

Commercial Customs Operations Advisory Committee (COAC) Trade Modernization Subcommittee – Executive Summary

March 1, 2017



CUSTOMS COMMERCIAL OPERATIONS ADVISORY COMMITTEE

Trade Modernization Subcommittee Executive Summary – Trade Progress Report March 2017

Background

The Trade Modernization Subcommittee (Subcommittee) of the 14th COAC now has conducted the following work:

- completed the work of the Centers of Excellence & Expertise Uniformity and 2016 Broker Regulations working groups, awaiting further input from CBP on the submitted recommendations;
- completing the work of the Revenue Modernization working group, presenting recommendations during the March COAC meeting;
- continuing the work of the Rulings and Decisions Improvement and International Engagement & Trade Facilitation working groups, presenting the initial recommendations during the March COAC meeting; and
- announcing the launch of the E-Commerce working group, recommendations pending.

The Subcommittee continues to forge a public/private partnership designed to develop a strategic vision to enhance predictability, transparency and efficiency that is relevant in today's progressive trade environment and strengthens U.S. businesses as well as our economy.

Chairpeople

Jeffery Nii	Acting Executive Director, Trade Policy and Programs, Office of Trade, CBP
David Dolan	Director, International Organizations and Agreements Division, Office of International Affairs, CBP
Sherri Jordan	Director, Financial Systems Division, Office of Finance, Financial Operations Directorate, CBP
Myles Harmon	Director, Commercial Trade & Facilitation Division, Regulations & Rulings, Office of Trade, CBP
Michael Walsh	Director, IPR Policy and Programs, IPR Policy & Programs Division, Office of Trade, CBP
Shaun Keller	Chief, E-Commerce and Small Business Branch, Office of Trade, CBP
Cindy Allen	VP Regulatory Affairs and Compliance, FedEx Trade Networks
Lenny Feldman	Senior Member, Sandler, Travis & Rosenberg, P.A.

Working Group Updates

1. Centers of Excellence & Expertise Uniformity and 2016 Broker Regulations

These working groups arrived at over sixty (60) that were submitted previously in the April 2016 COAC Public Meeting. We continue to appreciate updates on these

recommendations from CBP. We recognize that CBP was able to confirm that under the Administration's new requirements for issuing regulations it was permissible to proceed with the extension of time for comments on CBP's interim final rule to implement its organizational changes relating to the Centers. We suggest that CBP confirm that it may issue its proposed regulatory changes relating to customs brokers on the basis that they would not be deemed of "significant" interest under the Administration's regulatory standard.

2. Revenue Modernization

The Revenue Modernization (Rev Mod) working group is presenting the attached recommendations designed to consolidate, automate, and streamline fragmented and manual revenue collections processes, allowing CBP Officers to spend less time collecting payments and more time on mission operations, to include customer inter-facing and enforcement duties. The working group consisted of carriers, customs brokers, importers, exporters, express couriers and sureties. The Rev Mod initiative was created to:

- 1) Apply modern technologies to decrease time and paperwork collecting revenue and issuing receipts in the field
- 2) Improve documentation, training, and procedures such that customers' experience is consistent across CBP
- 3) Expand payment options to provide customers with more electronic and advanced payment options
- 4) Improve CBP systems integration, which will provide better reporting capabilities and data transparency to customers
- 5) Streamline processes and improve port infrastructure to support the emerging revenue program requirements and technologies

The working group's air, land and sea team produced fourteen (14) recommendations and the import team produced seven (7) recommendations. The recommendations primarily address how CBP can leverage technology and consolidate processes to expedite and streamline the payment of duties, taxes and fees associated with: informal entries; formal entry statements; post entry payments and claims including reconciliation; broker licenses; truck crossing; APHIS/USDA; and express consignment.

The working group concludes upon the presentation of these recommendations.

