

**ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF
CUSTOMS AND BORDER PROTECTION**

**Trade Modernization Subcommittee
Executive Summary – Trade Progress Report
October 2015**

Background

Building on the work and recommendations of the 13th COAC, the Trade Modernization Subcommittee (Subcommittee) of the 14th COAC is focusing on a strategic vision for the Government to enhance predictability, transparency and efficiency in the next five (5) years. The Subcommittee continues to take an innovative and entrepreneurial approach in assessing current regulatory and operational programs and identifying how such programs can optimally meet both the demands of the Trade and Government.

Chairpeople

Cynthia	Whittenburg	Executive Director, Trade Policy & Programs, OT
Richard	DiNucci	Executive Director, Cargo & Conveyance Security, OFO
Cindy	Allen	CEO and Founder, Trade Force Multiplier, LLC
Lenny	Feldman	Senior Member, Sandler, Travis & Rosenberg, P.A.

Work Summary

The Subcommittee is focusing on four core objectives:

1. Simplification & Uniformity of Processes
2. Policy & Regulatory Modernization
3. International Engagement
4. CBP Trade Expertise Development

Work Update

A. Through conference calls and initial meetings, the Subcommittee has taken formidable steps to forming three Working Groups. The Working Groups include the following.

1. **Centers of Excellence & Expertise Uniformity**

The Statement of Work for the Working Group is as follows:

The implementation of the 10 Centers of Excellence and Expertise (Centers) is well under way. The Electronics; Petroleum, Natural Gas & Minerals; and Pharmaceutical, Health

& Chemicals Centers have assumed post-release trade functionality from the Ports of Entry. CBP is working on the same path for the remaining seven (7) Centers.

The Working Group will identify areas for uniform treatment and transparency in the deployment of the Centers in applying policy, process and strategy in an industry-focused and account-based approach.

Recommendations should consider processes and policy for importers with regard to the following functions:

- i.) Facilitation and enforcement with other critical CBP functions such as cargo release/entry (holds, examinations, detentions); FP&F (seizures, liquidated damages and penalties); and R&R (binding rulings, internal advice, protest/AFR and petitions);*
- ii) Centers' interaction with PGAs ; and*
- iii) Dissemination of informed compliance information and best practices.*

The Working Group will revisit the original COAC Centers concept recommendations to define next level objectives to support effectiveness in meeting the program's initial goals.

The Working Group is anticipated to take no longer than 6 months.

The Subcommittee has identified and invited members of the trade community to participate. The Working Group is being finalized to ensure that there is at least one member from each of the ten (10) CEEs, complemented with representatives from other industries (brokers, carriers, couriers) that the CEEs impact.

2. International Engagement & Trade Facilitation

The Statement of Work for the Working Group is as follows:

The Trade Modernization subcommittee's Working Group on International Engagement and Trade Facilitation will seek to identify top trade barriers to effective and efficient trade with our most prominent trade partners (e.g., BRIC countries and FTA partners). The Working Group will offer practical strategic approaches and solutions/suggestions to encourage the adoption of best practices through engagement with the WCO and for the implementation of the WTO Trade Facilitation Agreement (TFA). To achieve this, the Working Group will:

- i) identify examples of best practices that U.S. businesses experience in the U.S. and abroad that facilitate trade and could be applied globally;*
- ii) propose methods to make customs controls and procedures more efficient and uniform globally; and*
- iii) collaborate with critical government offices such as the Office of the US Trade Representative, U.S. International Trade Administration, and the International Trade Commission, to enhance trade stakeholder engagement.*

The Subcommittee has identified and is about to invite members of the trade community to participate. The Working Group is being formulated in consultation with Ms. Anna Hinojosa, recently elected as the Director, WCO Facilitation & Compliance Directorate, in order to support her mission and that of the WCO and WTO.

3. Role of the Parties in the Supply Chain

The Subcommittee has also taken steps to form a third Working Group that will, later in 2016, consider the future role of the various actors in the global supply chain such as importers, freight forwarders, carriers, exporters, express couriers and sureties particularly in light of ACE deployment. This effort will consider the outcomes of ongoing efforts to address the future role of the customs broker.

B. The Subcommittee remains cognizant of other issues critical to its mission for consideration of future Working Groups, as appropriate. These issues include the following.

- **Simplified CBP Processes**

The Subcommittee anticipates it will have the opportunity to review the recommendations prepared by Working Groups outside of COAC in the areas of simplified entry summary (monthly summary, protest, drawback, etc.) and revenue/payment. It also could address these initiatives in light of ACE deployment and any relevant customs legislation that Congress may pass.

- **Sharpening Trade Expertise**

The Subcommittee anticipates an opportunity to engage government, academia and the trade to conduct an assessment of the professional education and training needs of government and business professionals that contribute to strengthening the global supply chain management processes. To this end, on July 30, 2015 in Chicago, CBP hosted a Trade Outlook 2020 Roundtable with the University of South California National Center for Risk and Economic Analysis of Terrorism Events (CREATE) and Center for Global Supply Chain Management (CGSCM). Ms. Cynthia Whittenburg participated in the Roundtable to discuss how CBP can sharpen workforce expertise and hence become more responsive to the needs of different industries and become more predictive rather than reactive to changes in trade trends, enabling improved resource allocation and preparation, ready access to knowledge in context and enhanced decision making. The Subcommittee continues to identify, and where appropriate engage in, other similar fora in order to develop these strategies.

Next Steps

We look forward to launching the CEE Uniformity as well as the International Engagement & Trade Facilitation Working Groups this quarter. The Subcommittee will engage CBP and the Trade via regular conference calls towards the objective of developing recommendations in 2016. The success of these Working Groups, particularly for the CEEs, will require the exchange of recent, comprehensive baseline data and metrics between CBP and industry.

We also anticipate opportunities to engage in further discussions regarding the ongoing efforts to address the future role of the customs broker as it is an essential piece of the Role of the Parties in the Supply Chain Working Group.

Additionally, the Subcommittee will continue to monitor ACE deployment and any customs legislation that Congress may pass as relevant to our core objectives.