



U.S. Customs and Border Protection

CBP Trade Newsletter

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“...We steadfastly enforce the laws of the United States while fostering our Nation’s economic security through lawful international trade and travel.”

From the CBP Mission Statement



David V. Aguilar
Outgoing
Deputy Commissioner
U.S. Customs and Border Protection



Thomas S. Winkowski
Newly Appointed
Acting Commissioner
U.S. Customs and Border Protection



Kevin K. McAleenan
Newly Appointed
Acting Deputy
Commissioner
U.S. Customs and Border Protection

U.S. Customs and Border Protection (CBP) has recently announced leadership changes. Thomas S. Winkowski will assume the function of the Acting Commissioner of CBP upon the retirement of current Deputy Commissioner David V. Aguilar on March 30, 2013.

Mr. Winkowski has served with distinction during an accomplished and varied career with CBP and with the U.S. Customs Service over the past 37 years and has served as

Acting Chief Operating Officer for the past 15 months .

Kevin K. McAleenan, currently Acting Assistant Commissioner for the Office of Field Operations (OFO), will take on the duties of Acting Deputy Commissioner. Mr. McAleenan has previously served as Deputy Assistant Commissioner for OFO and Area Port Director of Los Angeles International Airport.

Trade Events

• **First Trade Day of 2013** - On March 22, Deputy Commissioner Aguilar and Chief Operating Officer Winkowski, along with other key senior leadership, held the first Trade Day meetings of 2013. The meetings engaged our private sector partners in a dialogue regarding CBP’s trade transformation initiatives.

• **National Customs Brokers & Forwarders Association of America, Inc.** - Annual

Conference, April 7-11, 2013, Rancho Mirage, CA.

• **National Association of Foreign Trade Zones** - 27th Annual Spring Seminar – May 13, 2013, Charleston, S.C.

• **COAC Second Quarter Meeting** – The second quarter 13th Term Advisory Committee on Commercial Operations meeting will be held in Washington, DC, on May 22, 2013.

“Neither Snow Nor Rain...” Could Stop the Commercial Operations Advisory Committee’s First Meeting of the Year

Contributed by Karen Leniart, CBP, Office of the Commissioner

An inscription on the James Farley Post Office in New York City reads: *“Neither snow nor rain nor heat nor gloom of night stays these couriers from the swift completion of their appointed rounds.”*

This phrase refers to an ancient Greek work of Herodotus describing the Persian system of mounted postal carriers circa 500 BC.

The same might be said of the tenacity and endurance of the Commercial Operations Advisory Committee (COAC) members and Customs and Border Protection (CBP) staff who braved a Federal Government shutdown and predictions of a blizzard to attend the first meeting of the 13th Term COAC in Washington, D.C., on March 6. Despite the inclement weather, more than 500 people participated in the public meeting, in person and by webcast.

Deputy Commissioner David V. Aguilar presided over this first COAC meeting of the year—and the last COAC meeting for him as Deputy Commissioner. After a 34-year career of public service, he is retiring at the end of March.

Mr. Aguilar thanked the COAC members for their many accomplishments during the 12th Term and cited a long list of achievements aimed at helping CBP transform its trade processes, including:

- Helping create ten Centers of Excellence and Expertise;
- Defining the Role of the Broker;
- Conducting the Trade Efficiency Survey;
- Launching the Air Cargo Advance Screening pilot and coordinating it with the Simplified Entry pilot; and
- Creating the Master Principles Document for One U.S. Government at the Border, among other accomplishments.

“You do this because of your interest in something that’s critically important to our nation,” Aguilar told committee members. “You have brought substance to what we have

done, and I thank you for that and for what you are going to accomplish through 2015.”

Deputy Commissioner Aguilar welcomed the 7 new COAC members and the 13 returning members. The new members include:

Dave Berry from Swift Transportation;
Scott Boyer from Kraft Foods;
William Earle from the National Association of Beverage Importers;
Brandon Fried from the Airforwarders Association;
Susie Hoeger from Abbott Laboratories;
Vincent Iacopella from The Janel Group in Los Angeles;
 and
Elizabeth Shaver from Airlines for America.

