

**Advisory Committee on Commercial Operations of  
Customs and Border Protection and Related Functions (COAC)  
13<sup>th</sup> Term – 2013 Private Sector Annual Report**

**Background:**

In accordance with the Omnibus Budget Reconciliation Act of 1987, the members of the 13<sup>th</sup> Advisory Committee on Commercial Operations of the United States Customs Service (hereafter “COAC”) submit the following report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. This report provides an overview of COAC’s activities during calendar year 2013.

**Scope of Activities:**

During the reporting period, the majority of the 13<sup>th</sup> COAC’s work took place within the following six subcommittees, each of which was led by a government co-chair and at least one private sector co-chair:

- Global Supply Chain
- Trade Modernization
- One US Government at the Border
- Exports
- Trade Enforcement and Revenue Collection
- Trusted Trader

These subcommittees produced recommendations which were brought for a vote to the full COAC during four public meetings.

**Summary:**

A great deal of the COAC’s efforts were focused on supporting the ambitious “trade transformation” efforts of Customs and Border Protection (CBP), in the spirit of “co-creation” carried forward from the 12<sup>th</sup> COAC. Detailed summaries of each subcommittee’s major activities during 2013 are included in this report, as are the recommendations brought forward at each public meeting during the reporting period (included as Appendix 1). A listing of the members of the 13<sup>th</sup> COAC is included as Appendix 2.

The members of the COAC would like to thank CBP for their high levels of support and engagement during 2013. The COAC also extends its thanks to the Department of Homeland Security, as well as to the Department of the Treasury and the Bureau of Immigration and Customs Enforcement, for their assistance during 2013.

Respectfully Submitted,

Ted Sherman, Target Corporation

Kathy Neal, Regal Beloit Corporation

## **COAC Global Supply Chain Subcommittee**

### **Co-chairs:**

**Leman G. (Chip) Bown, Jr. - FedEx Trade Networks Transport & Brokerage, Inc.**

**Jim Phillips - General Motors**

### **Objectives and Scope of Activities:**

The objectives for the subcommittee are to generate advice and develop recommendations pertaining to the safe and expedited movement of cargo through the Global Supply Chain.

The COAC subcommittee on Global Supply Chain advises the COAC in these areas and makes recommendations that are helpful to industry and Government, will be supported by a broad range of stakeholders, and will incorporate the views and address the concerns of industries impacted by the projects.

### **Beyond the Border and the 21st Century Border Initiative**

To facilitate discussion on both the Beyond the Border and the 21st Century Border Initiative projects, a workgroup was formed. The Workgroup received updates and had the opportunity to provide comments on the ongoing work by the governments on Beyond the Border and the 21st Century Border Initiative.

The Workgroup received high level updates on the Beyond the Border and the 21st Century Border Initiatives. When details may be discussed, CBP has advised that they will engage the workgroup in detailed discussions (similar to the Prince Rupert Pilot).

Projects under Beyond the Border include:

- Blaine Pre-inspection pilot
- Peace Bridge pilot
- Border Infrastructure Investment Plan, version 2
- Border Fee study
- Data Harmonization
- Prince Rupert Pilot

Projects under the Mexico – 21st Century Agreement include:

- Expansion of Global Entry to Mexican Nationals
- Pre-inspection pilot by Mexican Customs to screen cargo leaving Laredo airport for Mexico
- Pre-inspection pilot in Santa Teresa

Focused discussion took place on the Integrated Cargo Security Strategy - Prince Rupert Pilot, including discussion with a railroad and a customs broker representative who are working directly on the project.

Comments on the ICSS - Prince Rupert Pilot Project included:

- The improved flow of data has enabled the perimeter screening of cargo, resulting in high risk cargo being inspected in Prince Rupert.
- The flow of lower risk cargo, moving on the pilot trains, is taking less time while still meeting security requirements.
- Based on current constraints, International Falls is the best place to perform inspections other than security related examinations.
- Based on the current constraints, there is not a compelling reason to move the inspections to Prince Rupert other than security related examinations.

### Air Cargo Advance Screening (ACAS) Workgroup

To facilitate discussion on the Air Cargo Advance Screening initiative, a workgroup was formed. The Workgroup commented that they believed that the Air Cargo Advance Screening pilot, ongoing with express carriers for just over two years and with passenger carriers for approximately 18 months, had been an un-paralleled success in terms of:

- Establishing a robust industry-government, co-creation and bi-directional education platform,
- Leveraging the natural structure, functioning and milestones of the global supply chain in order to provide a security benefit that does not unduly burden the movement of legitimate goods, and
- Relying on empirical data to inform decision-making, ensuring the development of the most effective and efficient system possible.

All stakeholders agreed that it is critical to get ACAS “right” as it moves from the pilot into a regulatory mandate.

On March 27, 2013, CBP provided COAC with a copy of a draft white paper titled “Air Cargo Advance Screening (ACAS): Pilot to Regulation” (the “White Paper”), setting out ACAS regulatory requirements under consideration by CBP and covering subjects such as Data Elements, Eligible Parties to Transmit ACAS Data, Eligibility Requirements, Filing Options, Holds, Correction of ACAS Filings, Compliance, Violation Types, Claim Assessment Policy, and Mitigation Policy.

The COAC Global Supply Chain Security ACAS Workgroup (“ACAS WG”) was charged with providing commentary on the White Paper on a timeline that would allow recommendations to be delivered to the full COAC.

The White Paper was divided into the following five distinct subject matter topics for review, comprehensive commentary and recommendations:

- Filing Regimes (ACAS White Paper Section IV)
  - Integrated Carrier / Conventional Carrier
  - Freight Forwarder / Conventional Carrier
- Compliance Regime (ACAS White Paper Sections VII-X)
- Data Elements (ACAS White Paper Section I)

- Parties Eligible to Transmit – Pre-requisites and regulatory responsibilities (ACAS White Paper Sections II/III)
- Referrals/Holds – ACAS Policy and ACAS/Air-AMS Hold Interaction (ACAS White Paper Sections V/VI)

Work products were presented to CBP, although these may be subject to further revision as necessary based on continuing pilot developments and analysis. Government and trade entered into more intensive and detailed discussion on particular issues of concern raised by the ACAS WG commentary. Recommendations on these three topics were adopted by the full COAC.

One area of focus has been the integrated carrier and freight forwarder self-filing models, and the overarching regulatory framework under which these models would function. The Workgroup held a productive “self-filer deep dive” session with CBP and TSA on October 31 to continue to work through proposals with CBP and the trade community.

Work products produced for the November meeting, which underlie the recommendations, include:

- Addenda to the Integrated Carrier / Conventional Carrier Self Filer Model Proposal and the Freight Forwarder / Conventional Carrier Self-Filer Model Proposal, further elaborating the models’ security and operational foundations, and identifying remaining issues to be addressed in the development of these models.
- Drafting of an ACAS Regulatory Regime paper setting out the key policy concepts necessary to move ACAS into a regulatory framework while maintaining intact the key characteristics of the successful pilot.

The next immediate work products, stemming from issues raised at the October 31 meeting, include:

- Further elaboration of the Freight Forwarder self-filer model to provide at least two options – a “functional self-filer” model for forwarders most interested in the operational benefits provided by ACAS participation and a “regulatory self-filer model” for forwarders who wish to take on enhanced filing responsibilities; and
- An analysis of how trusted trader, C-TPAT and AEO-mutual recognition programs can be leveraged in the ACAS regulatory structure.

