

U.S. CUSTOMS AND BORDER PROTECTIONS
(CBP)

COMMERCIAL CUSTOMS OPERATIONS ADVISORY COMMITTEE

(COAC)

QUARTERLY PUBLIC MEETING

March 29, 2023

1:00 P.M. - 3:15 P.M.

Seattle, Washington

By: Chelse Sander

OPENING REMARKS

Felicia Pullam, Executive Director for the Office of Trade Relations, opened the meeting and extends thanks to all the attendees.

Roll is called and the following COAC members were absent: Travis Skinner, Amy Smith, Jody Swentik, John Van Wallaghen, and Brian White.

CBP Acting Deputy Commissioner Benjamine Huffman, filling in for Acting Commissioner Troy Miller, welcomed everyone to the meeting, highlights that CBP and DHS celebrated their 20th anniversary on March 1st and emphasizes the expertise and efforts of CBP's trade professionals, as well as the integral role of CBP's Office of Field Operations, Office of Trade, and Office of Trade Relations in the global economy and the safety and security of the global supply chain. He also acknowledges the World Customs Organization as a venue for strengthening trade facilitation and security partnerships.

Mentioning the appointment of Ian Saunders as the Deputy Assistant Secretary for the Western Hemisphere at the US Department of Commerce. He has extensive experience, including prior service as the Chair of the WCO's technical committee and Assistant Commissioner of International Affairs at CBP, making him an ideal candidate.

Deputy Commissioner Huffman highlights the importance of APEC economies as destinations for US goods and expresses excitement about hosting the APEC Customs Business Dialogue with a focus on promoting inclusive trade, specifically Women in Trade. He then highlights the Forced Labor Technical Expo hosted by CBP. The event provided a platform for industry representatives to share best practices on supply chain transparency and showcased an interactive dashboard on forced labor enforcement. It had significant participation from various sectors, demonstrating the industry's commitment to improving trade transparency and compliance with trade laws. It is reiterated that CBP is committed to working with the trade industry and ensuring compliance with US trade laws while protecting workers' rights globally.

Concluding, it is announced that the next public COAC meeting is scheduled for June 14, 2023, and he encourages people to register for CBP's next Trade Facilitation and Cargo Security Summit scheduled for April 17th, 18th, and 19th.

Tax Legislative Counsel Virginia Brown begins by also acknowledging the 20th anniversary of CBP and highlights the significant contributions of COAC in shaping the relationship between DHS, CBP, and Treasury. While issues have changed, the need for partnership and constructive dialogue to balance security and trade facilitation remains constant.

She then emphasizes their focus on maximizing enforcement while streamlining imports from trusted traders and ensuring a clean supply chain. She also recognizes the complexity of these goals and appreciates the input and suggestions provided by COAC. She continues by discussing the evolving need for data and its uses in the trade landscape, emphasizing the importance of privacy and confidentiality in an interconnected virtual environment.

She highlights the work on ACE 2.0 and 21CCF in collecting enough information for compliance while simplifying import processes for trusted traders. International engagement and collaboration with trading partners is also recognized as crucial, and the speaker mentions working with USGR on COAC recommendations for stakeholder engagement with the USMCA Trade Facilitation Committee.

DHS Deputy Assistant Secretary for Trade and Economic Security Bridget McGovern offers her sincere thanks to all participants for their continued commitment and acknowledges the essential role of COAC in providing feedback and recommendations to DHS. She gives appreciation for COAC's contributions in enhancing decision-making by providing insight into the ever-changing trade environment and highlights various trade-related topics that COAC has worked on, including export modernization, cross-border recognition, proposed in-bonds, regulatory revisions, and trade facilitation for the USMCA.

Continuing, the significance of the UFLPA as a compliance issue is stressed and gratitude is given to CBP and the trade community for their efforts in implementing it. The importance of continuing to work with COAC and the trade community in eradicating goods made with forced labor from the global supply chain and aligning regulations internationally is stressed as well. Other priorities mentioned include customs modernization through the 21st Century Customs Framework, and inter-agency initiatives for Indo-Pacific economic framework.