3. Rulings and Decisions Improvement

The working group consisting of attorneys, customs brokers, freight forwarders, express couriers, importers and exporters recognized that the current system of CBP rulings and decisions, *e.g.*, binding rulings, internal advice and protest review decisions, affords an indispensable degree of transparency and informed compliance for the international trade community. However, through additional resources, automation and process improvement, the working group concluded that Regulations & Rulings (R&R), should be able to improve its speed and visibility when issuing its rulings and decisions.

The working group is focusing on tariff classification, valuation, origin, preference programs, drawback and other aspects of the entry and duty refund process within the Commercial Trade and Facilitation Division. It addressed how with the implementation of the Trade Facilitation and Trade Enforcement Act (TFTEA) and the new Administration's shifting trade policy, R&R can more effectively and efficiently issue the rulings and decisions that are extremely vital for both proper business planning and for affording traders due process.

As the attached recommendations illustrate, the working group identified ways to: enhance resource allocation due to shifting priorities and management needs; improve communication and outreach before, during, and after the rulings and decisions process; improve efficiencies by increasing and/or realigning expertise and considering expedited decision-making mechanisms as practicable; leverage automation for greater internal and external visibility, and optimize the value of the CROSS rulings database and its body of decisions by enhancing its technology and also considering the sun-setting of older, often outdated classification rulings and decisions.

Although the working group is providing a significant number of recommendations that touch upon a variety of critical issues during the March COAC, it will continue to convene to address and fine tune additional issues that the working group feels are necessary.

4. International Engagement & Trade Facilitation

After a brief hiatus, this working group is back in full swing, developing a strategy to identify top trade barriers to effective and efficient trade with our most prominent trade partners (e.g., BRIC countries and FTA partners). Now that 108 of the needed 110 countries to ensure the WTO Trade Facilitation Agreement (TFA) enters into force have ratified the agreement, the working group is considering practical strategic approaches and solutions/suggestions to encourage the adoption of best practices through CBP's engagement with the WCO as well as partner agencies or offices such as the USTR and USAID.

In order to accomplish this task, the working group divided into the following teams to develop recommendations on a country and regional level: Africa & Middle East, Latin America & Caribbean, NAFTA, Asia and Europe. In light of the Trade's questions surrounding the NAFTA, the working group is presenting the attached recommendations that address issues including: a continuity in trade preferences and consistency of implementation that leverages advances from other FTAs, modernization by considering a North American single window and addressing the impact of e-commerce; and regulatory cooperation that creates alignment between the partner government agencies and that promotes facilitation and simplification for small businesses and express delivery services.

The working group will continue to convene to provide recommendations pertaining to the other regions of the world as well as additional recommendations, as needed, pertaining to the NAFTA parties.

5. E-Commerce

The Trade and Government both agree that electronic or “E-Commerce” continues to create new opportunities for all sizes and types of business that are changing the way CBP has traditionally interacted with cross-border trade. Led by working group Co-Chairs Julie Parks and Vince Iacopella, the recently formed group has been developing a Statement of Work that we expect will be presented during the March COAC meeting.

For now, the working group contemplates the following objectives: defining E-Commerce from a CBP policy perspective including a supply chain process mapping exercise; addressing the implementation of the recent increase to the \$800 de-minimis value under the 19 U.S.C. §1321 administrative entry exemption; suggesting how CBP and the industry can collaborate to deliver education, outreach and training relating to E-Commerce and pertinent to all sizes and types of business; and considering opportunities and gaps relating to global E-Commerce facilitation and harmonization.

The working group expects to present recommendations during the upcoming CAOC meetings.

Conclusion

We thank the numerous officials from CBP Headquarters and the field as well as members from the trade community representing all the links of the global supply chain and operating throughout the U.S. for the continued support of our numerous trade modernization initiatives. We are extremely pleased with the recommendations that the Trade has advanced for CBPs’ consideration and eagerly anticipate further recommendations designed to enhance predictability, transparency and efficiency of cross-border trade that positively impact the U.S. economy.