

# Commercial Customs Operations Advisory Committee (COAC) Global Supply Chain Subcommittee – Executive Summary

March 1, 2017



# CUSTOMS COMMITTEE ON COMMERCIAL OPERATIONS

Global Supply Chain Subcommittee  
Executive Summary – Trade Progress Report  
March 01, 2017

## I. Background

The Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) determined to carry on the work from the 14<sup>th</sup> Term COAC Global Supply Chain Subcommittee.

### **Mission Statement:**

*Advance priorities that promote trade facilitation, global customs modernization and global supply chain security, to enhance the competitiveness of our American businesses.*

**Trade Co-Chairs:** Adam W. Salerno, Brandon Fried, Alexandra Latham (TT Subcommittee), Mike Young (TT Subcommittee)

**Government Co-Chairs:** Liz Schmelzinger, Jim Swanson

**Members:** David Berry, Liz Merritt, Mike White, Kevin Pinel, Lisa Gelsomino, Vincent Iacopella, Lenny Feldman, Carlos Ochoa, Nikki Thomas, Valarie Newhart, Michael Schreffler, Maria Luisa Boyce and Steven Graham.

## II. Summary of Work

### **Customs-Trade Partnership Against Terrorism (CTPAT) Minimum Security Criteria (MSC) Working Group**

#### Background

The nearly 50 members of the C-TPAT MSC working group developed 8 recommendations and presented them to CBP at the November 2016 COAC Quarterly meeting. The working group had spent the better part of 2016 considering new criteria that is being considered by CBP in the areas of: security measures to counter agricultural pests and diseases; personnel security; cybersecurity; non-IT security technology; prevention of money laundering and terrorism financing issues; risk; high security seals and highway carrier issues; and security management and administration.

The recommendations summarized the working group's view that in order to create the most optimal outcome to meet both CBP and the C-TPAT program objectives, and to minimize the business impact, CBP should consider a multi phased approach to the work of updating the MSC. For example, phase 1 is the development of the revised MSC. This work is already under way with the current WG, but is not yet complete. Additional comments were submitted by working group members over the past quarter. Ultimately CBP will incorporate the new MSC into the existing MSC. Once the proposed new MSC is created, it should be circulated more broadly to the trade community for feedback and further review.

Only after the new draft MSC is created, reviewed by the trade, and refined, should a second phase commence with the development of an implementation plan. This plan should consider development of training and outreach materials, as well as a pilot program to test the new MSC from an operational and validation feasibility standpoint. After the conclusion of the pilot, the results should be evaluated for further refinement of the MSC.

For Phase 3, the final MSC should be implemented in a staged approach across all C-TPAT members. The staged approach should allow sufficient time for companies to become educated on the new criteria, evaluate the requirements, and implement in their own supply chains.

Current Status:

The GSC subcommittee held a conference call on January 12 and received a presentation on a new draft “C-TPAT Best Practice Framework” which is intended to aid and inform companies on how to reach compliance with C-TPAT criteria. The framework includes the following topics. Guidelines on how Supply Chain Security Specials and C-TPAT participants aware the need to produce evidence of the implementation of security measures; examples of documented processes; confirmation of Senior Management’s Support, indication of having a system of checks, balances, and accountability; as well as some innovative business processes/technology appropriate for the business model/size/industry. Four members of the C-TPAT MSC Working Group have offered to test the “C-TPAT Best Practice Framework” in their companies.