ACAS recommendations were passed by the full COAC in August and November.

#### Customs – Trade Partnership Against Terrorism (C-TPAT)

During the period the subcommittee also received briefing and provide input on C-TPAT issue including development of the new C-TPAT portal and C-TPAT validations of carriers in Mexico. A recommendation on validations needed for certification in Free and Secure Trade (FAST) was reviewed and passed by the full COAC in February.

## **COAC Trade Modernization Subcommittee**

### **Co-chairs:**

**Leman G. (Chip) Bown, Jr. - FedEx Trade Networks Transport & Brokerage, Inc.**

**Jim Phillips - General Motors**

### **Objectives and Scope of Activities:**

The objectives for this subcommittee are to generate advice and develop recommendations pertaining to the strategic modernization of CBP's operational and automated support systems. Topics will include various aspects of the trade transformation process.

The COAC subcommittee on Trade Modernization will advise the COAC in these areas and will make recommendations that are helpful to industry and Government, will be supported by a broad range of stakeholders, and will incorporate the views and address the concerns of industries impacted by the projects.

### **Automated Commercial Environment Communication Strategy Workgroup:**

To facilitate discussion on ACE, a workgroup was formed. After significant discussion with input from the trade and CBP, the development of the COAC ACE Vendor Survey (which was initially begun during the 12th Term of the COAC) was finalized this term. On April 3rd and 4th the workgroup deployed the COAC ACE Vendor Survey through various trade organizations and with the assistance of the CBP's ABI representatives. The survey was comprised of 18 questions and there were 46 respondents.

The survey dealt with current ACE participation, anticipated ACE participation by 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 in transitioning to ACE.

Another focus of the work group was the conversion from the Automated Commercial System (ACS) to ACE and the establishment of transition cutover dates. COAC recommended that CBP 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. In September, CBP published the ACE deployment schedule.

### Role of the Broker Workgroup:

To facilitate discussion on the Role of the Broker, a workgroup was formed. Of the initial seventeen recommendations brought forth by the COAC 12th term sub-committee, one of the first to be worked on was Continuing Education for Licensed Brokers.

#### Continuing Education

Significant discussion took place on adding a continuing education component to the requirements for maintaining a customs broker's license. These discussions focused on the number of hours that should be required, accreditation of the education, availability of training to earn the credits and method of reporting.

Ideas discussed included, but were not limited to, the proposal that several associations or organizations should be permitted to accredit course work, that the accreditor be representative of a sector in which customers brokers are employed, that the accreditor have a very high level of expertise, and that there be strict guidelines for accreditation that are the same and uniform for all parties. Further, local/regional education opportunities must be available, and include in general there must be "no cost" options for satisfying continuing education requirements.

#### Bona Fides

In July, the workgroup began work to provide input on establishing a common standard for "Bona Fides" (establishing the factual identity of the importer of record). Although some brokers have significant and effective processes in place, in general practices may vary significantly from broker to broker.

The discussions within the working group have been centered on what documentation is of significant value to this purpose and is readily available to the importer which they can provide to the customs broker, and that the customs broker, in turn, can furnish to CBP upon request. CBP has made very clear to the working group that the role of the customs brokers in obtaining Bona Fides is not to vet the importer, but merely to establish the identity of the authorized individual and their relationship to the importer of record.

Further discussions in the workgroup have focused on other information sources within the importation process that might enable CBP to obtain and retain additional information about an importer to establish identity and authenticity. The working group has been encouraged with the discussions on enhancements of the current Importer ID Input Record (CBPF 5106).

Discussion also took place on the premise that the customs broker must have direct contact with the importer of record and that no third party should be able to prevent direct communication between a broker and an importer of record.

Role of the Broker recommendations were passed by the full COAC in August and November.

### Centers of Excellence and Expertise (CEE):

As the CEEs were rolled out CBP continued to provide updates and request input from the subcommittee. This included a discussion of the March 2013 CEE survey. Overall, most respondents supported the CEE and were satisfied with its operations. This was particularly consistent among respondents who were direct participants in the CEE's (as articulated in the Federal Register Notice) and other respondents who contacted the CEE's for assistance.

Specific topics discussed included:

- Recommend metrics and measures on what is being heard from the trade community at large
- Recommend new questions that could be added to the survey (especially with the consideration of the new CEEs).

## **COAC One U.S. Government at the Border Subcommittee**

### **Co-Chairs:**

**Mary Ann Comstock - UPS Supply Chain Solutions and Susie Hoeger - Abbott Labs**

### **Objectives and Scope of Activities:**

The One US Government at the Border Subcommittee conducted monthly conference calls during 2013 in support of the following goal:

*“That CBP pursue interagency partnership programs following the principles and standards set forth in the One US Government Master Principles Document and progress toward completion can be measured via CBP reporting quarterly back to COAC on progress being made to implement programs that align with these principles, principally through the Border Interagency Executive Council (BIEC)”*

### **Subcommittee Activities:**

During 2013, the Subcommittee formed two principle workgroups in support of the One US Government Master Principles concept for a Single Window, those being an EPA Workgroup and an FDA Workgroup. Within both Workgroups, a broad range of stakeholders were engaged to ensure their views were incorporated and that the concerns of all industries impacted were addressed as CBP and the Partner Government Agencies move toward the Single Window through the International Trade Data Set (ITDS) and the Partner Government Agency (PGA) Message Set. Both Workgroups engaged with their respective Partner Government Agency.

The FDA Workgroup took a more strategic approach, drafting a total of 17 ‘concepts’ that could form the basis for Subcommittee (and COAC) recommendations. The EPA Workgroup engaged on a tactical level, fully discussing the draft of the EPA message sets for Ozone Depleting Substances (ODS) and Vehicles & Engines (V&E). EPA acknowledged that the EPA Workgroup meetings, held over several months, were highly productive. The activities included: program overview; mapping of paper forms to the PGA Message Set; estimation of benefits; and PGA message set guidance. Outcomes included: reduction and clarification of the PGA Message Set and EPA requirements, review of required data elements and how the information would be transmitted, and production of documentation designed to assist the trade in understanding the PGA message set requirements.

During the last quarter of 2013, the Subcommittee gathered the concepts, benefits and best practices from both Workgroups and developed seven (7) significant recommendations for the COAC’s consideration. In the November 2013 Public Meeting, the COAC adopted all seven recommendations.

The One US Government at the Border Subcommittee also participated in the Second Annual COAC Trade Survey, submitting focused questions on IUSG activity and analyzing trade’s responses. Several internal recommendations on changes to future trade surveys were made by the IUSG Subcommittee for consideration in 2014.

One US Government Subcommittee members also attended International Trade Data System (ITDS) Board meetings and provided an overview of the work being done by the Subcommittee. Topics discussed included the following:

- Request the Partner Government Agencies review their current process to determine required data elements, to ensure that entry/admissibility is not impeded due to automation. It was noted that if an additional data element would speed the release of cargo, the trade community would likely volunteer this data.
- All parties agree that early and timely filing of data for the PGA Message Set is imperative. A mechanism must be in place to allow data correction, and it is understood that CBP advocates a ‘full replacement’ of the data when corrections are required.
- Recordkeeping requirements for data submitted to the PGAs are an issue that requires clarification from the trade perspective. The general consensus at the ITDS Board meeting is that if the data is sufficient, the PGA forms containing the data may not be needed.

