

ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF CUSTOMS AND BORDER PROTECTION

COAC Trade Modernization Subcommittee

Co-chair: Jim Phillips, General Motors

February 2015

13th Term Highlights

As a result of deliberation and discussion between CBP and the COAC a subcommittee on Trade Modernization was created. The objectives for the subcommittee was to generate advice and develop recommendations pertaining to the strategic modernization of CBP's operational and automated support systems. The focus of this subcommittee was expected to be:

- Centers of Excellence and Expertise
- Various ACE Development Activities including but not limited to
 - ACE development plan
 - Simplifying ACE Cargo & Entry Processes
- Role of the Customs Broker

Significant discussion took place and recommendations were passed on these topics. Highlights include:

Centers of Excellence and Expertise (CEE)

The subcommittee reviewed and provided feedback on a Centers of Excellence and Expertise (CEE) customer satisfaction survey. The survey provided useful feedback from the broader trade community and elicited improvement recommendations from current and future CEE participants. The results were favorable to the Centers, which received a "very satisfied" rating from 74% of the respondents, with 96% of respondents reporting that their issues were resolved by contacting a Center. In February 2015 the COAC is expected to vote on a recommendation regarding the development of metrics that capture CEE benefits to the trade and CBP

ACE

The ACE Work Group delivered the results of a useful ACE software vendor survey in time for a National Customs Broker and Forwarder Association of America (NCBFAA) sponsored, ACE software vendor conference that was held on May 21, 2013. The survey dealt with current ACE participation, anticipated ACE participation from those respondents not currently participating, communication preferences, awareness of CBP's utilization of the Agile software development methodology, a 26 week release cycle and challenges to transition to ACE.

The subcommittee also provided significant feedback on a CBP Stakeholder Strategy Matrix. The matrix helped Customs and Border Protection (CBP) develop a road map of stakeholder requirements, a list of industries that would be impacted by ACE and stakeholder expectations during the course of the development and delivery of the Automated Commercial Environment (ACE).

ACE recommendations that passed with unanimous consent include:

- CBP to announce definitive transition dates for this conversion and that the determination of these dates provide for a period of 18 months from the release of the technical application documentation.
- CBP to continue to move expeditiously, according to a very well-defined schedule and timeline as previously provided to COAC, to finish development and deliver full ACE functionality with full PGA integration within 3 years.

Role of the Broker

The Role of the Broker working group worked hard during the 13th term to complete some of the recommendations presented in the 12th term. During this term the Role of the Broker working group was able to make several recommendations that will move the brokerage industry and oversight into the future.

Some of the highlights of recommendations for this term include:

Permitting: The process of Remote Location Filing with a National Permit has changed the business model for Customs Brokers but the requirement for "proper supervision and control" is still critical to CBP and the entry process.

Broker Management: Changes in how Customs Business is conducted and how the Customs Broker is managed means CBP Broker Management must be updated to reflect current business practices. Changes and updates to CBP Broker Management will be beneficial for both CBP and Customs Brokers, as the industry evolves.

Continuing Education: With the tremendous amount of changes happening in the importing process along with modernization of requirements and skills, Continuing Education for licensed Brokers is critical to industry professionalism and compliance.

Identity of Importers Of Record (IOR): One of the many challenges for the sub-committee was the process of identifying an importer of record and how a Customs Broker could help in preventing illegal imports and fake importers. We wanted a three legged stool to attack the problem from three sides. We were able to make two of three recommendations to help prevent this problem.

First, the importer must be known to CBP, this has been addressed with a new Customs and Border Protection Form 5106. Second, the COAC recommended that importers have the ability in their ACE Portal to identify the Broker(s) that are authorized to clear their goods. Third, unfortunately we struggled to come to an agreement as to how the importer can identify themselves to the Customs Broker with an acceptable Bona Fides. That issue will carry over to the 14th term. Even without the Bona Fides, we feel we made great progress in preventing illegal imports.

February 2015 Recommendations

Centers of Excellence and Expertise (CEE)

Over the last several months significant discussion has taken place on CEE performance and metrics. Although survey results to date show that the Centers are highly rated by most initial participants, both CBP and the COAC agree that metrics should be created to monitor performance on an ongoing basis (from both a trade and government perspective). This will be especially important as a significant number of additional companies are processed under CEE's. Consistent with these discussions, the following will be reviewed by the full COAC and likely voted on in February 2015:

Recommendation:

As stated on www.CBP.gov, Centers of Excellence and Expertise were “established to increase uniformity of practices across ports of entry, facilitate the timely resolution of trade compliance issues nationwide, and further strengthen critical agency knowledge on key industry practices.” Metrics that capture benefits to the trade and CBP will help determine if the CEE's are succeeding. Examples of benefits include reductions in processing times, reductions in forms required to be processed and implementation of the CEE as a single point of contact (versus working separately with each port). Further, questionnaires to individual companies may be the best method to collect this data.

COAC recommends that metrics be created and data collected and reviewed annually with COAC and other trade stakeholders to determine if CEE objectives are being satisfied.

Simplified Entry Summary and Payment

Another topic that led to considerable discussion was Simplified Summary and Entry Summary Payment. Although detailed work remains on how this process would work the subcommittee believed it was important to bring a recommendation to the full COAC for review while the proposed process is in development. Members discussed both possible benefits and possible challenges to the success of the program as indicated in the recommendation. Consistent with these discussions, the following will be reviewed by the full COAC and likely voted on in February 2015:

In 2014, CBP formed the Simplified Summary and Revenue Collection Working Group. The purpose of this group was to examine the import summary and payment processes and identify opportunities for improvements. The working group was comprised of representatives from CBP and the trade community. In development of the Simplified Processes concept, the working group convened for three working sessions to discuss research and define the desired future state of importation. CBP is reviewing work done to date and gaining additional input through outreach to the trade.

The COAC recommends that:

- 1) CBP continue to work with a broad section of the trade to explore a Simplified Entry Summary and Payment process that is beneficial to the trade and CBP.
- 2) Participation in a Simplified Entry Summary and Payment program should be optional and that customs brokers and IOR's should be able to file CF7501's in the current, legacy process.
- 3) The development of a Simplified Entry Summary and Payment program should be postponed if it will negatively impact ACE deployment.
- 4) The following should be evaluated before proceeding with design and implantation of a Simplified Entry Summary and Payment program:
 - a. Level of resources that would be required by importers and brokers to participate in the process.
 - b. Additional layers of services that would be needed by Customs Brokers
 - c. Level of benefit a Simplified Entry Summary and Payment program would provide to CBP and the Trade as compared to the cost.