialogue if the solution is not effective.

- 4) USML to CCL to USHTS/B Translation Gap. Increases complexity.
- a) DESCRIPTION – Related to area of opportunity number 4 and 2, this area of opportunity specifically addresses the need to harmonize the USML, CCL, and USHTS/B to achieve regulatory transparency. The area of opportunity specifically relates to the level and lengthy timeline of training that is required to achieve a savvy trade professional. In today’s environment, the time, training, and exposure required to achieve a professional with precise and accurate knowledge is extensive.
  - b) TRADE PRIORITIZED SOLUTIONS – While we recognize that Export Control Reform efforts are the priority of the focus agencies, we do wish to assert a secondary matter to consider. If the regulation itself cannot be harmonized to achieve one coding level, we look to our USG to provide harmonized advice and guidance related to the known and potential mappings across the USML, CCL, and USHTS/B. The method proposed for delivery is an informed compliance publication that is published by commodity. Updates would be released as sources are updated.
  - c) DISPOSITION – REFERRAL TO PECSEA and COAC Recommendation.
    - i) PECSEA Comments - It must be understood that the two classification systems are not used for the same purposes. Attempts by the USG to build a correlation table from ECCN to HS have failed because the relationship is many to many. This type of guidance is with extreme caution because too many in commercial trade treat USG guidance on classification as gospel. There is currently no automated solution. BIS will be discussing how and if the EU has done this with the EU control list and 6-digit HS codes and whether or not it is feasible in the US.
      - (1) The PECSEA considered the insertion of additional targeting edit checks and their recommendations follow:
        - (a) BIS will add a check comparing the country of destination to the ECCN. This would mirror the logic of the Commerce Country Chart. The combination of the two elements (ECCN and Country) would tell the AES filer whether or not the export is subject to a license requirement. Or, the edit would generate a fatal error if the combination ECCN and country has a hit and the filer reported NLR. AES requirements have been drafted.
        - (b) BIS should not add an edit check requiring ECCN. PECSEA Recommendation - Mandatory use of ECCN number not required. Benefits/Drawbacks – Refer to September 2012 BIS paper ‘Should the Exporter/Re-Exporter Always Communicate the Export Control Classification Number or EAR99 Classification to the Forwarder and in AES?’ Conclusion of incorrect reporting and reporting burden. Best Practice instead of Mandatory Data Element.
        - (c) BIS should require a POC from the trade. Need ability to provide proper contact of USPPI either in AES Record or ACE Account for ease of communication between U.S. government and Trade. NOTE: COAC discussions revealed utility in providing the USG inquiries through normal Customs routing channels (broker) in addition to the Empowered Official named on the license. (see area of opportunity #8 for recommendation)
        - (d) ACE should provide ability of dual notification of Fatal Errors to both Filer and USPPI
        - (e) Exodus/E2C2 Metrics available to determine number of seizures/License determinations and timeliness of License Determination by each agency.
      - ii) **COAC recommends that CBP engage with the BIS upon their initiation of the project to review European Union practice of cross-referencing their control list and 6-digit harmonized tariff number and provides an update to the BIEC and COAC on findings. COAC further recommends CBP aligns the initiative within the BIEC, and advocate with BIS to engage DDTTC as a stakeholder in the review process. (see area of opportunity #4)**

- 5) USG Training and Guidance Gaps contribute to port variation
- a) DESCRIPTION – Related to area of opportunity 2, this matter specifically relates to the training and guidance gaps that exist across our USG. Many examples relate to the roles and responsibilities of the licensing agencies and Customs and Border Protection. For example, CBP systems may not align with a licensing agencies control requirements because the task is performed manually at the port. To the extent the port variation exists, that variation may reveal itself in delays. While CBP has setup an Exodus group to address the matter of consistency, they are sometimes a cause of delay. (examples of gaps: (1) exemption and exceptions: some CBP ports require documents even though the entry is released paperless via ABI (2) guidance requested regarding a situation where a license expired the same day the AES was filed, and the scheduled flight was bumped a day later: CBP and licensing agencies were not aligned, leaving the company to stop the shipment until a new license was obtained. Issues have arisen where DDTC and CBP don't share a similar policy view. Recent examples: If a license expired today, the AES was filed yesterday, and the freight was booked to fly today; then what are the repercussions if the freight was bumped and departs tomorrow? DDTC indicated that if CBP allows the freight to move, then the shipment is compliant and no voluntary disclosure is required. CBP indicated that a new license is required. Additionally, Miami stops freight when Carrier is not listed on license.
  - b) TRADE PRIORTIZED SOLUTIONS – CBP, BIS, Census, and DOS should consider a cross-agency rebaselining of currently established operating procedures, including guidance. This is particularly important with export control reform, foreign trade regulation updates, and changes to the current complexities of trading companies. Additionally, consideration should be given to obtaining COAC's feedback on the rebaseline work product prior to implementation.
  - c) DISPOSITION – Referral to PECSEA and COAC Recommendation.
    - i) Consistency across ports allows the trade to set up standardized training, processes and reduce unpredictability. Particular CBP ports are recognized as having "best practices" documented; however, no formal practice for standardization exists. CBP will solicit ports for export related pipelines, best practices and SOPs with objective of collating the best processes and practices to develop national policy and guidance that meet regulatory requirements. This work will be done by the ECC to ensure that their on-going intake from the field is used to facilitate a more comprehensive policy and guidance.
    - ii) **COAC recommends CBP Headquarters lead a port standardization effort targeted on licensed exports. The effort shall incorporate input from all stakeholders including the trade, AES automation, CBP Ports, DDTC, BIS, and other relevant permitting and licensing agencies. The undertaking should leverage the BIEC as a steering committee and to resolve cross-agency policy matters. The outcome shall be updated policies and guidance on licensed shipments. (See area of opportunity #5 and #22)**