Planning for the work to be done in 2014, the Subcommittee identified a number of potential activities:

- Presentation of the Master Principles Document for Imports to the BIEC, with a possible side by side review of the Master Principles Document for Imports and the Master Principles Document for Exports.
- Development of the framework for interaction between the PGA’s and the trade as new PGA pilots are developed and pushed out – it is recommended that the tactical engagement occur with the ITDS subcommittee of the Trade Support Network (TSN).
- Participation in the ITDS Board of Directors, providing a conduit between the PGA’s and the trade community as the single window concept is advanced through development of the PGA message set.

The EPA Workgroup and the FDA Workgroup completed their assigned tasks by the end of the 2013 calendar year, with seven significant recommendations adopted by the full COAC. The Subcommittee will begin its 2014 work supporting the One US Government at the Border single window concept as a main focus.

## **COAC Subcommittee on Exports**

### **Co-Chairs:**

**Julie Ann Parks - Raytheon and Liz Shaver - Airlines For America**

### **Objectives and Scope of Activities:**

The subcommittee's goal is to provide advice and recommendations related to export procedures, enforcement, and facilitation. Specifically, the subcommittee supports the priorities and strategies of the President's National Export Initiative, through the following efforts:

- Identify existing programs that could be leveraged, both within the U.S. Government and globally.
- Assess current export policies and the impact of international policies and provide recommendations based on the findings.
- Document current export processes and provide recommendations for a strategy to harmonize systems, streamline data collection, and share information.

### **Subcommittee Activities:**

Given the statement of work, past subcommittee findings, and pending export regulatory changes, the tasking of the Export Subcommittee was to begin with the basics of export education. The methodology was to uniquely discuss primary export types and produce a presentation package containing: a current state process map, with potential solutions recommended. The mapping work product was delivered to CBP during the August 2013 meeting, along with four recommendations and a proposed delivery roadmap. The recommendations are summarized below:

1. We recommend that CBP, in conjunction with COAC, develop a combined Government approach to risk, process, guidance and correction by establishing a One US Government for Exports Workgroup.
2. We recommend that CBP, in conjunction with COAC, create an Export Process Working Group (EPWG) to focus on prioritizing acknowledged opportunities for improvement, review the C-TPAT for exporter criteria in close alignment with the Trusted Trader COAC Sub-committee, and to focus on designing a future state export process that will serve to implement the developed One USG master principles for exports.
3. We recommend that CBP, in conjunction with COAC, create an Export Visibility, Amendments, and Controls Work Group to focus on delivering specific recommendations to promote supply chain visibility, USG transparency, and compliance. We envision these recommendations being realized via an automated single "system" applying best practices for internal assessment and controls monitoring.
4. We recommend that CBP engage with the trade to share the export education packages with CBP export and outbound roles in addition to other groups and forums. We encourage CBP to develop and share a list of enhancements as they are implemented as a result of this exercise. We further recommend that CBP continue their dialogue with Census, BIS, and DDTC on the opportunities for improvement and continue to work with the trade on solutions.

In our November 2013 meeting, we clarified the mapping topics, reviewed the roadmap, and agreed to sequence the subcommittee work in three parts:

- A. Deliver the results of the Export Survey.
- B. Strategically develop One U.S. Government for Exports Master Principles.
- C. Retain the Mapping Work Group to deliver a foreign trade zone and bonded warehouse map, prioritize and draft recommendations on process improvements, and generate visibility, amendments, and controls draft recommendations on process improvements.

#### Trade Efficiency Survey and Export Survey:

At the November 2013 meeting, we provided the results of the Export Survey and associated recommendations made as part of the COAC survey review (Trade Efficiency Survey and Export Survey). The recommendations for both surveys follow:

##### Visibility

- Recommendation 1: The COAC recommends that CBP and PGAs partner with the trade community to target PGA requirements training and promote visibility of holds in ACE/ACS. We recognize and encourage the implementation of the One US Government at the Border Single Window approach, coupled with the PGA Message Set will provide greater visibility to the trade community as to the reasons for the holds. We encourage the Partner Government Agencies to become early adopters of the PGA Message Set, allowing for early submission of information so the PGA may make earlier risk assessment decisions on admissibility of cargo.
- Recommendation 2: The COAC recommends working with CBP to define delays and holds and ensure a process exists for those types that require data capture. In addition, once delays and holds are defined in accordance with 2013 operations, COAC recommends that CBP develop national import/export port metrics as a method a) to understand the complexities associated with goods release by mode of transport and region and b) to achieve standardization of best operating practices across ports. Further, we recommend sharing the results with the Centers of Excellence and Expertise via the Industry Working Groups to achieve industry-specific best practices.
- From 2012: With strategic efforts such as the implementation of CEE's, streamlining and integration of PGAs via trade processes, and the National Export Initiative and Export Control Reform, it is important for CBP to continue to collaborate with COAC to seek ways to measure and improve trade processes and reduce freight dwell. We recommend CBP provide the trade with web-based metrics regarding export and import delays and holds on a One USG basis. We additionally recommend the continuation of the Center Industry Working Group metric sharing to generate meaningful bi-directional dialogue that will generate successes in meeting the objectives of both CBP and the trade.

##### Knowledge Sharing

- Recommendation 3: The COAC recommends that CBP share the survey information with the Partner Government Agencies (PGAs) to achieve a better understanding by the PGAs of the impact of cargo holds, detention and dwell times on the international supply chain.

- Recommendation 4: The COAC recommends that CBP share the results of the AD/CVD questions with relevant government entities when discussing issues related to the retrospective system of AD/CVD enforcement and collection. The 12th COAC made a formal recommendation based on several reasons that the AD/CVD system be changed to a prospective system similar to those utilized by all global trading partners. The feedback in this survey indicates that the larger trade community strongly supports this earlier COAC recommendation and would favor a prospective system. As this subject is often a topic of discussion in various forums in which CBP participates, the COAC recommends that CBP communicate this feedback in the appropriate forums.
- From 2012: When shipments are stopped or paused at the ports, the results tell us the respondents are favorable to dealing with CBP, as compared to the PGA (in general). COAC recommends that CBP champion a knowledge sharing exercise between PGA's and CBP specifically around holds / freight stops to align best practices and identify process improvements. Accomplishing this review in conjunction with the Centers will ensure positive benefits for the trade. We anticipate that the metrics will reveal the positive impact to the trade in the areas of decreased freight dwell, improved targeting, and increased customer service.

