

**The Advisory Committee on Commercial Operations
Of Customs and Border Protection (COAC)
Comments from the
Trade Enforcement and Revenue Collection Subcommittee
May 2014**

Background

At the March 6, 2013, meeting of the 13th Term Commercial Operations Advisory Committee (COAC) in Washington, D.C., the Committee established the Trade Enforcement and Revenue Collection Subcommittee, a blending of the Intellectual Property Rights, Bonds, AD/CVD Subcommittees from the 12th Term COAC, and adding Regulatory Audit. The objectives for the Subcommittee are to generate advice and develop recommendations pertaining to improving enforcement of the trade laws of the United States and the collection of duties and fees. Enforcing U.S. trade laws adds not only to the security of the global supply chain and our nation, but expedites products into the marketplace. Identifying and expediting compliant trade by enforcing our trade laws adds to both our national security and facilitation efforts. With compliant trade identified and appropriate fees and duties assessed, CBP can then focus its limited resources on non-compliant and higher risk commerce.

Given the above objectives, COAC's Trade Enforcement and Revenue Collection (TERC) Subcommittee developed a Statement of Work which outlines its focus for this term.

Outline of Work

It is expected that, during the lifespan of this Subcommittee, the focus will be on providing advice and recommendations that covers, but will not be limited to, the following areas: Intellectual Property Rights, Anti-Dumping and Countervailing Duties, Bonds and Regulatory Audit.

Each of these issues will be further refined and discussed in its Working Group that in turn will report back to the larger Subcommittee. These Working Groups will be supported by a broad range of stakeholders and the advice provided will incorporate the views and address the concerns of industries impacted by the projects.

Summary of Work

Since the initial launch of the TERC Subcommittee, three Working Groups have been opened including a Regulatory Audit Working Group, an Intellectual Property Rights Working Group and a Bond Working Group.

Regulatory Audit Working Group

At this time, the Regulatory Audit Working Group is on hiatus until such time as CBP presents the COAC with additional topics for review.

Intellectual Property Rights Working Group

The Intellectual Property Rights Working Group (IPRWG) has continued its work on bi-weekly conference calls, focusing much of its time in four key enforcement and facilitation areas:

- A simplified process for handling violative shipments in the express / small package environment
- The use of the Document Imaging System by importers to deliver material to CBP to support that their shipments are IPR compliant
- A Voluntary Disclosure program for IPR
- A discussion about a potential IPR Known Importer program for legitimate importers across the various segments of the importing community

The working group has continued its discussions about a simplified process for handling suspected violative shipments in the express environment at the working group and subcommittee levels. In addition, the working group recently conducted an outreach meeting for all of the express carriers to review the concept, answer questions and resolve any concerns. As a result, work will continue toward crafting a proposed new option, for express consignment shipments only, through which CBP would offer the trade a simplified abandonment process from a detention notice for shipments suspected of an IPR violation.

In addition, the working group and subcommittee have reviewed the use of the Document Imaging System by importers to deliver material to CBP to support that their shipments are IPR compliant. Working group members have submitted sample documents and reviewed how those documents might be used by CBP to support the authenticity of imported products. The working group intends to put forward two recommendations to the full COAC for a vote at the public meeting on this topic. First, that CBP proceed with a pilot to test this method to determine its effectiveness in providing trade facilitation benefits to importers and second, to provide the COAC with the results from the pilot for further review and comment.

The working group has also reviewed the Voluntary Disclosure for IPR program that was put forward during a prior COAC term, but never adopted by CBP. The trade and the COAC continued to review the document and discuss how such a program might work effectively for CBP and the trade. As a result of those consultations, the working group intends to put forward three recommendations to the full COAC for a vote on this topic at the public meeting. First, that CBP should pilot a Voluntary Disclosure program for IPR that will allow members of the trade to provide CBP with intelligence for targeting purposes by voluntarily

disclosing violations of the laws prohibiting importation of goods infringing U.S. registered trademarks or copyrights; second, that CBP open a working group to finalize the details of the pilot program, and; third that CBP collect and share pilot results with the COAC.

The IPRWG will continue its discussions on all of these topics and on the IPR Known Importer program on regular, bi-weekly conference calls throughout the balance of 2014.

Bond Working Group

The Bond Working Group has held 2 conference calls since the February 20, 2014 COAC quarterly meeting. Updates have been given to the Working Group on the development of ACE e-bond. These have included information and discussion on ACE software development, the development of CATAIR Technical User Guide updates and the development of a Frequently Asked Questions document. The Bond Working Group has not developed any recommendations for the May 22 COAC meeting.

Summary

It is expected that all of the Working Groups will continue to address new and carry over topics from the previous COAC term in its efforts to collaborate with CBP to improve enforcement of the trade laws of the United States and the collection of duties and fees.

Respectfully submitted:
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