The returning COAC members are:

Chip Bown from FedEx;
Scott Childers from Walt Disney Company;
Mary Ann Comstock from UPS;
Jeff Coppersmith from Coppersmith Global Logistics;
Matt Fass from Maritime Products International
Bill Ferguson from NYK Line (North America)
Carol Hallett from the U.S. Chamber of Commerce and a former Commissioner of the U.S. Customs Service;
Karen Kenney from Liberty International;
Julie Parks from Raytheon Company;
Jim Phillips from General Motors; and
George Weise from Sandler & Travis Trade Advisory Services and a former Commissioner of the U.S. Customs Service.

The Subcommittees have already begun to carve out some of the issues they will work on over the next two years, and have completed their Statements of Work.



“Neither Snow Nor Rain...” - continued



CBP Deputy Commissioner David V. Aguilar, center, addresses the Commercial Operations Advisory Committee at the opening of its 13th term, with Treasury Department Deputy Assistant Secretary Timothy Skud and CBP Senior Advisor for Private Sector Engagement Maria Luisa Boyce (O'Connell).

The 13th COAC will be Co-Chaired by Ted Sherman, Director of Global Trade Services for Target Corporation, and Kathy Neal, Director of Global Trade compliance at Regal-Beloit Corporation, an electric motors and power generation manufacturer.

“COAC Subcommittees are critically important,” said CBP Deputy Commissioner David V. Aguilar. “We’ve restructured how we will prioritize the path forward for the next couple of years.”

In the previous COAC 12th Term, there were nine Subcommittees. For the 13th Term, CBP has revised the number of Subcommittees to six and will concentrate the more detailed work in Working Groups.

The six Subcommittees are: Trade Modernization; One U.S. Government at the Border; Global Supply Chain Security; Trade Enforcement and Revenue Collection; Trusted Trader; and Exports.

The Subcommittees will meet once a month, but the Working Groups will have specific taskings and a certain amount of time to accomplish the taskings. The Working Groups will then report their findings to the Subcommittee, which, in turn, will report to the Full COAC.

During this first COAC meeting, each Subcommittee reported on their anticipated focus for the coming months. The **Trade Modernization Subcommittee** will continue to focus on the Centers of Excellence and Expertise, Automated Commercial Environment (ACE), and the role of the broker.

The **Trusted Trader Subcommittee** plans to construct an integrated economic operator program, with the Customs-Trade Partnership Against Terrorism (C-TPAT) as the “pillar of supply chain security.”

The **One U.S. Government at the Border Subcommittee** will focus on the challenge of achieving one set of data and a single CBP release among the multiple government agencies involved in the border environment.

The **Trade Enforcement and Revenue Collection Subcommittee** is a blend of the former intellectual property rights, antidumping/countervailing duty, and bonds subcommittees, with the addition of regulatory audit. Two of this Subcommittee’s first tasks will be assessing the feasibility of using the Global Shipment Identification Number (GSIN) in CBP’s Distribution Chain Management Initiative and soliciting trade feedback on proposed enhancements to the Focused Assessments Importer Audits process.

The **Global Supply Chain Subcommittee** will focus on ensuring an efficient and secure global trade system, modeled after the Air Cargo Advance Screening pilot program.

The **Exports Subcommittee** will focus on mapping U.S. export processes, assessing the impact of international policies and establishing metrics to identify opportunities for growth and improvement.

During the meeting, Mr. Aguilar also released a schedule for the openings of the Centers of Excellence and Expertise announced at the December Trade Symposium. In April, CBP will open three Centers: Base Metals in Chicago; Industrial & Manufacturing Materials in Buffalo; and Machinery in Laredo. And in June, CBP will open three more Centers: Agriculture & Prepared Products in Miami; Apparel, Footwear & Textiles in San Francisco; and Consumer Products & Mass Merchandising in Atlanta.

Co-Chair Ted Sherman closed the meeting by thanking Deputy Commissioner Aguilar for his many years of public service, as well as his “innovation and common-sense solutions to complex issues,” and his “sense of humor and intellectual curiosity.”

By the end of the COAC meeting, the predicted blizzard had not materialized. Like the Post Office, the Trade and CBP delivered and the participants of the first COAC meeting of the new 13th Term declared their time together a success.