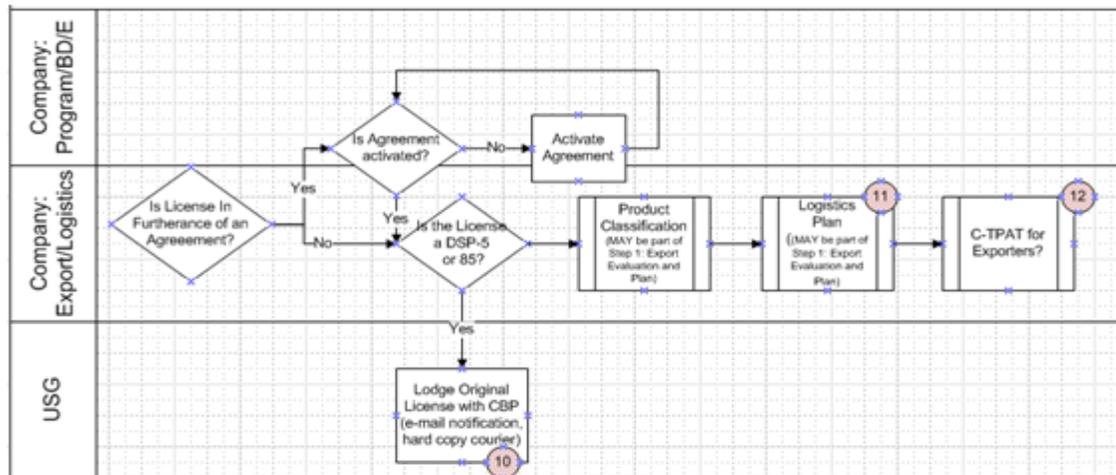
- 6) Over Control causes maximum trade work. USG benefits misunderstood.
- a) DESCRIPTION - Applying USML controls on every insignificant nut/bolt/tire/hose creates delays in the export process and potentially impacts the readiness of our partners and allies. If we have already approved the fighter plane for an international sale, why do we need to scrutinize the parts and components to keep that aircraft functioning? In fact it is in U.S. national security interests to ensure the military equipment of our partners and allies is functioning properly.
  - b) TRADE PRIORTIZED SOLUTIONS - The Export Controls Reform initiative will transition a number of items from the more restrictive USML to the more flexible CCL. When less sensitive items transition to the CCL they will be eligible for Strategic Trade Authorization (STA) for certain countries. The STA will allow fast-track exports to selected countries and companies, thereby addressing the export delays for less sensitive parts and components. We recommend an institutionalized and visible process to present and review items that the trade deems eligible for de-regulation on an ongoing basis. We additionally propose that these decisions be a matter of public record.
  - c) DISPOSITION – CLOSED. Trade to monitor government license routing solution effectiveness; engage in discussion if the solution is not effective. This process is already in place and plans to strengthen it are underway with the creation of the USXPORTS system. Trade visibility on referrals is achieved through CBP field office making the referral.
- 7) Start License Process over if the authorizing agency was interpreted incorrectly by the company
- a) DESCRIPTION – Related to item number 3, there is limited availability of exporter tools (via government flow down) to ensure the company properly identifies the authorizing agency. If we decide the authorizing agency incorrectly, we must start the licensing process over again.
  - b) TRADE PRIORTIZED SOLUTIONS
    - i) Implement an inter-agency referral process, including visibility of referral status to the trade.
    - ii) If the agencies cannot be harmonized to achieve one licensing department, we look to our USG to provide harmonized advice and guidance to the trade. The method proposed for delivery is an informed compliance publication that is published by commodity.
  - c) DISPOSITION – CLOSED. Trade to monitor internal government routing solution effectiveness; engage in discussion if the solution is not effective.

- 8) Limited Flow Down of Authorization Data Elements
- a) DESCRIPTION – The data elements associated with Licensing to Customs appears to be limited. Providing the parties, for example, may assist with supply chain security reviews.
  - b) TRADE PRIORTIZED SOLUTIONS
    - i) CBP/trade should review all data elements associated with a license to ensure incorporation into their modern processes. The goal is to reduce CBP requirements for those exporters that obtained authorization.
    - ii) CBP to work within the World Customs Organization to synthesize global requirements for licensed material. Specifically, review the advanced data processes as a mechanism to eliminate International Import Certificates.
    - iii) DDTC, BATFE, and CBP to engage in a strategic dialogue on the future state of automation to promote the reuse of data. Eliminate International Import Certificate (IIC) by requiring carriers of license controlled freight to provide proof of delivery to the end user.
  - c) DISPOSITION – Referral to PECSEA, DTAG, and BIEC and COAC Recommendation.
    - i) Government shall address matter as part of the reengineered AES/ITDS project. With AES, CBP now has visibility on everything in regards to a commodity’s exportability except a few BIS licensing officer action items. Under the ITDS effort, DDTC is looking at providing CBP more data elements. BIS coding is complete in AES, and DDTC’s is underway.
    - ii) PECSEA considered and recommended ACE should provide ability to decrement all license types
    - iii) **COAC recommends CBP automate all licenses and permits via the Single Window into AES or ACE, to accommodate inbound and outbound as appropriate. (see area of opportunity #8, #10, #14). COAC recommends capabilities to link an import to an export or an export to an import and produce reports (See area of Opportunity #15). COAC also recommends that the Empowered Official named on the license be privy to questions occurring at the time of shipment, at the AES Account Manager discretion. (See area of opportunity #4 for PECSEA comments on company points of contact).**
    - iv) **COAC recommends the BIEC engage in a dialogue on how to meet the intent of the International Import Certificate in a more automated manner. During the discussion, CBP should present the capabilities associated with ACE regarding possible connection points with non-USG export data routed via the Single Window for action (Government to Government connections to facilitate IICs), as well as present an option for use of the advanced Manifest as a mechanism of government notification, via Customs administrations, of controlled items. USG solution should be discussed in the World Customs Organization for global automation alignment purposes. (see area of opportunity #8)**