Ms. McGovern concludes by thanking CBP for hosting the meeting and emphasizing the importance of the partnership between COAC and DHS in advancing American national and economic security.

Robert Hammer, Special Agent in Charge for HSI, states that he oversees all of the HSI investigations of Oregon, Washington, Idaho, and Alaska and expresses excitement about the work being done in the Pacific Northwest in collaboration with CBP.

Briefly, the importance of balancing legitimate and illegitimate trade is mentioned, and an example of their impact in the region is shared. The strategic importance of the Arctic region is briefly stressed, as well as the potential economic opportunities and security challenges associated with the opening of trade routes.

Further, the partnership and collaboration between HSI and CBP is emphasized, with a focus on leveraging data and embedding task force officers to uncover illicit trade schemes. He also highlights the increased presence and staffing in Alaska to support trade investigations and national security efforts.

Concluding, Mr. Hammer expressed pride in the collaboration between the agencies in Seattle and acknowledges the leadership of DSO Humphries from CBP.

COAC Trade Co-Chair Kathy Wilkins expressed appreciation to meet during the public forums to review the progress of the Working Groups and the achievements of COAC. She stresses the importance to be able to discuss issues face-to-face to address key trade matters and participate in the proposed solutions.

Although COAC is only presenting eight recommendations during the meeting, they believe these suggestions will contribute to a more progressive and secure trade environment. She then acknowledge the commitment of Customs to involve the trade community in pilot programs and seek best practices and high competence as the trade environment continues to grow rapidly. She also expresses the value of the participation and knowledge of their partners.

Executive Director Pullman provided a few reminders to the attendees, stating that COAC has four Subcommittees and each Subcommittee has multiple Working Groups that will provide reports.

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SECURE TRADE LANES SUBCOMMITTEE

Subcommittee Co-Lead Stephen Simmons briefly recognized his Co-Chairs, Angela Cook, and J.D. Gonzalez, and thanked all the COAC Leads and Working Group members for their efforts. He states that the Subcommittee currently has five Working Groups, all of which have met multiple times over the past quarter. They will be providing updates from the Cross-Border Recognition Group, the Export Modernization, In-Bond, Pipeline, and Trade Partnership Engagement Working Groups, and three of those five Working Groups will have a total of seven recommendations to put forth.

Acting Executive Director of Cargo and Conveyance Security Diann Rodriguez gave gratitude to the Subcommittee Co-Chairs and members. She also acknowledges the contributions of her CBP team in their leadership and collaboration with COAC to achieve trade facilitation and enforcement goals. The Subcommittee is focused on modernizing import/export processes, improving trade intelligence, and enhancing efficiency. It is mentioned that the Subcommittee has held three meetings during the quarter to discuss the ongoing efforts of the Working Group.

CROSS-BORDER RECOGNITION WORKING GROUP

Working Group Co-Chair Stephen Simmons explains that the Group has been holding bi-weekly meetings to explore opportunities aligned with the commercial and economic strategies of the US economic dialogue. Additionally, CBP has been updating the Group on discussions with Mexican agencies regarding trusted trader programs and unified cargo processing. Trade members have also shared updates from their interactions with agencies such as USDA, APHIS, and Mexico's SENASICA, which regulate various aspects of the cross-border supply chain.

The Working Group has three recommendations to present. First, CBP should collaborate with Mexican authorities to align the requirements of CBP's C-TPAT program and Mexico's AEO program, with a focus on harmonizing AEO certification validation and revalidation processes.

The second recommendation is that CBP should work with US regulatory agencies and Mexican authorities to evaluate a mutual recognition initiative for agricultural products. This initiative will aim to enhance efficiency and reduce obstacles, particularly at the border.

Thirdly, it is recommended that CBP address emerging market conditions by leveraging data integration, technology, transparency, and communication. Additionally, an AEO brand should be developed, considering bilateral requirements, communication and data sharing procedures, trust-building through pilot programs certifying complete logistics chains on both sides of the border, and the design of operational and administrative efficiency.