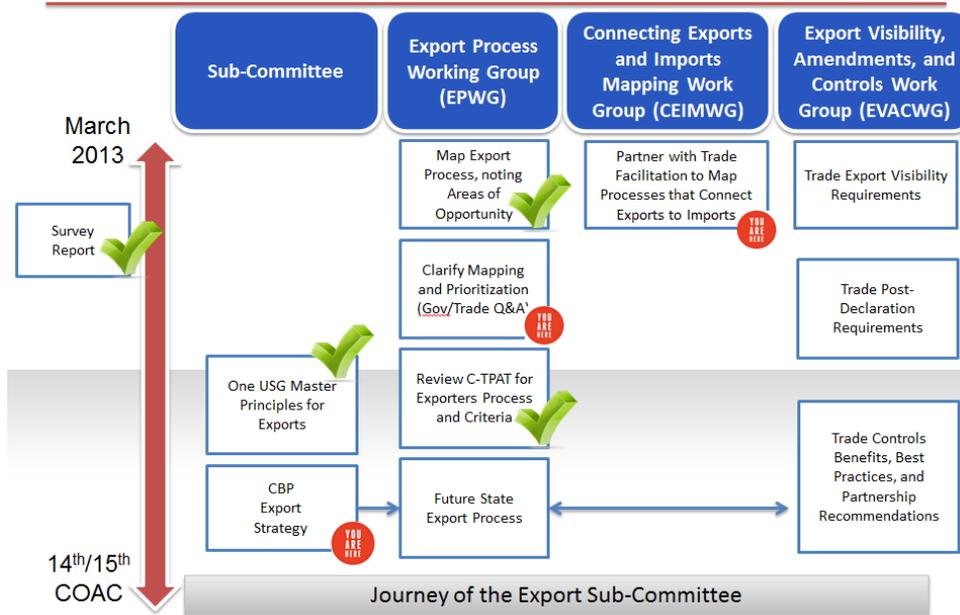
#### Integrated Customer Service Model

- From 2012: We recommend CBP advocate for an integrated customer service model with the PGA's. Synthesizing the current customer service design of CBP and PGAs will benefit both trade and security. Additionally, using the Centers to aid in the integration of a service model is most beneficial to impact processing times and freight dwell.

#### Annual Trade Efficiency Survey

- From 2012: We recommend the continuation of an annual COAC survey to assist in prioritization, measure success, obtain satisfaction feedback, and begin establishing trends.

# The Roadmap



## **COAC Trade Enforcement and Revenue Collection Subcommittee**

### **Trade Co-Chairs:**

**Karen Kenney – Liberty International, Leman G. (Chip) Bown, Jr. - FedEx Trade Networks Transport & Brokerage, Inc., and Matt Fass – Maritime Products International**

### **Objectives and Scope of Activities:**

At the March 6, 2013, meeting of the 13<sup>th</sup> Term Commercial Operations Advisory Committee (COAC) in Washington, D.C., the Committee established the Trade Enforcement and Revenue Collection Subcommittee, a blending of the Intellectual Property Rights, Bonds, and ADD/CVD Subcommittees from the 12<sup>th</sup> Term COAC, and adding Regulatory Audit. The objectives for the Subcommittee were to generate advice and develop recommendations pertaining to improving enforcement of the trade laws of the United States and the collection of duties and fees. Enforcing U.S. trade laws adds not only to the security of the global supply chain and our nation, but expedites products into the marketplace. Identifying and expediting compliant trade by enforcing our trade laws adds to both our national security and facilitation efforts. With compliant trade identified and appropriate fees and duties assessed, CBP can then focus its limited resources on non-compliant and higher risk commerce.

Throughout 2013, the IPR, Bonds and Regulatory Audit Work Groups held conference calls to address the challenges facing both CBP and the trade, engaging on new topics and continuing the work completed during 2012.

### **Regulatory Audit Work Group (RAWG):**

The RAWG held bi-weekly conference calls to actively discuss CBP's enhancements to the Focused Assessment program and its draft Internal Technical Guidance document. Some of the topics that were reviewed included: 1) concern about consistency in Focused Assessments under CBP's new "flexible" approach and ensuring CBP will maintain an acceptable range of variation, implementing a process through which importers can seek recourse if they feel the variation in approach on their Focused Assessment is not acceptable, 2) increase in sample sizes and the need for CBP to share the details of those changes with the trade as quickly as possible, 3) the need for audit plan changes to be subject to supervisory review, 4) the need for CBP to give the importer sufficient time, roughly 30 days, to put together written documentation and written responses after initial request with an opportunity for additional extensions as appropriate, 5) the need for CBP to collaboratively develop Informed Compliance Documents with the trade to clearly outline CBP's expectations that will lead to a successful result from a Focused Assessment, 6) the need for CBP to focus special attention during its auditor training in several areas, for example GL best practices, collaborative training with the trade and others, 7) the need for CBP to implement bi-directional compliance and Focused Assessment education to improve trade compliance and CBP's audit strategy by industry, and 8) the need for the trade and CBP to regularly meet to review results once this new process is implemented.

These discussions resulted in formal recommendations in the 2014 COAC. The trade and CBP have now agreed to suspend future work group meetings while CBP trains its auditors and until any further proposed changes to the Focused Assessment are put forward by CBP.

### Intellectual Property Rights Work Group (IPRWG):

This workgroup continued the work of the 12th COAC's IPR Subcommittee, recognizing the need for a practical, layered approach to IPR enforcement while ensuring those layers are affordable for brand owners and legitimate importers. During bi-weekly conference calls, the workgroup explored six key enforcement and facilitation areas.

First, the COAC explored potential Distribution Chain Management initiatives to enhance facilitation and enforcement while recognizing trade concerns that such programs might be costly / burdensome to the brand owners and legitimate importers of IPR. Second, the COAC discussed bi-directional education between CBP and the trade to help further educate CBP about steps that could be undertaken to help the trade without adding unreasonable burdens to the trade or to government.

Third, the COAC worked with CBP to develop a simplified process for handling IPR violative shipments in the express consignment environment to enhance facilitation of legitimate shipments, enabling CBP to refine its targeting and enforcement efforts, preventing violative goods from entering the U.S. Fourth, the COAC worked with CBP on the use of the Document Imaging System (DIS) as a potential IPR Enforcement/Facilitation "layer" through which importers might voluntarily furnish CBP with advanced evidence of the authenticity of their goods.

Fifth, the COAC worked with CBP on a Voluntary Disclosure Program for IPR that would allow members of the trade to provide CBP with intelligence for targeting purposes by voluntarily disclosing violations of the laws prohibiting importation of goods infringing U.S. registered trademarks or copyrights. The goal of the program would be to enable the trade community to work with CBP to stop infringing items imported contrary to law from being sold or delivered into the commerce of the United States. And finally, the COAC and CBP held discussions about a potential IPR Known Importer program for legitimate importers across the various segments of the importing community to provide facilitation benefits to legitimate importers whose business models may not be a good fit for existing CBP trusted trader programs.

The IPRWG put forward 8 recommendations in 2014 on these topics and will continue its discussions on the IPR Known Importer program and the Voluntary Disclosure program on regular, bi-weekly conference calls throughout the balance of 2014.

### The Bonds Workgroup:

The Bonds Workgroup held regular calls to discuss single transaction bond centralization at CBP's National Finance Center in Indianapolis, IN, a review of the proposed e-Bond process flow, discussion of bond sufficiency formulas, how and when those formulas would be applied in an automated process, and automation of single transaction bonds. Regular updates were given to the working group by CBP on the development of ACE e-bond, the development of CATAIR Technical User Guide updates and the development of a Frequently Asked Questions document. The Bond Workgroup has not yet developed any recommendations, but continues to receive updates from CBP, provide feedback about key points of concern to CBP and the trade and provide guidance to CBP with respect to trade outreach on these topics.