9) Time Consuming: Lost Sales

- a) DESCRIPTION - The historical delay of the U.S. export controls system has caused our partner and allies, as well as foreign companies that acquire U.S. parts/components, to reevaluate their decision to purchase or integrate U.S. equipment. This has resulted in lost international sales and has in some cases resulted in a loss of skilled labor in the U.S.
- b) TRADE PRIORTIZED SOLUTIONS –
  - i) The Export Control Reform efforts should go a long way to address this above concern. Administration and industry need to maintain an open dialogue as defense trade and the international market evolves.
  - ii) Aid in reducing complexity by ONE USG harmonizing advice and guidance to the trade via an informed compliance publication that is published by commodity. Harmonizing the approach across the global community.
- c) DISPOSITION – CLOSED. The recommendations made herein in their entirety shall be deemed a way forward to easing lost sales. We wish to commend the outreach efforts by BIS to companies; and further comment that engagement of the brokerage community in the discussions will be beneficial as a force multiplier.

## STEP 2: PRE-SHIPMENT DECLARATION PREPARATION



### Trouble Spots:

- 10. ITAR Lodging of DSP-5
- 11. Identifying Transport Entities and Routings at the time of License Submission
- 12. Customs-Trade Partnership Against Terrorism for Exporters

### 10) Lodging of DSP-5's

- a) **DESCRIPTION** - ITAR regulations require the license holder to provide an original permanent export license (DSP-5) to Customs. Since the license is issued in DTRADE electronically, the exporter must print, courier, log receipt, log port, and maintain records to prove lodging. Obtaining the required proof is cumbersome, manual, and port-by-port.
- b) **TRADE PRIORITIZED SOLUTIONS** –
  - i) Automate transmission of License data from DTRADE to CBP via single window. Ensure alignment with licensing agencies to ensure removal/clarification of their regulation/policy. (Note: this action applies to commerce licenses and other license types as well).
  - ii) Allow license to be “lodged” using an automatic “copy” to CBP directly from DTRADE to CBP.
- c) **DISPOSITION** – Referral to DTAG and COAC Recommendation
  - i) DDTTC is addressing this item via the ITDS, which will remove the manual lodging requirement with automated functionality being added to AES. Regulatory changes will be necessary to remove the manual lodging requirement.
  - ii) **COAC recommends CBP automate all licenses and permits via the Single Window into AES or ACE, to accommodate inbound and outbound as appropriate. (See area of opportunity #8, #10, #14). COAC recommends capabilities to link an import to an export or an export to an import and produce reports (See area of Opportunity #15). COAC also recommends that the Empowered Official named on the license be privy to questions occurring at the time of shipment, at the AES Account Manager discretion. (See area of opportunity #4 for PECSEA comments on company points of contact).**

## 11) Identifying Transport Entities and Routings at the time of License Submission

- a) DESCRIPTION – The license submission requires identification of the freight forwarder that will be used to carry freight. Additionally, until guidance is posted otherwise, the freight forwarder needs to ensure there is adequate space that meets our timeline on a DIRECT flight. Since both of these are performed at the time of license submission, and the license submission frequently initiates years before shipment, the problem arises when companies change freight forwarders (note: companies initiate changes after screening/performing additional due diligence checks. Tier 1 providers are required to screen their providers) or when carriers change capacity and routes (See also area of opportunity #2). Today, updates are required to be made to the license prior to execution of the movement.
- b) TRADE PRIORITIZED SOLUTIONS –
  - i) Remove freight forwarder information from the license submission, and allow CBP to manage shipment and provider compliance using either the C-TPAT for exporters program (provider screening) or advanced data (licensed freight must be filed prior to departure and if a manifest is generated for an ITAR/Licensed article on an unauthorized carrier, CBP should issue a hold).
  - ii) CBP to review the licensing process to determine what CBP processes could be engaged to allow for upstream targeting. For example, CBP could invoke advanced targeting from the license data and CTPAT information; thereafter, the ACAS submission then the declaration.
  - iii) Licensing agencies should consider posting guidance that allows shipments to route through authorized foreign airports to arrive at a destination.
- c) DISPOSITION – DTAG Referral and BIEC/COAC Recommendation.
  - i) This matter addresses the issue of having to identify article routing when applying for a license, which occurs multiple years ahead of a shipment. Freight forwarder contracts generally run on a multi-year basis which may not align to the license life-cycle. When the freight forwarder changes, the license must be amended. It's believed that the purpose in State knowing the "who and where" associated with the article routing is for potential gov't interception purposes as well as advanced screening of the parties. With the development of the automated manifest, the reengineering of AES, and the Single Window requirement, the BIEC is in the best position to disposition the key concerns and render a more automated and real time solution. If the agencies understood CBP's capability to trace a shipment, removing the freight forwarder from the license should be a consideration. Requires DDTC input.
  - ii) **The COAC recommends CBP engage DDTC/BIEC to brief the manifest and export automation tools and targeting capabilities and engage in a dialogue to better understand intent and agency concerns around listing intermediary consignees on the license at time of license submission. CBP shall engage trade in education and in the dialogue to design a solution that meets all stakeholders key concerns. (See area of opportunity #11)**

