

## **ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS CENTERS OF EXCELLENCE AND EXPERTISE**

**DATE:** October 7, 2014  
**LOCATION:** Washington, DC

### **SUMMARY**

The Centers of Excellence and Expertise (Centers) bring all of CBP's trade expertise to bear on a single industry in a strategic location. The goals of the Centers are:

- 1) Facilitate legitimate trade
- 2) Reduce transaction costs
- 3) Increase compliance with applicable import laws
- 4) Increase uniformity of treatment at the Ports of Entry

The Centers are staffed virtually with trade positions using account management principles to authoritatively facilitate trade. Teams of CBP trade disciplines report to the Center, but physically remain in their current duty locations.

CBP has 10 Centers strategically headquartered in the following locations:

- Agriculture and Prepared Products in Miami
- Apparel, Footwear and Textiles in San Francisco
- Automotive & Aerospace in Detroit
- Base Metals in Chicago
- Consumer Products and Mass Merchandising in Atlanta
- Electronics in Los Angeles
- Industrial and Manufacturing Materials in Buffalo
- Machinery in Laredo
- Petroleum, Natural Gas & Minerals in Houston
- Pharmaceuticals, Health & Chemicals in New York City

The Centers offer centralized processing of post-release trade functions and issue resolution for participating importers to lower the trade's cost of doing business, deliver greater consistency and predictability, and provide tailored support to unique trading environments. Centers also serve as resources to the broader trade community and to CBP's U.S. government partners. Center personnel answer questions, provide information, and develop comprehensive trade facilitation strategies to address uniformity and compliance concerns.

The Centers manage all entry summaries for participating importers, where previously the processing would have taken place at each Port of Entry where the cargo entered. As a result, the Centers provide consistency and uniformity on trade processing, as well as customer service to small and medium-sized businesses. The Centers also realign specific revenue and trade positions into a new organizational structure. By linking personnel from throughout the country into multi-disciplinary teams that are industry focused, CBP employees remain up-to-date on industry trends. This critical knowledge enhances CBP's efforts to detect, deter, and intercept trade fraud.

## **BACKGROUND**

The Centers are the product of continuing collaboration and cooperation between CBP and the trade community, including the Advisory Committee on Commercial Operations (COAC) and careful concept testing and validation both within CBP and with the broader trade community.

In November 2010, CBP launched two pilots to test new account and industry based concepts. The Account Executive pilot was established to work with “trusted partners” in the electronics industry to facilitate trade, while ensuring continued compliance with all import requirements. The Center of Excellence and Expertise pilot was established to enhance facilitation, improve enforcement efforts, and increase CBP’s knowledge of the pharmaceutical industry.

At the conclusion of the pilots, the concepts were combined. In October 2011 CBP established the Electronics Center in Los Angeles and the Pharmaceuticals, Health & Chemicals Center in New York City. Based on the success of the first two Centers CBP opened the Automotive & Aerospace Center in Detroit and the Petroleum, Natural Gas & Minerals Center in Houston in September 2012. The remaining six Centers opened in 2013. All Centers are accepting applications to join the Center, and all Centers are processing entry summaries for their participating accounts.

In collaboration with COAC as well as the American Association of Exporters and Importers (AAEI), CBP established Industry Working Groups (IWGs) to plan and prepare for the development of the Centers. Each Center has an IWG comprised of key industry stakeholders who provide critical feedback and pursue opportunities for bi-directional education. The IWGs meet approximately quarterly to discuss CEE implementation, industry trends, and important trade issues.

Finally, CBP established a Broker Working Group (BWG) comprised of representatives from the National Customs Brokers and Forwarders Association of America (NCBFAA), other brokerage community associations, and CBP personnel. The BWG assists CBP in developing procedural guidance for operating in a true paperless environment and establishing protocols for Center processing.

## **KEY ISSUES/POINTS**

- The key areas of concern in the development of the Centers to full operational status are—
  - The Automated Commercial System (ACS)—the legacy system has a limited ability to handle nationwide entry summary processing. Both CBP employees and filers must work in two systems, which is inefficient.
  - The Automated Commercial Environment (ACE)—the replacement system for ACS must be fully deployed for the Centers to reach 100 percent operability; the ACE Business Office anticipates that ACS will be in use until the end of 2016.
  - CBP staff transitions—CBP is currently in the middle of an extensive internal reorganization of trade functions and personnel to staff the Centers while still supporting trade activities in the ports.
  - Regulatory changes—CBP is currently drafting the regulatory changes that will be required to allow full Center processing and provide the appropriate and permanent legal authorities to the Port Directors and the Center Directors.

## **CURRENT STATUS**

- CBP will be using an internal order to delegate legal authority from the Port to three of the Centers, which will begin an accelerated expansion in order to process all trade within their respective industry sectors.
- While CBP is finalizing that internal order, there are still many steps that need to be taken both internally and externally to begin accelerated expansion. CBP plans to socialize the expansion plan with Field leadership and the trade community, including COAC, well in advance of the date of the first phase of expansion.
- CBP looks forward to a continuing dialogue on the expansion plan through the Trade Modernization Subcommittee.

## **FURTHER DETAILS ON THE ACCELERATED EXPANSION OF THE CENTERS**

- The Centers on the accelerated timeframe are: 1) Electronics; 2) Pharmaceuticals, Health & Chemicals; and 3) Petroleum, Natural Gas & Minerals.
- This is a temporary transition phase as the agency crafts the necessary changes to permanently establish the Centers in regulations.
- The transition phase will allow CBP to fully examine concepts, procedures, and practices with the trade that we have not yet tested, and CBP will be able to work with the trade to “course-correct” and make modifications on a workable scale.
- This phased approach means that transition of our staff to Centers can occur in a more measured fashion and the workload for an entire industry group can be transitioned more readily.
- A more measured approach to expansion brings Center development into alignment with ACE development and CBP’s automation timeline.
- The seven Centers not on an accelerated timeframe will continue to grow through the test pilot and voluntary participation from the importing community.