### AD/CVD Workgroup

There was no formal AD/CVD working group in 2013. However, there were a few questions that were discussed per CBP requests. Specifically, trade feedback was provided to CBP regarding why there may be a lower percentage of AD/CVD entries utilizing ACE compared to other types of entries. Additionally, the first AD/CVD questions were developed for the Trade Survey. Formation of an official AD/CVD Workgroup was discussed and the expectation is that a diverse group representing a wide range of perspectives will be constituted for work during 2014 to formally address additional issues identified by both CBP and the trade.

## COAC Trusted Trader Subcommittee

### **Trade Co-Chairs:**

**Bill Earle - National Association of Beverage Importers, Bill Ferguson – NYK**

### Objectives and Scope of Activities:

On March 6, 2013, during the 13th Term of the Commercial Operations Advisory Committee (COAC) of U.S. Customs and Border Protection, the Trusted Trader Subcommittee was established. The committee has worked to provide CBP with advice and recommendations to define and build trusted trader programs and the expansion of the Customs – Trade Partnership Against Terrorism (CTPAT) program. The alignment of this program with foreign national AEO Programs which contain compliance, safety and security requirements has been the primary focus during this cycle. The primary goal in aligning these activities is pursuit of Mutual Recognition with trading partner nations. Trusted Trader Subcommittee objectives and scope are consistent with the official charter of COAC.

Eighteen of the 20 COAC members participated in this subcommittee. Following a Leadership Conference call on July 19<sup>th</sup> the Committee met a total of 6 times between its kickoff in August 2013 and its last meeting held December 19<sup>th</sup> in 2013. Meetings were conducted using conference call utilities.

Additionally two workgroups met several times under fixed scope and timelines in support of tasking coming from CBP's Trusted Trader Work Group.

### Workgroups:

The **Industry Accepted Standards Working Group** chaired by Bill Ferguson met four times and consulted with leading industry experts to identify alternative methods to maintain and track internal controls. The findings indicated there are no known existing industry standards which could be applied equivalent to the CBP compliance program ISA. The group discussed the potential for new protocols that industry would adopt with the expectation of specific benefits. The activities of this workgroup have been completed.

The **Metrics Working Group** was established to identify and prioritize potential areas of efficiency and benefits that would result from an importer joining CBP's New Trusted Trader Pilot program, FRN pending, a concept combining the applications to C-TPAT and ISA as an holistic approach to gain trusted trader status, and to be supported by new system functionality in the proposed C-TPAT Portal 2.0. This working group chaired by Jim Philips established a short list of 11 new benefits vetted by trade and CBP to be considered in the pilot. The Metrics Working Group has been put on hiatus pending release of the Trusted Trader Pilot and analysis of quantifiable benefits and feedback from the Pilot participants.

The subcommittee recommended and the COAC concurred that the COAC would reserve comments regarding its endorsement of the CBP Trusted Trader program pending the outcome of the Trusted Trader Pilot. A significant milestone was achieved on June 16, 2014 (following the period covered by this report) with the publishing of a Federal Register Notice requesting applications for the pilot program.

## C-TPAT:

The subcommittee undertook various discussions surrounding the evolution of the C-TPAT program. CBP and the subcommittee considered several initiatives, some of which included extending C-TPAT across the southern border, extending C-TPAT to cover FTZs, expanding C-TPAT to foreign manufacturers in anticipation of elevating an importer to Tier III benefit status, consideration to offer Tier III status for cross border highway carriers, leveraging the pool of members to PGA programs to expand C-TPAT membership, harmonization of trusted trader programs with Canada, and finally development of a framework for C-TPAT for exporters.

The subcommittee in conjunction with CBP undertook to prioritize several of these proposals. It was resolved to undertake the development of a framework for C-TPAT for the Exporter entity. This priority stemmed from the robust activity of CBP in establishing Mutual Recognition discussions and agreements with foreign trade partners. The goal is a reciprocal security component for US exports and the joint Trade and CBP strategic Trade Transformation Strategy. This is contemplated as a holistic approach to both imports and exports in line with the WCO Safe Framework of standards and the COAC Master Principals Document for imports. These standards have always contemplated an export component.

In September 2013 CBP shared a pre-decisional draft of the Eligibility Requirements and Security Criteria for C-TPAT for Exports. The subcommittee undertook a robust evaluation of its content, reaching out to trade association and other contacts for conceptual feedback. CBP requested a line by line evaluation and mark-up with consolidated feedback for CBP consideration for edits and future amendments. The subcommittee produced over 125 specific and substantive comments. The subcommittee summarized the comments into 4 general conceptual areas; Scope, Purpose, Exploration of existing AEO Programs, and Recognition of legitimate supply chain business practices.

The subcommittee, in an effort to foster bi-directional education, produced an exports “blocking and bracing” document outlining export operational processes for containerized cargo in line with C-TPAT security criteria. The subcommittee was provided with a “C-TPAT for Exports Frequently Asked Questions” draft document anticipating questions various trade partners may have based on the notion of a C-TPAT regime for exports. A complementary export policy PowerPoint was also offered to assist in the drafting of a policy document. These documents were shared with the Export Subcommittee for education to supplement the work of the Export Mapping Workgroup.

The goal of the subcommittee is to assist CBP in realizing a US Export Framework which affords AEO status to US exporters. The committee looks forward to finalizing the development of C-TPAT for Exports.

## Way Forward:

The subcommittee expects to continue its work into 2014 as follows;

- Support and Evaluate the Trusted Trader Pilot
- Finalize C-TPAT for Exports
- Undertake various activities for C-TPAT program evolution and development in collaboration with CBP and industry stakeholders
- Continuously monitor AEO activity and Mutual Recognition opportunities

- Consider other Trusted Trader concepts as directed by CBP or developed by committee members

## **Appendix 1**

### **COAC 13<sup>th</sup> Term Recommendations May- November, 2013**

**May 22, 2013**

#### **Global Supply Chain Security Subcommittee:**

**FAST for carriers** - CBP has been very creative in developing processes for conducting C-TPAT validations remotely. However, current CBP travel restrictions do not allow for onsite meetings in Mexico, thereby preventing many C-TPAT certified carriers from participating in FAST. We recommend that CBP develop an alternative to onsite validations that will allow new C-TPAT carriers to become FAST lane participants.

**Status: Motion carried – unanimous**

#### **Trusted Trader Subcommittee:**

**Trusted Trader Program** –Before issuing the final Trusted Trader program requirements, we urge CBP to allow us to have an opportunity to review the results of all pilots and provide input to the program in its totality before we (as COAC) decide whether to endorse the program.

**Status: Motion carried – unanimous**

#### **Trade Modernization Subcommittee:**

**ACE** - Given that the Trade community has been asked to make significant financial commitments and investments in the development of the automation of new international trade systems and process changes necessary to adapt to ACE deployment, COAC recommends that CBP 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. Further, that the progress and achievements of these development efforts should be reported to COAC at least every quarter.