## 12) Customs-Trade Partnership Against Terrorism (C-TPAT) for Exporters

- a) DESCRIPTION – While this matter is the focus of another COAC subcommittee, C-TPAT for Exporters bears mention within the EMWG. There are two elements to consider 1) ITAR industry controls 2) lacking criteria 3) lacking trade case. First, since most ITAR controlled commodities are situated within an industry role of Department of Defense government contractor, CBP should recognize that a government contractor’s operating practices and particularly other government agencies’ oversight of controls overlap with existing CTPAT importer criteria. This overlap subjects a government contractor to additional checking and validations. Second, Exporters are unsure of the program requirements or best practices. Historic analysis by COAC revealed that the criteria for imports simply cannot be redeployed for exports. Second, in order to increase participation, clear benefits must be provided. One proposed benefit was that of mutual recognition whereby foreign importations would have priorities. CBP should query the trade to understand the percent of companies this would and would not directly benefit. For example, identify the percentage of US outbound freight that is sold on an incoterm where US entity responsibilities terminate prior to foreign inbound clearance. Relevant to State Department licensed material, a majority of USG contractors
- b) PRIORITIZED SOLUTIONS –
- i) Review government contracting security requirements, paying special attention to other government agency control monitoring and validations, with the goal of streamlining existing C-TPAT criteria for government contractors (Department of Defense).
  - ii) Develop C-TPAT for exporters criteria with exporters and export service providers.
  - iii) In order to increase C-TPAT for Exporters participation, study US entity benefits as they directly relate to mutual recognition prior to finalizing the C-TPAT for exporters criteria.
- c) DISPOSITION – COAC Recommendation
- i) C-TPAT exporter entity has been developed and published. The addition of the C-TPAT exporter entity to the portal is under development in two phases. Phase I (went live on 8 Dec): “Deployment of Portal 2.0 Phase I deliveries that allow Phase II work to begin (eligible US exporters will have the capability to apply for program – May 2015 anticipated).
    - (1) Placed external users on a server outside the DHS firewall, and internal users behind the firewall, a requirement from the 2010 OIT security audit.
    - (2) At the request of the trade, provides functionality for C-TPAT partners that simplifies the Status Verification Interface (SVI) partner monitoring capability.
    - (3) Allows Importer Self-Assessment (ISA) functionality to be deployed in Phase II for a unified automated application process.
  - ii) **COAC recommends CBP compare C-TPAT with the Department of Defense National Industrial Security Program Operating Manual (NISPOM), for ways to eliminate overlaps that cause burden on companies participating in good standing. Additional comparisons should be made to Federal Acquisition Regulations, Defense Acquisition Regulations System (FAR and DFARS) for ways to eliminate overlaps. (See area of opportunity #12 and reference COAC Trusted Trader Sub-Committee)**



14) ITAR Manual Endorsement Process for Temporary Import/Export Licenses

- a) DESCRIPTION - The current (manual) process in place for temporary export and import licenses (DSP-73s and DSP-61s, DSP-85) is inefficient and costly for both U.S. companies and the U.S. Government. Under existing procedures, because the original license must be presented for each outbound and inbound shipment, an exporter must convert the electronic license to a paper original “transaction” copy, courier the document to the port of export/import, contract with a freight forwarder to present the document to port officials for “decrementing” (hand notation) the exported quantity and value, ensure that the document is secured to be available for return, at which time it must be presented again for “incrementation” (hand notation) and returned to the company. This process is often inconsistent, due to the fact that Customs at each port may decrement licenses differently, which can lead to errors that result in voluntary disclosures. Moreover, when multiple entries and exits under a single DSP-73 need to occur simultaneously, companies must either seek an additional license to accommodate the shipment or postpone delivery thereby disrupting the supply chain. Shipments made to and from Canada / Mexico via truck under these authorizations is also challenging for the reasons stated above, and some companies elect to ship airfreight as a result. Finally, the process for correction is port-by-port (if at all). The risk related to movement of the license between ports of import and export also leads to a risk of the license being lost or misplaced requiring the shipper to apply for replacement license resulting in additional expense and untold delays in transit to already approved transactions.
- b) TRADE PRIORTIZED SOLUTIONS
- i) Automate License Endorsements via single window for both imports and exports of all license types, where filer provides DDTC quantity and that DDTC quantity is deemed endorsed. Ensure alignment with licensing agencies to ensure removal/clarification of regulation/policy. Ensure availability of trade reporting against historic shipments (export/import). Address parameters/requirements for post-correction.
- ii) Hub license endorsements at a port of IOR/USPPIs selection while allowing freight to move in/out of transportation port (RLF-for import/export option). The concept of hubbing already exists for DSP-5 licenses, where the license is lodged in a single port though the goods can move out of any other port.
- c) DISPOSITION – COAC Recommendations
- i) Dialogue between CBP and BIS and CBP and DDTC are underway to allow for additional automation. For hand-carried defense articles, the DSP-73 may be decremented at any CBP port, however the AES filing must report the actual port of exit where the shipment will be laden/carried onto the exporting conveyance.
- ii) **COAC recommends CBP communicate policy changes to the trade via the Cargo System Messaging Service (CSMS) as well as via other government agency outreach, e.g. Hand Carried DSP-73 Material – Endorsement Permitted at the 1<sup>st</sup> Port of Departure.**
- iii) **COAC recommends CBP automate all licenses and permits via the Single Window into AES or ACE, to accommodate inbound and outbound as appropriate. (See area of opportunity #8, #10, #14). COAC recommends capabilities to link an import to an export or an export to an import and produce reports (See area of Opportunity #15). COAC also recommends that the Empowered Official named on the license be privy to questions occurring at the time of shipment, at the AES Account Manager discretion. (See area of opportunity #4 for PECSEA comments on company points of contact).**