EXPORT MODERNIZATION WORKING GROUP

Working Group Co-Chair David Corn provided the update for the Working Group, Truck Focus Group, and Multi-Modal Task Force. Their main objective has been to develop an export strategy that modernizes the procedures and processes for the 21-CCF, particularly by developing electronic export manifests for all modes of transportation.

The Truck Focus Group has been reviewing data elements for export manifests and aiming to streamline data requirements across the US, Canada, and Mexico. Their goal is to present final recommendations and data elements to CBP at the June public meeting. In November, an in-person workshop was held with CBP and various stakeholders to discuss electronic export manifests for all modes of transportation. Follow-up meetings have resulted in the development of a punch list with short-term and long-term goals.

The Multi-Modal Task Force, led by subject matter expert Paulette Colban, discussed mechanisms to connect the lowest-level house bill of lading manifest data to border crossing data for shipments leaving from non-US destinations. The Group outlined scenarios and compiled an internal Working Group paper to document the pros, cons, and challenges of each scenario.

As a recommendation, the COAC suggests that CBP evaluate the development of a process to connect house bill of lading information to the export carrier's manifest for multi-modal shipments leaving the US via land borders and departing from non-US airports or seaports to foreign destinations.

IN-BOND WORKING GROUP

Working Group Co-Chair Christopher Everly updates that the Group has been engaging with CBP in meetings to discuss modernizing the remaining regulatory items in Part 18 and improving the In-Bond process across all modes of transportation. They have also requested status updates on past COAC recommendations and requests submitted through the Trade Support Network Group.

The In-Bond Working Group has prepared three recommendations for the public meeting.

Firstly, they recommend amending 19 CFR 18.1(i)(1) to extend the maximum in-transit time from thirty days to sixty days for all merchandise transported in-bond, harmonizing the threshold across all modes, and accommodating movements that require additional transit time.

Secondly, the Group recommends that CBP enable trade to electronically request an extension of in-transit time for all merchandise to be transported in-bond through the ACE or CBP-approved EDI system. Currently, extension requests must be submitted in writing, and transitioning to a paperless solution would streamline the request process.

Thirdly, the COAC recommends that CBP communicate all in-bond hold messages in real-time through push-messaging in a CBP-approved EDI system. Currently, trade has to proactively query each Master Bill of Lading multiple times to check for hold status, which is burdensome and inefficient. By implementing real-time hold notifications, CBP can eliminate the need for constant querying and improve the process for trade.

PIPELINE WORKING GROUP

Working Group Chair Mary Hodges states that the Group was placed on hiatus in 2019, but since the last public meeting, phase three of the Working Group has been reactivated.

The Working Group has had two virtual meetings since that time, and we continued to focus on the recommendations from phase two. They do not have any recommendations at this time and they continue to work through recommendations from phase two.

TRADE PARTNERSHIP AND ENGAGEMENT WORKING GROUP

Working Group Co-Chair Angela Cook states that the Group has focused on reviewing previous recommendations and discussing partner benefits in relation to forced labor. They have conducted in-depth discussions on a proposed matrix of benefits, considering their impacts and feasibility.

Additionally, the Group has organized an in-person workshop with trade members and representatives from CBP's C-TPAT and the Office of Trade Relations.

They do not have any recommendations currently quarter, they plan to publish recommendations for the June public meeting.

PUBLIC COMMENT

Executive Director Pullman called for public comment, and after hearing none, opens the floor for comments from COAC and CBP. No additional comments were made.

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Brian Barber moves to submit the Secure Trade Lanes Subcommittee recommendations and is seconded by Julie Pojar. With a unanimous vote, the recommendations were submitted. **See the Appendix for the complete list of recommendations.**

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RAPID RESPONSE SUBCOMMITTEE

Subcommittee Co-Lead Julie Pojar explained that the Subcommittee's strategy focuses on three main areas: modernizing import/export practices; improving trade intelligence; and maximizing efficiency.