Modernizing Export Processing through ACE

Contributed by Chris Mabelitini, ACE Business Office, Office of International Trade

CBP continues to partner with key stakeholders to modernize export processing as part of ongoing Automated Commercial Environment (ACE) efforts to streamline trade processes and create a single window for all entities involved in the import and export of cargo. Development of modernized exports processing is a priority activity for the ACE program office. In 2012 CBP established an Automated Export Task Force, made up of representatives from the Census Bureau, additional Partner Government Agencies (PGA), and the trade community, to ensure exports features were co-created with PGA and industry expertise.

CBP's goal is to ultimately create a single automated export processing platform for all export manifest, commodity, licensing, export control, and export targeting transactions in ACE, consistent with requirements set forth in the President's National Export Initiative and Exports Control Reform Initiative.

The first phase of exports development began in November 2012, with the start of a re-engineering effort focused on placing the current Automated Export System (AES) on a more technologically advanced platform. This work will establish the export infrastructure for commodity filing, export license processing and the baseline for export manifest processing. It will also reduce operations and maintenance costs over the legacy AES and make it easier to integrate export capabilities into ACE. Upon completion at the end of 2013, the re-engineered AES will provide a foundation upon which CBP can further build out and modernize export processing.

Michael Ford, Vice President of Regulatory Compliance and Quality at BDP International Trade, Co-Chair of the Trade Support Network Export Committee and member of the Automated Export Task Force, says that

with the start of export development in ACE, "CBP and Census have been working together with the trade community to ensure that all processes have been reviewed with the understanding that improvements for re-engineering new export processes do exist." Co-creation is essential to ensuring that any capabilities developed meet the needs of all stakeholders. Currently the focus is on providing the foundation for export processing. As CBP moves forward with ACE development, input from the task force will help identify areas where processes can be enhanced and streamlined.

To date the project has run smoothly, in large part thanks to the collaborative effort between CBP and its partners. Mr. Ford also said "that communications on this work effort has been a key to the successful start."

Partnership on this effort is essential to ensuring its success and the Automated Export Task Force will continue to play a prominent role in export development. The task force was established in coordination with the TSN, an advisory group of over 350 industry representatives who provide input into ACE development, and includes members from the TSN Export, International Trade Data System and Multi-Modal Manifest committees. The task force has worked with CBP to validate the trade community's user requirements and document and identify future enhancements to export processing. This information and expertise will be vital to building upon the foundation provided by the re-engineered AES and create modernized export processing features in ACE.



TRADE TRANSFORMATION

WORKFLOW — CBP Trade ASSESSMENTS

Facilitation and Enforcement

Efficiencies for U.S. Business

STREAMLINING PROCESS — Comprehensive Enforcement Strategy

Trade Accomplishments

- CBP will establish six additional Centers of Excellence and Expertise by the end of FY 2013: Base Metals in Chicago; Industrial and Manufacturing Materials in Buffalo; Machinery in Laredo; Agriculture and Prepared Products in Miami; Apparel, Footwear and Textiles in San Francisco; and Consumer Products and Mass Merchandising in Atlanta.
- ACE has transitioned to an Agile Development method of delivering functionality in the system. This means that we will continue to build and test ACE in increments. Work is expected to focus on Partner Government Agency (PGA) integration of Message Set, Corrections/Deletions to PGAs, additional entry summary edits, remaining entry types and entry integration with in-bond.
- At the end of 2012, CBP completed the physical shut down of the Automated Manifest System (AMS) for rail and sea manifest. CBP also enabled Remote Location Filing for ACE Anti-Dumping/Countervailing Duty entries in October of 2012.
- The Simplified Entry pilot for the air mode of transportation is the first phase of Cargo Release implemented in ACE. The pilot is currently operational at 16 ports. To date, over 60,500 Simplified Entries have been filed.
- CBP is currently working on two new development efforts that will expand capabilities for ACE Cargo Release/Simplified Entry: 1) connecting the developed PGA Message Set to the Simplified Entry, which will enhance automated data sharing between CBP and the PGAs and 2) automated corrections and deletions for Simplified Entries, which will provide a mechanism for CBP to electronically process corrections and/or deletions transmitted by trade users.
- CBP co-created the Air Cargo Advance Screening pilot with the Transportation Security Administration (TSA) and the trade community to create a fully operational pilot that provides a mechanism for assessing air cargo shipments and mitigating any concern prior to loading. ACAS participants transport over 80 percent of air cargo, and under this program, CBP has assessed over 40 million shipments from every region of the world. In October 2012, a Federal Register Notice was published to formally expand the pilot, opening it to all organizations associated with the air cargo supply chain, including passenger carriers, all-cargo carriers, freight forwarders, and express carriers. There are no restrictions with regard to organization size, location, or commodity type.
- CBP expanded its Mutual Recognition Arrangements with trusted partner nations. We now have arrangements with 6 nations (New Zealand, Canada, Jordan, Japan, Korea, Taiwan), and the European Union. And we are in discussions with several other countries, including Switzerland, Israel, and Singapore.
- CBP established the streamlined broker licensing process at 17 port locations. This new system reduces license processing time from as much as a year to three months.



