

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

November 17, 2016

The logo for the Commercial Customs Operations Advisory Committee (COAC) features the letters 'COAC' in a large, bold, serif font. The 'C' and 'A' are blue, while the 'O' and the second 'C' are red. Below the letters are two horizontal lines, the top one blue and the bottom one red.

**COMMERCIAL CUSTOMS OPERATIONS
ADVISORY COMMITTEE**

ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF CUSTOMS AND BORDER PROTECTION

Global Supply Chain Subcommittee Executive Summary – Trade Progress Report November 2016

I. Background

The Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) determined to carry on the work from the 14th 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

At the April 27, 2016 meeting the Commercial Operations Advisory Committee (COAC), was approached by CBP to review the current C-TPAT Minimum Security Criteria (MSC). The COAC recognizes the need for a periodic review of the MSC for the C-TPAT program. We believe this is necessary to achieve our shared goal of producing the highest levels of cargo security and facilitating legitimate trade. The global supply chain and the infrastructure that supports it, is dynamic and constantly changing with technology and new techniques. The program must evolve too, to match changing threats and opportunities in international trade.

Six teams were formed comprising of members of the industry, CBP professionals and COAC representatives to review improvements to the current MSC within C-TPAT.

The teams were formed under the following sectors:

- Team A: Agricultural Security and Personnel Issues
- Team B: Cyber Security Issues
- Team C: Non-IT Security Technology
- Team D: High Security Seals / Highway Carrier Issues
- Team E: Prevention of Money Laundering and Terrorism Funding / Risk Assessment
- Team F: Security Management and Administration

The work was approached in two phases. For each phase, teams held weekly conference calls followed by face to face meetings in Washington D.C., to discuss the proposed new minimum security criteria as provided by CBP.

Phase I covered Teams A, B and C and concluded their review in July of 2016.

Phase II meetings, covering Teams D, E, and F, were held from August to October of 2016 again followed by a face to face meeting in Washington D.C. The working group provided feedback on the proposed minimum security criteria under these three teams and is currently awaiting revised documents from CBP incorporating the comments from the working group.

This work is still in the draft phases and needs to be evaluated for incorporation into the existing criteria to create a new C-TPAT core criterion that addresses the level of risk associated with the individual security areas.

Next Steps:

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. The next step will be to 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.

As a path forward, COAC has provided recommendations on the areas that are critical to consider for the future implementation of the new MSC.