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13th TERM ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF CUSTOMS AND BORDER PROTECTION (COAC)

TRADE MODERNIZATION SUBCOMMITTEE UPDATE Office of International Trade, Customs and Border Protection August 7, 2013

The Trade Modernization Subcommittee advises the Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) on matters related to the strategic modernization of U.S. Customs and Border Protection's (CBP) operational and automated support systems.

Automated Commercial Environment (ACE)

Background

The COAC Trade Modernization Subcommittee established an ACE Working Group in the first quarter of 2013. ACE modernizes and enhances trade processing with features that will consolidate and automate border processing and provide a single, centralized access point to connect CBP, Partner Government Agencies and the trade community.

Current Status

The COAC Trade Modernization Subcommittee received the draft ACE Development and Deployment schedules at the May 2013 Subcommittee meeting. Since then, the ACE Working Group has been engaging CBP in discussions regarding the cargo processing capabilities that will be deployed throughout the 3.25 year plan and the strategy underlying the proposed dates that will mandate the use of ACE. The COAC Trade Modernization Subcommittee is preparing to submit its white paper at the August COAC Meeting that will constitute a formal recommendation to CBP.

The ACE Working Group has also been reviewing the ACE Stakeholder Matrix that CBP will use to guide its engagements with the diverse groups that have varying degrees of interest in ACE development. The ACE Stakeholder Matrix is a key tool that will shape how the Agency responds to the needs of its stakeholders across the range of information radiators from succinct packaged communications through hands-on training. The Subcommittee expects to compile its feedback and present to CBP prior to the August 2013 COAC meeting.

Centers of Excellence and Expertise (CEE/Centers)

Background

Centers are the product of continuing collaboration and cooperation between CBP and the trade community. Each Center has an Industry Working Group that is comprised of key industry stakeholders that provide critical feedback on the operations of the Center, and pursue opportunities for bi-directional education.

Current Status

CBP provided the results of the CEE Customer Satisfaction survey to COAC via Webinar, summarizing the results and cross-tab analysis of the survey data. COAC provided several suggestions for future analysis, and reiterated the importance of having an annual survey that measures CEE performance. The survey provided useful feedback from the broader trade community and elicited improvement recommendations from current and future Center participants. Results were favorable to the Centers, which received a “very satisfied” rating from 74 percent of the respondents, with 96 percent of respondents reporting that their issues were resolved by contacting the Center.

Role of the Broker

Background

CBP established the Regulatory Revision Workgroup in partnership with the National Customs Brokers and Forwarders Association of America (NCBFAA) to work collaboratively to develop solutions to meet the challenges of 21st century commerce as it relates to brokers’ vital role.

The Regulatory Revision Workgroup is reviewing potential amendments to the Part 111 regulations to address issues such as increasing the professionalism of the broker community, eliminating outdated definitions and factors that are no longer relevant to operating practices, and identifying theft/shell importers of records. Proposed amendments to these regulations would clarify brokers’ responsibilities related to importer validation, provide greater visibility with importers, modernize regulations to align with current trade practices, and create a new requirement for continuing broker education.

During outreach with the trade community, CBP has been asking participants questions covering three primary areas of interest:

- Continuing education: Determine whether licensed customs brokers have a continuing education requirement to ensure they are current on the latest customs issues, regulations, and technology changes and determine what type of courses would provide customs brokers the best value and greatest professional enhancement.
- Bona fides: Determine how customs brokers can enhance their relationships with their importers, particularly those importers who represent the greatest compliance risk for CBP (e.g., one-time importers and unknown importers).
- Broker permitting: Explore ways to better align the Part 111 regulations with modern business practices. CBP is also seeking comments on geographical areas, an expanded role of a national permit, and the use of Remote Location Filing.

Current Status

The Trade Modernization Subcommittee continues to discuss the proposed continuing education requirement for licensed customs brokers. The Role of the Broker working group was tasked with two deliverables: develop criteria for education accreditation and compile lists of local activities that would provide brokers a continuing education opportunity. As of the submission

of this paper, the working group is also reviewing a draft framework for establishing importer bona fides. COAC feedback on the bona fides framework will be provided in the next update.

Next Steps

CBP is currently drafting the proposed rules to amend 19 CFR Part 111 (customs brokers) and Part 141 (right to make entry).

CBP fully supports a continuing education requirement that is provided for in regulation. The broker community, however, is divided on whether or not a continuing education should be a regulatory requirement. Of primary importance to the brokers if continuing education is mandated is the availability of no-cost and low-cost education options, availability of online courses, and credit for activities such as the CBP Trade Symposium, the NCBFAA national meeting, or local port meetings. CBP is in strong agreement with the trade on the above preferences.

COAC has suggested that a certain portion of the continuing education not be accredited. COAC has also suggested that any company that conducts compliance training for their in-house brokers and is also a member of the Importer Self-Assessment program not be required to have its education accredited. CBP is receptive to these suggestions.

COAC has received the following two taskings:

- Draft criteria that CBP should consider when selecting entities to accredit for continuing education.
- Develop a list of activities/opportunities already taking place locally/regionally/nationally that could or should be considered continuing education.

The trade members of COAC are anticipated to present the results of these taskings at the August COAC meeting.