**Status: Motion carried – unanimous**

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

**August 07, 2013**

**Export Subcommittee:**

Recommendation 1

**We recommend that CBP, in conjunction with COAC, develop a combined Government approach to risk, process, guidance and correction by establishing a One US Government for Exports Work Group.**

–We recommend the work group tasking result in the delivery of a One US Government for Exports, using the One U.S. Government Master Principles document for Imports as a model. The Master Principles document is critical to harmonize the voice of trade and provide guidance to the US Government on the desired balance point when considering the criteria of outbound speed and cost, the necessary mitigation of US risk, and foreign inbound speed and cost.

–We further recommend that at a minimum this work group consider the following inputs prior to creating the Master Principles for Exports: scope, constraints, and timing from CBP, current state jurisdiction and current risks, mutual recognition, the President’s National Export Initiative (ITDS for Exports and Export Control Reform status), agency alignment in export enforcement, and the particular opportunities for improvement and solutions provided by the EMWG and related USG feedback. Finally, we recommend that group membership include CBP, BIS, Commerce, DDTC, and trade representation from PGA FACA appointees, exporters, carriers, forwarders and brokers.

Recommendation 2

**We recommend that CBP, in conjunction with COAC, create an Export Process Working Group (EPWG) to focus on prioritizing acknowledged opportunities for improvement, review the C-TPAT for exporter criteria in close alignment with the Trusted Trader COAC Sub-committee, and to focus on designing a future state export process that will serve to implement the developed One USG master principles for exports.**

Engaging government and trade expertise to focus directly on the process, prioritizing short-term and long-term, will begin to deliver a streamlined future process that considers business, trust, and risk.

–We further recommend that at a minimum this work group consider the following inputs prior to delivering on the tasking: scope, constraints, and timing from CBP Mapping Work Group Education Package, Imports/Exports One USG Master Principles Document, AES status, the President’s National Export Initiative (ITDS for Exports and Export Control Reform status), C-TPAT draft criteria, Mutual Recognition Requirements for Exports, Authorized Economic

## **COAC 13<sup>th</sup> Term Recommendations May- November, 2013 (continued)**

Operator (and other export component programs), ACAS feasibility study, best practices in Government to Government (US to Canada – sharing of import information for export purposes). Finally, we recommend this group include members of CBP, BIS, Commerce, DDTC, and trade representation from PGA FACA appointees, exporters, carriers, forwarders and brokers. We also believe that at the proper point, CBP should consider engaging the World Customs Organization (WCO) members from foreign governments to continue global facilitation efforts.

### Recommendation 3

**We recommend that CBP, in conjunction with COAC, create an Export Visibility, Amendments, and Controls Work Group to focus on delivering specific recommendations to promote supply chain visibility, USG transparency, and compliance. We envision these recommendations being realized via an automated single “system” applying best practices for internal assessment and controls monitoring.** Working together to resolve and develop requirements for visibility, amendments, and controls is integral to trade efficiency and compliance and will further implement desired elements associated with a One USG Export Master Principles vision.

–We further recommend that at a minimum this work group consider the following inputs prior to delivering on the tasking: scope, constraints, and timing from CBP, Mapping Work Group Education Package and Export Survey Results, current amendment processes, agency alignment in export enforcement, best practices in export control monitoring, and the One US Government Master Principles for Exports document. Finally, we recommend this group include members of CBP, BIS, Commerce, DDTC, and trade representation from PGA FACA appointees, exporters, carriers, forwarders and brokers.

### Recommendations 4

**We recommend that CBP engage with the trade to share the export education packages with CBP export and outbound roles in addition to other groups and forums. We encourage CBP to develop and share a list of enhancements as they are implemented as a result of this exercise. We further recommend CBP continue their dialogue with Census, BIS, and DDTC on the opportunities for improvement and continue to work with the trade on solutions.**

**Status: Motion carried – unanimous on all four recommendations.**

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

**COAC Global Supply Chain Subcommittee –**

ACAS RECOMMENDATIONS FOR PUBLIC MEETING – 07AUG13

1. Recognizing the unique constraints that necessarily accompany the earliest possible transmission of raw data and the significant impact that the language of the ACAS regulations will have on advance data requirements worldwide, draft ACAS-specific data element definitions that
  - a. are more expansive than the equivalent Air AMS data element,
  - b. promote the earliest possible transmission of data for targeting, and
  - c. match as closely as possible the working definitions that have been used and proven effective during the pilot period.

**Status: Motion carried – unanimous**

2. Develop an efficient and well-crafted ACAS compliance regime that
  - a. adopts an account-based management approach, including the establishment of a carrier account manager structure for advance cargo data, analogous to that which exists for the advance passenger information system, that allows the full picture of a participant and its compliance level to be taken into account in the determination of appropriate compliance measures,
  - b. focuses on the quickest possible identification and remediation of compliance failures, as opposed to devoting limited resources on both the industry and government side to the imposition of transaction-based monetary penalties and subsequent time-consuming mitigation process,
  - c. that targets negligently or intentionally non-compliant parties, particularly those found to be engaging in fraud, and employs broad discretion in the determination to assess liquidated damages against generally compliant parties demonstrating robust efforts to meet ACAS requirements, and
  - d. includes a sufficiently long period of informed compliance to allow the trade to make all necessary process changes and IT system modifications to meet ACAS requirements.

**Status: Motion carried – unanimous**

3. Ensure that the filing regime is designed to achieve ACAS's primary policy objectives – namely, enhancing air cargo security by obtaining the earliest possible data submission, while simultaneously avoiding unnecessary negative impacts on air carrier operations, the air cargo business model, and the movement of legitimate goods. In particular:
  - a. Recognize both the Integrated Carrier – Conventional Carrier business model and the Freight Forwarder – Conventional Carrier business model, as well as the integrated

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

- b. carriers, conventional carriers and freight forwarders themselves, as distinct entities with regard to commercial practices, operational characteristics and technological capacities that necessitate unique self-filing regimes in terms of pre-requisites for participation and regulatory responsibility.
- c. Recognize ACAS as a discrete advance data system justifying development of a specific self-filing regime that differs from Air AMS in terms of pre-requisites for participation and regulatory responsibility.

**Status: Motion carried – By a vote of 15 to 2 abstentions**

**Trade Modernization Subcommittee:**

Role of the Broker Recommendations:

1. There is a recommendation that there be a continuing education component to the customs broker license of a minimum of 40 hours of continuing education over a 36-month reporting period. The COAC recommends that a minimum of 32 hours of the continuing education be accredited, and that a maximum of 8 hours of education may come from non-accredited sources.

It is recommended that CBP take a measured, commercially reasonable approach to the 40-hours continuing education requirement for customs brokers that are wishing to reactivate a license that is inactive.

2. The second recommendation is that the reporting of the continuing education should be tied into the triennial reporting of the licensed customs broker. The consolidated reporting will remove a separate reporting requirement, and the timing will make compliance easier for brokers.

It is further recommended that the reporting of the license holder and the continuing education be done together in ACE. This will eliminate some of the challenge that CBP has with the current reporting program and make compliance easier for the broker as well.

**Status: Motion carried – unanimous**

Automated Commercial Environment Working Group Recommendation:

It is critical for CBP to continue the ongoing dialogue and provide timely information to the trade community in order to ensure a successful transition from ACS to ACE. COAC recommends that CBP 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.