15) Export to Import: Manual Matching (declaration of repair and returns)

- a) DESCRIPTION – License and License Exemptions are used heavily in the case of repair and returns. The cross-referencing is captured in data fields; however, edit checks do not exist nor is there a mechanism to select historic shipments from a menu and match to current export shipments. Additionally, in a case where a customer returns items to the US for our repair, and our customer disregards our shipping instructions in lieu of their own courier and the courier does not follow broker turnover instructions, exemptions may not be cited properly, causing a voluntary disclosure correction process to manage.
- b) PROPOSED SOLUTION –
  - i) AES system should recognize exports that are required to match to an import and provide exporters with a list to select from and associate. Edit checks should be incorporated to ensure data accuracy.
  - ii) In addition to the solutions provided for Area of opportunity #3, we additionally advocate for CBP to institute a policy to require ITAR goods on formal entries and to publish a mechanism for correction with the couriers.
- c) DISPOSITION – COAC Recommendation
  - i) The concept highlights requirements put forward by the TSN Entry Committee. The Workgroup discussed and agree that this remains a priority. The functionality can also render tracking of TIBs, exemptions, exceptions, etc. tracking useful.
  - ii) **COAC recommends CBP automate all licenses and permits via the Single Window into AES or ACE, to accommodate inbound and outbound as appropriate. (See area of opportunity #8, #10, #14). COAC recommends capabilities to link an import to an export or an export to an import and produce reports (See area of Opportunity #15). COAC also recommends that the Empowered Official named on the license be privy to questions occurring at the time of shipment, at the AES Account Manager discretion. (See area of opportunity #4 for PECSEA comments on company points of contact).**

16) Exception and Exemption Management (e.g. admin practices, body armor, etc) and CBP Export Declaration Requirements

- a) Exemption Wording on CBP Import Documents
  - i) DESCRIPTION - ITAR regulations require the ITAR exemption wording to be printed on the CBP import documents. This information is not transmitted via ABI, and is only referenced in a print field of a typical broker's process. If the wording is not present at the time of import, when the item is then exported, a new license must be obtained (4 week turnaround). CBP allows corrections ad-hoc (port-by-port).
  - ii) TRADE PRIORTIZED SOLUTIONS –
    - (1) As part of the NEI, exemptions will be more prevalent. We recommend CBP/DDTC review all (proposed/current/planned) exemptions and arrive at recommendations/parameters that would allow a compliant company to self-manage. Additional discussions should take place around the relevance of the regulatory requirement for managing exemptions against import time frames (4 years), especially since permanent imports are regulated by BATFE.
    - (2) Automate License Exemptions via single window for both imports and exports. Ensure alignment with licensing agencies to ensure removal/clarification of regulation/policy. Ensure availability of trade reporting against historic shipments (export/import). Address parameters/requirements for post-correction.
- b) License Decrementation when QTY is Lots (add commerce Example)
  - i) DESCRIPTION - DDTC allows exporters to group like-described items into one license line item. These grouped items typically receive a QTY of LOTS, and it is understood that 1 lot = 1 shipment. When many parts containing many different AES lines reference the single license line; the quantity decremented cannot be less than 1 (AES will not allow); therefore, the DSP-5 is decremented incorrectly.
    - (1) PRIORTIZED SOLUTIONS –
      - (a) Address parameters/requirements for post-correction.
      - (b) When a license quantity is lots, CBP/DDTC shall agree to only decrement by value. In the case of the use of lots as a unit of measure, no quantity shall be decremented.
      - (c) It shall be an Exporter responsibility to manage the integrity of the imports and exports at the material level as regulations require (typical functionality of ERP systems).
- c) Export Declaration of Body Armor for contractors transported via Military Aircraft
  - i) DESCRIPTION - While an ITAR exemption is referenced on the export declaration (ITAR 123.17 exemptions (f), (g), (h), and/or (i)), the process for declaration is made more complex when military aircraft is the mode of transport for the individual. Particularly, the availability of up-to-date flight information is typically dependent upon our communication with our traveler.
  - ii) TRADE PRIORTIZED SOLUTIONS -
    - (1) Allowing separate filings of the commodity data and transportation data, as currently proposed in AES, is helpful if the USG will be responsible to transmit the transportation data. Further, the option to notify the traveler with the status of a complete executed export and the ITN number.
    - (2) Clarify CBP's role for items traveling under ITAR exemptions in 123.17. Depending on CBP's role on both export and import, a more integrated solution could be derived.

- d) DISPOSITION - DTAG Referral and COAC Recommendation.
  - i) Refer all elements to DTAG for DDTC recommendations.
  - ii) **COAC recommends CBP automate all licenses and permits via the Single Window into AES or ACE, to accommodate inbound and outbound as appropriate. (See area of opportunity #8, #10, #14). COAC recommends capabilities to link an import to an export or an export to an import and produce reports (See area of Opportunity #15). COAC also recommends that the Empowered Official named on the license be privy to questions occurring at the time of shipment, at the AES Account Manager discretion. (See area of opportunity #4 for PECSEA comments on company points of contact). Evaluation of a short term solution to utilize CBP's Document Imaging System should be considered if license automation implementation is extended beyond 1 year.**

17) Defense Trade Cooperation Treaties

- a) DESCRIPTION – The DDTC ITAR exemption number must be followed by the ACM number for AES submission. Therefore, a user must report the DDTC license type of SAU for the Australian ITAR Exemption and SGB for the UK ITAR Exemption. This would then have to be followed by the (Approved Community Member) ACM # with the UK and 9 digits or for Australia DDT and 8 numbers. While there are other guidance and enforcement questions the industry is pursuing, the development in AES is quite complex and edit checks are unknown.
- b) PRIORITIZED SOLUTION – Consider providing ONE USG guidance on Defense Trade Cooperation Treaties usage, expected controls, and operating guidelines.
- c) DISPOSITION – DTAG Referral

