

**Advisory Committee on Commercial Operations of
Customs and Border Protection and Related Functions (COAC)**

May 22, 2014

**Report of the Work of the COAC
Subcommittee on Trusted Trader Program**

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Co-Chairs

William Ferguson – NYK Line

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1. Background:

On March 6, 2013, during the 13th Term Advisory Committee on Commercial Operations of U.S. Customs and Border Protection (COAC), the COAC made a decision to establish a Trusted Trader Subcommittee. The Trusted Trader Subcommittee objectives and scope are consistent with the official charter of COAC.

2. Objectives and Scope of Activities:

It is expected that, during the lifespan of this subcommittee, the focus will be on providing advice and recommendations in one or more of the following areas:

- Trusted Trader Program
- C-TPAT/AEO

Trusted Trader Program- In the subcommittee's original tasking CBP has asked the Trusted Trader Subcommittee to provide support of the Trusted Trader initiative as being developed by the Trusted Trader Working Group in order to realize a test of the trusted trader concept by the September 2013 timeframe. The subcommittee had been advised that the Trusted Trader Pilot FRN draft in which CBP will call for volunteers for a pilot of the new Trusted Trader Program has been redrafted to include two participating government agencies, FDA and CPSC. The COAC has stressed the value of including a PGA component and is pleased FDA and CPSC will join the pilot program. The subcommittee has requested that the final draft of the FRN be shared with the COAC prior to publishing. As of this report the subcommittee has not been given an update regarding the plan for release of the FRN.

COAC Concerns-

The Trusted Trader Program has been portrayed as one of three major trade transformation initiatives for CBP and the Trade. Delays in issuing the FRN for the pilot may unfortunately lead many to believe that the strategy may be uncertain. The term "Trusted Trader" in itself instills within the trade community a new approach to establishing trusted trader status. The COAC is concerned that many in the trade community believe they are considered as being a trusted trader by being members of voluntary programs such as C-TPAT, or ISA and others. The delay in roll out of the CBP Trusted Trader Program leaves voluntary trade program members to wonder if and how they will fit into the new Trusted Trader Program. We encourage CBP to

increase outreach surrounding the program and its implementation to avoid confusion in the interim. The COAC stands available to assist in communicating the message.

C-TPAT/AEO- The Trusted Trader Subcommittee was tasked to review a pre-decisional draft of a C-TPAT for Exports, which is consistent with our charter. Also reviewed in detail were the Exporter Eligibility Requirements.

After careful deliberation and collaboration with CBP the Trusted Trader Subcommittee offers the following recommendation for vote:

C-TPAT for Exporter-

The COAC understands the important pursuit of Mutual Recognition Agreements with our global partners. In order to receive facilitation benefits for US Exports, and to advance Mutual Recognition discussions under the WCO Safe Framework of Standards with our MRA partners, US Exporters seeking facilitation benefits under MRA must satisfy security requirements for exports in a fashion similar to those expected today from our foreign partners for US Imports under C-TPAT (modified to reflect unique differences between imports and exports).

Recommendations:

1. The COAC recommends that CBP release the Exporter Supply Chain Security Criteria and C-TPAT Exporter Eligibility Requirements through the C-TPAT web Portal.
2. The COAC recommends that the release of the C-TPAT for Exporter should include a comprehensive list of initial benefits and provide a forum for ongoing dialogue with the trade community to gain valuable feedback to identify additional benefits to attract more participants going forward.

3. Activities and Progress:

Meetings: During the period February 2014 through May 2, 2014 the Trusted Trader Subcommittee met as a full committee three times. There were additional meetings of the subcommittee to flesh out and develop feedback on the Draft C-TPAT for Exporter and the Exporter eligibility requirements. There were no substantive discussions concerning the Trusted Trader program, other than an update of the status of the FRN

Actions:

The subcommittee previously submitted a starter list of Frequently Asked Questions related to C-TPAT for Exporter. CBP continues its work on the list of Frequently Asked Questions for the Exporter entity. The subcommittee feels an FAQ reference guide will be essential to clarify the intent of Exporter C-TPAT.

Next Steps:

- ❖ Work with CBP to publish a more robust articulation of the benefits that will accrue to participants in a C-TPAT for export trade program
 - CBP has shared a draft of a Flyer outlining benefits to be afforded exporters under the new program. The subcommittee has been asked to propose additional benefits for CBP consideration. Early stage discussions with CBP suggest that exporter participants could enjoy lower risk scores in AEO countries engaged in mutual recognition agreements with the US.
 - The subcommittee feels Exporters are for the most part unprepared to take on the costs associated with a more secure export supply chain. The scope of benefits will necessarily need to be robust to assure significant buy-in.
- ❖ Monitor the actions of AEO and MRA partners for evidence that they are codifying protocols that mirror C-TPAT requirements and provide tangible benefits to participants.
- ❖ Monitor the Trusted Trader Pilot FRN as it nears publication and for the life of the pilot

The Trusted Trader Subcommittee recognizes the support of our CBP partners and their efforts to keep the work of the subcommittee moving forward.