**Status: Motion carried – unanimous**

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

**November 15, 2013**

**COAC One US Government at the Border Subcommittee**

Recommendation 1

The One US Government at the Border Subcommittee recognizes U.S. Customs & Border Protections' (CBP) work towards the One US Government (1USG) Single Window Concept and recommends:

- CBP support the continued development of the International Trade Data Set (ITDS) Single Window to include all Partner Government Agency (PGA) requirements, including FDA, in the PGA Message Set.
- CBP accepts 1USG unified import filings including PGA data up to 30 days prior to shipment's departure from the foreign origin. CBP should pass the PGA message set data to the PGA upon receipt. The PGA should review the data for admissibility as early as possible, well in advance of the cargo's arrival. The PGAs will benefit from early data filing, affording the PGA more time to assess risk, review importer & product compliance, and make admissibility decisions while effectively managing their resources. The precedent of early submission requirements of import data is exemplified in Air Cargo Advanced Screening (ACAS), FDA Prior Notice and CBP Importer Security Filing (ISF).
- Upon receipt of 1USG unified import filings, CBP shall provide clear, concise and coordinated messaging to the trade on the status of entry release data and PGA data submission through ACE. The trade requires a consistent message set that includes anticipated status information from each Partner Government Agency as well as CBP. The message set should also provide examination information for planning purposes. The trade community recognizes that the final CBP and PGA cargo release messages will not be issued until one of the following occurs: goods are laden on the vessel (Ocean), wheels up (air), train consisted (rail) or cargo arrives at the border (truck).

Recommendation 2

The COAC 1USG@TB recommends CBP work with the Partner Government Agencies through the Border Inter-Agency Executive Council (BIEC) to ensure support for CBP and PGA Trusted Trader programs.

- Trusted Trader participants who submit full advance data submissions should be provided a CBP/PGA cargo release response message (not the anticipated status information received by non-trusted traders) prior to arrival of the cargo, according to a defined and predictable

## **COAC 13<sup>th</sup> Term Recommendations May- November, 2013 (continued)**

- timeline (based on Mode of Transportation or MOT). In the absence of a credible threat and/or real evidence of a goods' inadmissibility, shipments for Trusted Traders shall not be delayed or detained based on the mere "appearance of" a violation without observed evidence of an actual violation.
- Trusted Trader programs shall be designed to fully leverage CBP's and the trade's investment in Compliance and Security programs such as the Customs – Trade Partnership Against Terrorism (C-TPAT), Importer Self-Assessment (ISA), and Focused Assessment (FA) programs. The COAC acknowledges the significant contribution of time and resources that program participants make, and recommends that participation in these programs sets the stage for the participation in PGA Trusted Trader programs, such as the FSMA/FDA Voluntary Qualified Importer Program (VQIP).

### Recommendation 3

The COAC recommends CBP, PGAs and the trade community develop an efficient process to allow timely and early electronic corrections of data, whether or not the information is considered material for admissibility purposes.

- COAC supports the early filing of data, with the ability for the data to be updated as new information becomes available. Entry corrections shall be allowed prior to arrival or post arrival through the ACE corrections and deletions program.
- Correction of clerical errors should not impact CBP or PGA targeting of Trusted Traders.
- In addition, the trade community should be notified via ABI or other means if the Partner Government Agency makes an adjustment or updates the data filed by the trade.

### Recommendation 4

The COAC recommends that via the BIEC, CBP should work with the PGAs to define the most workable and efficient way to incorporate the relevant PGAs into the Centers for Excellence & Expertise (CEE) according to industry. CBP should work via BIEC to ensure adequate PGA support for the CEEs, with the ultimate goals of:

- Making Admissibility Decisions
- Fostering Transparent & Standardized Decision Making to Facilitate a Predictable Supply Chain.
- Providing an Empowered Point of Contact to whom issues may be escalated.
- Facilitating Trade Education & Communication

## **COAC 13<sup>th</sup> Term Recommendations May- November, 2013 (continued)**

### Recommendation 5

The COAC recommends CBP work with FDA to provide for electronic notification via ACE when a FDA Notice of Action is issued. The trade recognizes that the FDA Notice of Action will be available via ITACS but believes the electronic notification to the filer via ACE will enhance the trade's ability to respond to the FDA Notice.

### Recommendation 6

The COAC recommends CBP work through the BIEC, to encourage the Partner Government Agencies to review the efficiency of their entry release process, identifying clearance bottlenecks, and working to reduce those chokepoints. Analysis of their release process could lead to efficiencies through centralized entry reviews and expanded coverage hours. Delays or detention of goods while waiting for the PGA to determine admissibility could be avoided through more efficient entry release processes, consistent with how global supply chains function.

The COAC recommends that CBP work through the BIEC, to encourage PGAs to provide admissibility decisions at the time of Cargo Release.

### Recommendation 7

The COAC recommends CBP work with FDA, CPSC and any other PGA who utilizes CBP's Penalty or Liquidated Damage systems, to define and publish penalty mitigation guidelines for the PGA, taking into account an importer's Trusted Trader status.

In conclusion, the One US Government at the Border Subcommittee believes these recommendations are consistent and in the spirit of COAC's 12<sup>th</sup> Term One U.S. Government at the Border (1USG) Master Principals document, the SAFE Port Act of 2006, the ITDS "single window" requirements and supports The Department of Homeland Security (DHS) Global Supply Chain Security Strategy. DHS's "Extending the Border Priorities" supports the early electronic submission of entry data. Early filing in ACE prior to the arrival of cargo at the port of entry (POE) provides significantly improved opportunities for 1USG security and compliance risk assessments, greater resource planning and cost management efficiencies for both CBP as well as the Partner Government Agencies (PGAs). In return, the trade community would benefit from materially improved predictability and flow of lawful trade. Early filing of entry data does not preclude CBP or PGA from conducting physical exams or inspections.

**Status: Motion carried – unanimous on all seven recommendations.**

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

**Global Supply Chain Subcommittee**

Recommendation 1

Regulatory requirements for filing air advance data should closely follow successful processes used in the ACAS pilot.

**Status: Motion carried – unanimous**

Recommendation 2

Prior to publication air advance data regulations should be carefully reviewed to ensure that they do not conflict with the Trade Act.

**Status: Motion carried – unanimous**

Recommendation 3

To promote harmonization of data and physical cargo security protocols, the ACAS Workgroup should add mapping of cargo transfer scenarios, identification of issues, and development of workable solutions to its mandate.

**Status: Motion carried – unanimous**

**Trade Modernization Subcommittee**

Recommendation 1

Modify 19 CFR section 111.36 (c) to require that brokers obtain a power of attorney directly from the importer. Nothing should prevent the broker from communicating directly with the importer.

**Status: Motion carried – unanimous**

Recommendation 2

Recommend that CBP continue to pursue information collection to improve their admissibility determination via the proposed revisions to the CBP Form 5106. CBP should continue to consult with COAC to finalize 5106 information requirements and the collection process. This could be helpful to CBP in addressing risks associated with traditional challenges related to AD/CVD, IPR, and other enforcement issues.

**Status: Motion carried – unanimous**

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

Recommendation 3

Realizing that different brokers have different best practices for different business models, we recommend that CBP develop a program to recognize best practices within the broker industry and provide benefits to these brokers. These best practices may include power of attorney collection and validation. We expect that the specific benefits will be discussed during future COAC meetings.