18) Incorrect ECCN/License

- a) DESCRIPTION - Over the past few years, AES has incorporated ECCN validations such as: ECCN is valid; and, license exception/exemption code used is valid; etc. There could be errors made in entering the ECCN, License Exception or the License Number, which may result in incorrect ECCN and/or license information that may not be valid for the country concerned.
- b) PROPOSED SOLUTION –
  - i) Expanded EEI data point checks, including—
    - (1) Confirm whether the ECCN/destination country requires a license;
    - (2) Require ECCNs for all Commodity Lines (currently, if License Type Code indicates NLR-C33, no ECCN is required; however, the filer may have incorrectly selected NLR for a commodity that actually requires a license);
    - (3) If there is no license exception/license number noted for a given ECCN that actually requires a license/exception, reject the EEI with an error code;
    - (4) Provide some co-relation between the HS and the ECCN (Example: HS 0710.80.9750 for frozen vegetables – the ECCN on the EEI is 1C010 without any errors);
    - (5) License quantity/value decrements and rejection based on the depleted quantity (even if there is some functionality in the edits but needs to be expanded);
    - (6) Exporters' ability to run reports on existing licenses and quantities.

- c) DISPOSITION – Referral to PECSEA and DTAG.
- i) PECSEA feedback - Geoff Powell, President of the NCBFAA and member of the PECSEA is now leading a PECSEA subcommittee on "Process Improvements and Trusted Trader." No discussions have taken place on the Trusted Trader concept, but the subcommittee has been meeting/conference calls every 2 weeks since August to discuss, in particular pain point 18. Mr. Powell gave an in-depth presentation on the findings of the subcommittee at the PECSEA meeting on December 10. To date, a few recommendations include the following:
- (1) Mandatory use of ECCN not required.
  - (2) Provide ability to provide proper contact of USPPPI either in AES Record or ACE Account for ease of communication between U.S. government and Trade. NOTE: NOTE: COAC discussions revealed utility in providing the USG inquiries through normal Customs routing channels (broker) in addition to the Empowered Official named on the license. (see area of opportunity #8 for recommendation)
  - (3) ACE Reports/Data should have USPPPI reference number for ease of cross-reference on queries – facilitate queries
  - (4) ACE should allow decrementing of all license types.
  - (5) ACE should provide ability for USPPPI to run performance metrics on filer.
  - (6) ACE should allow fatal error notices to go to both the filer and the USPPPI.
  - (7) ACE should provide greater visibility of shipment status, Reason for Hold to allow proactive and timely mitigation by USPPPI
  - (8) Exodus/E2C2 Metrics available to determine number of seizures/License determinations and timeliness of License Determination by each agency
  - (9) Note: The PECSEA toured the E2C2 (Export Enforcement Coordination Center) in Dec 2014. The E2C2 Director, Greg Healy and the CBP Liaison to the E2C2/Exodus Command Center (ECC) provided the group a clearer understanding of the role of their respective missions and operational responsibilities.
- ii) DDTC and DTAG will be reviewing these items in an upcoming plenary.

19) New FTR Regulations regarding ITAR Line Value

- a) DESCRIPTION - Policy guidance regarding the line value. Due to exchange issues or scope issues etc., there could be value deviations more than 10% in some cases. Would there be an edit check against the Value compared to the license? If not, can the edits be expanded to accommodate this?
- b) TRADE PRIORTIZED SOLUTIONS - Please provide guidance on the ITAR license line value when currency fluctuations exist. Additionally, provide edit check information
- c) DISPOSITION – CLOSED with BIEC referral for consideration of alignment of US export valuation rules to Article VII of the General Agreement on Tariffs and Trade 1994
  - i) Regarding ITAR value, COAC considers this matter closed based on explanation from Census. Census implemented license value as a mandatory data element in Oct 2014. There are two value fields captured in the AES, value and license value. The value is the selling price in U.S. dollars (or the cost if the goods are not sold), plus inland or domestic freight, insurance, and other charges to the U.S. seaport, airport, or land border port of export. Cost of goods is the sum of expenses incurred in the USPPI's acquisition or production of the goods (Section 30.6(a)(17)). The license value is the value designated on the export license that corresponds to the commodity being exported. This is required for all shipments that contain licensed goods (Section 30.6(b)(15)). For example, the following shipment has:
    - Licensed ammunition = \$10,000
    - Domestic freight transportation + insurance cost = \$250
    - Value on the license obtained = \$100,000Based on the shipment information provided above, the filer would report value and license value the following way:  
Value= \$10,000 + 250 = \$10,250  
License Value = \$10,000
  - ii) **The discussion on license valuation and the Census change prompted additional workgroup dialoge on the possibility of aligning the US inbound and outbound valuation regulations in accordance with Article VII of the General Agreement on Tariffs and Trade. COAC recommends CBP prompt a discussion with the Border Inter-Agency Executive Council (BIEC).**