“Co-creation and the International Dimension”

Contributed by David Dolan, CBP Attaché to the Mission to the European Union

Following the tragic events of September 11, 2001, in the United States, the global customs community moved quickly to develop a new standard for securing the global supply chain while facilitating international trade. Inspired by swift implementation of Customs-Trade partnership programs, like the Customs and Border Protection (CBP) Customs-Trade Partnership Against Terrorism, as well as enhanced Customs-to-Customs network arrangements, like the CBP Container Security Initiative, the member Customs administrations of the World Customs Organization (WCO) joined the global trade community to jointly develop and adopt the WCO “SAFE” Framework of Standards to Secure and Facilitate Global Trade.

Development of the global best practices contained in the WCO SAFE was successful because the international community, made up of both the public and private sectors, worked swiftly and collaboratively with Customs administrations to ensure that government programs and policies, to be broadly implemented, would serve the trade community at large through realistic and implementable approaches. To this day, Customs administrations and the private sector represented at the WCO by the Private Sector Consultative Group) continue to cooperatively manage and maintain the global implementation of the WCO SAFE through the WCO SAFE Working Group. This teamwork is an excellent example of co-creation at the international level based on mutual respect and essential security and facilitation concerns of many affected parties.

The same well-founded partnership approach guides the WCO response to the more-recent terrorist bombing attempt on a cargo plane from Yemen in October 2010. This teamwork guides global quality improvement of air cargo operations and security. A WCO technical experts group for air cargo security is taking those lessons learned from SAFE development and joining in a similar partnership approach for development of future air cargo security standards. The group is actively exploring the use of advance information in the air mode, in line with the U.S. Air Cargo Advance Screening (ACAS) program. Additionally, the group is working to define synergies between Customs and transport ministry industry security partnership programs, in cooperation with the public and private sector.

Any comments/feedback to the *CBP Trade Newsletter*, email: HQ.quota@DHS.gov

For the latest information regarding the impacts of sequestration on CBP operations please visit: http://cbp.gov/xp/cgov/newsroom/advisories/info_seq_cbpops/



Janet Napolitano, Secretary, Department of Homeland Security, addressing the WCO Council

The collaboration of the expert group also enhances intensified cooperation between the relevant international organizations, such as the International Civil Aviation Organization (ICAO) and others, that have equities in this regard. DHS Secretary Janet Napolitano, when addressing the WCO Council in June 2011, stated the need for this type of urgent collaboration for the various modes of the global supply chain.

Co-creation/co-evolution efforts like those previously noted can promote full implementation of the WCO SAFE at the global level and ensure that the following statement is realized in this regard.

“Customs administrations should not burden the international trade community with different sets of requirements to secure and facilitate commerce, and there should be recognition of other international standards.” (WCO SAFE Framework of Standards to Secure and Facilitate Global Trade – Introduction, Section 1.1 - 2005)

By working with partners in the public and private sectors, as well as ensuring compatibility with other international organizations and requirements, to include those that are binding on nations, CBP and other international Customs administrations are taking a proactive lead role in the effort to ensure that co-creation is leading to the next generation of evolved and optimized solutions for secure and facilitative global trade.