**Status: Motion carried – unanimous**

Recommendation 4

Given that the proposed changes to the CBP Form 5106 will address many of the concerns surrounding validation of bona fides, we recommend no changes be made at this time to the current regulations regarding the collection of a valid power of attorney. We will revisit this recommendation after the proposed 5106 changes have been reviewed by COAC.

**Status: Motion carried – unanimous**

**COAC 13<sup>th</sup> Term Recommendations  
May- November, 2013 (continued)**

**2012 & 2013 COAC TRADE EFFICIENCY AND EXPORT SURVEY**

As the charter effort for One United States Government at the Border, we recognize the Partner Government Agency (PGA) integration effort for imports has a maturity beyond that of exports. Given the successful path established for imports, we encourage a similar path for the export efforts – establish Master Principles, establish an Export PGA Council of Agency Leaders, achieve PGA integration (policy, operations, and technical). We encourage CBP to continue to promote cross-agency partnership and integration, and take the lead where necessary to assist in the education and realization of trade-requested improvements required to promote nationally secure economic growth.

The scope of the recommendations below shall apply to both imports and exports; however, given the statements above, we understand and anticipate the export achievements to lag import achievements. Further, while we recognize and value CBP’s implementation of the 2012 recommendations, the trade’s realization of such recommendations go beyond that of a calendar year. Therefore, the recommendations are restated below and are intended to be removed or replaced upon the trade’s realization of intent.

Visibility

Recommendation 1

- NEW Recommendation 2013: The COAC recommends that CBP and PGAs partner with the trade community to target PGA requirements training and promote visibility of holds in ACE/ACS. We recognize and encourage the implementation of the One US Government at the Border Single Window approach, coupled with the PGA Message Set will provide greater visibility to the trade community as to the reasons for the holds. We encourage the Partner Government Agencies to become early adopters of PGA Message Set, allowing for early submission of information so the PGA may make earlier risk assessment decisions on admissibility of cargo.

**Status: Motion carried – unanimous**

Recommendation 2

- NEW Recommendation 2013: The COAC recommends working with CBP to define delays and holds and ensure a process exists for those types that require data capture. In addition, once delays and holds are defined in accordance with 2013 operations, COAC recommends that CBP develop national import/export port metrics as a method a) to understand the complexities associated with goods release by mode of transport and region and b) to achieve standardization of best operating practices across ports. Further, we recommend sharing the results with the Centers of Excellence and Expertise via the Industry Working Groups to achieve industry-specific best practices.

**Status: Motion carried – unanimous**

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

- From 2012: With strategic efforts such as the implementation of CEE's, streamlining and integration of PGAs via trade processes, and the National Export Initiative and Export Control Reform, it is important for CBP to continue to collaborate with COAC to seek ways to measure and improve trade processes and reduce freight dwell. We recommend CBP provide the trade with web-based metrics regarding export and import delays and holds on a One USG basis. We additionally recommend the continuation of the Center Industry Working Group metric sharing to generate meaningful bi-directional dialogue that will generate successes in meeting the objectives of both CBP and the trade.

Knowledge Sharing

Recommendation 3

- NEW Recommendation 2013: The COAC recommends that CBP share the survey information with the Partner Government Agencies (PGAs) to achieve a better understanding by the PGAs of the impact of cargo holds, detention and dwell times on the international supply chain.

**Status: Motion carried – unanimous**

Recommendation 4

- NEW Recommendation 2013: The COAC recommends that CBP share the results of the AD/CVD questions with relevant government entities when discussing issues related to the retrospective system of AD/CVD enforcement and collection. The 12th COAC made a formal recommendation based on several reasons that the AD/CVD system be changed to a prospective system similar to those utilized by all global trading partners. The feedback in this survey indicates that the larger trade community strongly supports this earlier COAC recommendation and would favor a prospective system. As this subject is often a topic of discussion in various forums in which CBP participates, the COAC recommends that CBP communicate this feedback in the appropriate forums.

**Status: Motion carried – unanimous**

- From 2012: When shipments are stopped or paused at the ports, the results tell us the respondents are favorable to dealing with CBP, as compared to the PGA (in general). COAC recommends that CBP champion a knowledge sharing exercise between PGA's and CBP specifically around holds / freight stops to align best practices and identify process improvements. Accomplishing this review in conjunction with the Centers will ensure positive benefits for the trade. We anticipate that the metrics will reveal the positive impact to the trade in the areas of decreased freight dwell, improved targeting, and increased customer service.

**COAC 13<sup>th</sup> Term Recommendations**  
**May- November, 2013 (continued)**

Integrated Customer Service Model

- From 2012: We recommend CBP advocate for an integrated customer service model with the PGA's. Synthesizing the current customer service design of CBP and PGAs will benefit both trade and security. Additionally, using the Centers to aid in the integration of a service model is most beneficial to impact processing times and freight dwell.

Annual Trade Efficiency Survey

- From 2012: We recommend the continuation of an annual COAC survey to assist in prioritization, measure success, obtain satisfaction feedback, and begin establishing trends.

## Appendix 2

### Advisory Committee on Commercial Operations of Customs and Border Protection (COAC)

#### List of Members-2013

| <b>Name and Title</b>  | <b>Company/Organization</b>                               |
|--|---|
| David Berry - Vice President   | Swift Transportation Corporation                          |
| Leman 'Chip' Bown, Jr.   | FedEx Trade Networks                                      |
| Scott Boyer - Associate Director   | Kraft Foods Group, Inc.                                   |
| Mary Ann Comstock -Assistant Secretary &<br>Northern Border Compliance Manager | UPS Supply Chain Solutions                                |
| Jeff Coppersmith- President  | Coppersmith Global Logistics, Inc.                        |
| William Earle - President  | National Association of Beverage Importers                |
| Matthew A. Fass - President  | Maritime Products International                           |
| William Ferguson - Vice President, Security Services                           | NYK Line (North America) Inc.                             |
| Brandon Fried -Executive Director  | The Airforwardsers Association                            |
| Carol Hallett - Counselor  | US Chamber of Commerce and National Chamber<br>Foundation |
| Suzanne Hoeger – Director, Global Trade<br>Compliance & Policy                 | Abbott Laboratories                                       |
| Vincent Iacopella, Managing Director   | The Janel Group of Los Angeles, Inc.                      |
| Karen M. Kenney, Chief Operating Officer                                       | Liberty International, Inc.                               |
| Kathleen Neal – Director, Global Trade Compliance                              | Regal Beloit Corporation                                  |
| Julie Ann Parks - Senior Manager, Export/Import<br>Operations                  | Raytheon Company  |
| James 'Jim' Phillips - Senior Manager, Customs                                 | General Motors LLC  |
| Kevin Pinel - Group Manager, Global Trade<br>Organization*                     | Microsoft Corporation                                     |
| Elizabeth Shaver – Director, Cargo Services                                    | Airlines for America                                      |
| Ted Sherman – Director, Global Trade Services                                  | Target Corporation  |
| George Weise - Executive Vice President  | Sandler & Travis Trade Advisory Services                  |

\*Official member as of April 18<sup>th</sup>, 2014