20) Exodus Team and Transparency

- a) DESCRIPTION - We had several situations where CBP referred a matter to the Exodus team. We understand from CBP that the primary way CBP is directed to communicate with Exodus points of contact is via fax. Due to fax server failures, Exodus never received CBPs notifications and there was no other way for CBP to reach their designated Exodus contacts. CBP continued to fax notifications to Exodus, but never received any responses. Communications with BIS also yielded no results, as it had received no information from Exodus on the issues. The detained goods remained in limbo (i.e., not released, not formally seized) for several months/
- b) PRIORITIZED SOLUTIONS –
  - i) Greater transparency of the issue within the agencies;
  - ii) Use of electronic communications;
  - iii) More detailed notification to the exporter/importer;
  - iv) Provide a phone/contact for the Exodus team.
- c) DISPOSITION – BIEC Referral and COAC Recommendation.
  - i) COAC toured the E2C2 (Export Enforcement Coordination Center) in mid-2014. The E2C2 Director and the CBP Liaison to the E2C2/Exodus Command Center (ECC) provided the group a clearer understanding of the role of their respective missions and operational responsibilities. Additionally, we understand the referral process within E2C2 has been automated.
  - ii) **COAC Recommends CBP and the BIEC discuss a process enhancement for the E2C2 to prepare a monthly “categorization of risk” export report that considers inputs from all agencies related to export and can be used by CBP as a input into targeting adjustments. The report should quantify the risk, including notation of items removed from the risk register.**
  - iii) **COAC Recommends CBP initiate cross agency operations review meetings on a monthly basis to discuss agency referral turn-around times (requires creation of cycle time and volume metrics) and to receive feedback on effectiveness of field operations.**
  - iv) **COAC Recommends CBP staff the Exodus command center to allow for trade inquiries to facilitate compliant exports, in addition to the already scoped work for CBP field operations referrals.**

## 21) Routed Transactions

- a) DESCRIPTION - US sellers provide the required shipment information to the FPPI's forwarders, but have no visibility into what is actually filed in AES. They may request AES data from Census on these shipments; however, Census will only provide limited data set to USPPI which is not useful for USPPI's internal audit purposes. In addition, is frequently very difficult for the USPPI to obtain the full EEI data set from the FPPI's forwarders—more often than not, the forwarders do not understand their obligations under the FTR and will refuse to provide the requested EEI data to the USPPIs. Obtaining this information from the FPPI directly often proves just as difficult. Currently, the AES data for routed transactions provided to USPPI's by Census provides only: state; FTZ; exporter name; address; EIN; description; quantity; value; and, ECCN.
- b) POTENTIAL SOLUTIONS –
  - i) Expanded data set relating to the line such as License number and license exception along with the forwarder information; or,
  - ii) A regulatory change to require the authorized forwarder and/or FPPI to provide the complete EEI data to the USPPI (without the USPPI having to make the request, as is currently the case).
- c) DISPOSITION – BIEC Referral and COAC Recommendation.
  - i) Exporters are dissatisfied that they don't have visibility on shipment identity data on routed export transactions. This frustration has been reiterated in various conferences and trade outreach events. Customers get the routed transaction but it's ineffectual because there is not enough data to identify the actual shipment. Census needs to look at the FTR routed rule, as does BIS, to determine if the comments to their routed rule will change the proposal or go final. During our discussions Census indicated they will begin working automation regulatory changes first, followed by an evaluation of routed.
  - ii) **COAC Recommends CBP collaborate with BIEC and Census and provide details on the new AES design allowing separate filers for commodity data and transportation/manifest data with the intent of ensuring data can be provided to the trade where we are the commodity filer. Additionally, CBP should understand from Census the agency intent behind routed reporting to deliver additional solutions that resonate with already provided business data (e.g. incoterms reporting). Regulatory changes may be required to reduce the burden to trade while still meeting the intent.**

## 22) Inconsistent Port Practices

- a) DESCRIPTION - There is an overall lack of consistency in various ports relating to the import/export clearance of shipments, particularly ITAR shipments (Example: one port requires the original DSP-5 to be lodged, while others will accept copies). Given the nature of our business, hand carried licensed material occurs. Ensuring licensing compliance on hand carries is very difficult since there are differing hand carry processes and varying levels of training on licenses. In addition, we have observed an overall lack of knowledge and/or understanding of the export regulations (particularly the ITAR) by CBP personnel.
- b) TRADE PRIORITIZED SOLUTIONS –
  - i) Detailed policy guidelines to be provided to CBP on inspection, review and handling of ITAR shipments;
  - ii) Expanded training (particularly ITAR) for CBP; and,
  - iii) Better inter-agency cooperation.
- c) DISPOSITION – Referral to PECSEA and COAC Recommendation.
  - i) Consistency across ports allows the trade to set up standardized training, processes and reduce unpredictability. Particular CBP ports are recognized as having “best practices” documented; however, no formal practice for standardization exists. CBP will solicit ports for export related pipelines, best practices and SOPs with objective of collating the best processes and practices to develop national policy and guidance that meet regulatory requirements. This work will be done by the ECC to ensure that their on-going intake from the field is used to facilitate a more comprehensive policy and guidance.
  - ii) **COAC recommends CBP Headquarters lead a port standardization effort targeted on licensed exports. The effort shall incorporate input from all stakeholders including the trade, AES automation, CBP Ports, DDTC, BIS, and other relevant permitting and licensing agencies. The undertaking should leverage the BIEC as a steering committee and to resolve cross-agency policy matters. The outcome shall be updated policies and guidance on licensed shipments. (See area of opportunity #5 and #22)**
  - iii) **COAC Recommends CBP engages the trade to provide inputs into CBP’s Licensing Operating Manual. Prioritized areas of review should be focused on the areas of opportunity.**



24) Lack of a Trade Facing Govt Portal Containing Export Data

- a) DESCRIPTION – In order to drive compliance in an organization, government records must be used as the control record. This can be used to ensure complete records, accuracy of systems, and service provider controls, etc. At this time, there is no centralized portal for accessing export data for the exporters. Current process is to either rely on the forwarders to provide the information or request data from the Census through a FOIA request.
- b) PRIORITIZED SOLUTIONS –
  - i) Upcoming ACE/AES changes might provide for the data in a centralized repository.
  - ii) This should include all of the filings by the exporters including licenses, CJ, CCATS, GCs etc.
  - iii) There should also be a mechanism to correct any errors through this portal in the post-shipment process.
- c) DISPOSITION – COAC Recommendation.
  - i) Through the ACE Single Window, manual processes are being automated, to include the development of an account based user interface to export functionality via the ACE portal. The portal will provide access to account data, the ability to download reports using near real-time data. An FRN related to collection of information via the adding of export functionality to ACE portal accounts was published on 9 Dec with comments being accepted until 9 Feb. Initial functionality will include Census information only as the need for access to licensing information (CJ, CCATS, GCs) is still being considered.
  - ii) **COAC Recommends automating export data visibility in ACE via Exporter Account. (See area of opportunity #24)**

25) Non-Technical Errors and FTR Penalties

- a) DESCRIPTION - CBP enforces the FTR and imposes maximum civil penalties for even the most technical of errors (Example: incorrect port of exit – due to traffic, trucks being diverted to Fort Lauderdale vs. Miami. During the course of a day, there may be over 20 filings containing the same incorrect port of exit code—forwarder failed to change the port code and did not otherwise voluntarily disclose the error to Census as they failed to recognize the errors. This translated into a six figure penalty for a simple error in a shipment that contained EAR99 items and was authorized under NLR. Had the forwarder discovered the technical errors and submitted a VSD to Census, Census would have likely chosen to issue a warning letter in lieu of penalties).
- b) PRIORITIZED SOLUTIONS –
  - i) Despite CBP’s published penalty and mitigation guidelines, commence dialogue between CBP and Census to discuss how Census wishes for such cases to be handled. Informal discussions we have had with Census officials revealed that Census is not entirely in agreement with CBP’s approach.
  - ii) Revise CBP penalty guidelines to provide for warning letters to be issued to AES filers for the first and second violations. Thereafter, any further violations would be subjected to imposition of penalties.
- c) DISPOSITION – BIEC Referral and COAC Recommendation
  - i) **COAC Recommends CBP engages the BIEC in a dialogue regarding non-technical errors with the request to align agency approaches to penalty assessment. The Trade shall develop a list of examples of non-technical errors to facilitate the dialogue (some discussed: a) AES adjustment required for value/quantity discrepancy when adjusted value/quantity does not exceed the total authorized value/quantity of the license (+10%) – trade experiences some ports that require a Voluntary Disclosure before allowing adjustment on endorsement b) port of exit penalties (see area of opportunity #25).**

26) Understood, Agreeable, and Automated Post Entry Process

- a) DESCRIPTION – The situation where several regulations are involved in controlling exports, several post entry processes exist. Further, no one post entry process points to other impacted agencies. As a result, companies take their own approach to processing corrections. Further clarification required on ONE USG mitigating factors and simplification required on the multi-agency streamlined VSD/VD/PSC filings. Additionally, guidance should be provided to direct exporters on the agency process for post entry correction.
- b) PRIORITIZED SOLUTION –
  - i) Develop a combined USG approach to risk mitigation on US exports of goods.
  - ii) Develop combined USG trade tools for the use of timely correction and closure transparency. If the post shipment correction process is within the reach of the exporter through a portal, more companies will correct clerical errors and non-NS errors. With a centralized government export portal with exporters having accessibility of their information, internal controls can be better executed, which could result in VSD/VD filings.
- c) DISPOSITION – COAC Recommendation.
  - i) **COAC Recommends the formulation of a new work group to address the export post entry process. This same work group shall address the trade inputs required to address area of opportunity #25. (See area of opportunity #26)**

27) Employee Traveler of Hand Carried licensed goods cause compliance concern due to port and traveler variation

- a) DESCRIPTION – Hand carriage of licensed material requires the traveler, in most ports, presentation of licenses to CBP at the port of exit. Given the variation of the traveler, the CBP officer, and the port practice, the risk of non-compliance with licensing regulations cause companies to limit/restrict hand carries. In some cases, this limits business meetings, even though authorizations may cover such activity. Of concern is that this policy may limit our ability to sell product.
- b) PRIORITIZED SOLUTION –
  - i) Electronically link AES (and 7501) filings to Traveler information. Electronically endorse the license based on transmitted data elements. Such information shall display for the CBP officer at the port of exit, in case a physical inspection is necessary.
  - ii) CBP to set a policy regarding the hand carriage of licensed material. We recommend allowing the pre-presentation of the license for advance endorsement. Additionally, offering a refresher training would be helpful.
- c) DISPOSITION – Referral to COAC Trade Modernization Sub-Committee and COAC Recommendation
  - i) The workgroup reviewed a number of different avenues to achieve automation. One in particular served as the topic of focus: leveraging a potential solution under review by the CBP Mobile Group, requiring development of an application to accommodate traveler declaration of hand guns. The functionality developed will be similar to a traveler declaring hand carried licensed hardware. The application would require interfacing via the ACE to link the declaration (EEI or 7501) and via the Single Window to retrieve the license, and via USCIB to link the carnet. Messages of exam or docs required or released should be received by the filer and traveler. NOTE: The COAC recommendation to automate all license types would require implementation. Further, the workgroup discovered a new area of opportunity relating to automation of Carnets. This matter will be referred to the Trade Modernization Sub-Committee.
  - ii) **COAC Recommends CBP reviews the possibility of automating the filing and release of hand-carried licensed hardware by leveraging a CBP Mobile Group application that may be designed for traveler declarations of hand guns. (See area of opportunity #27)**