Currently, the Subcommittee has two active Working Groups, the Broker Modernization Working Group and the USMCA Working Group. The Subcommittee has met monthly to discuss the Working Group activities.

Executive Director of Trade Policy and Programs Brandon Lord expressed his appreciation for the Subcommittee's exceptional work in the past few months, specifically regarding the implementation of new broker regulations in 19 CFR Part 111. The partnership and guidance provided by the work group contributed to a smooth implementation process.

Additionally, the USMCA Working Group is expected to present a recommendation, and their efforts have been valuable not only to Customs and Border Protection but also to the Office of the United States Trade Representative. The Subcommittee's contributions are greatly appreciated in facilitating this work under Chapter 7.

BROKER MODERNIZATION WORKING GROUP

Working Group Co-Chair Brian Barber explains that the Group's focus remains on three key areas: the customs broker licensing exam, modernizing customs broker regulations, and continuing education for customs brokers. Although the group does not have any recommendations for this quarter, an update is provided on each area.

Regarding the customs broker licensing exam, the next exam is scheduled for April 26th and will be available both remotely and through in-person testing. The group has collaborated with CBP to improve the testing experience and ensure a positive outcome for candidates.

Regarding the modernization of customs broker regulations, the new regulations implemented in December have successfully moved licensed customs brokers to a national permit structure. The transition was smooth, with minimal disruptions in transaction processing.

The focus of the group in the past quarter has been on enhancing the ACE portal and addressing functionality needs to facilitate compliance with the new requirements.

Mr. Barber acknowledges the initial challenges faced during the rollout but credits CBP for actively seeking industry input and promptly resolving issues that could hinder compliance with the regulations. While some challenges and known issues persist, the group looks forward to ongoing engagement and discussions with CBP on customs broker modernization.

Lastly, in terms of continuing education for customs brokers, there are no new updates as it remains in the Notice of Proposed Rulemaking (NPRM) status. However, the Broker Modernization Working Group is prepared for further progress in this area.

UNITED STATES-MEXICO-CANADA-AGREEMENT (USMCA) WORKING GROUP

Working Group Chair Kathy states that the Working Group has been focused on Chapter 7 and that they are working very closely with the Dialogue Group as it contains representatives from all three countries.

They currently only have one recommendation, but they anticipate having more recommendations in June. The focus of the current recommendation revolves around Article 7.4, which establishes a facilitation committee.

The recommendation is that CBP should propose to the Office of Trade that this committee should involve various stakeholders, such as trade representatives, civil society, organized labor, and the private sector, to evaluate and contribute to its work.

It is also suggested that the facilitation committee could adopt a similar approach to COAC, holding quarterly public meetings and facilitating open dialogue between the committee and the stakeholders and there is an emphasis on the importance of establishing an avenue for communication and collaboration between the trade facilitation committee and the relevant stakeholders.

PUBLIC COMMENT

A comment was made by an unidentified speaker asking if the USMCA Working Group addressing the fact that Mexico has taken no action to implement the provisions on allowing periodic payment of duty to taxes and removing the limit on the number of ports where a broker may file.

Ms. Kathy Wilkins states that they realize that is out there and that is definitely part of the re-review of each of the articles and that it is a placeholder.

Another unidentified commentor states that Mexico and Canada require importations to actually submit manufacturing information so that aligns with the USMCA and forced labor and with supply chain security because currently manufacturers are not required when importing into the other countries. Additionally, they are curious about any ongoing discussions on the OnTrack group of the USGR.

MaryAnne Rowden (ph.) with EMPC commented that As part of his campaign for Secretary General of WCO, will DAS Saunders conduct outreach to the trade committee, including trade associations like EMPC about his agenda for the WCO? We really want to discuss his plan and his discussions with other countries.

Executive Director Pullman States that Mr. Saunders will be at the upcoming Trade Summit.

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J.D. Gonzalez moves to submit the Rapid Response Subcommittee recommendations and is seconded by David Corn. With a unanimous vote, the recommendations were submitted. **See the Appendix for the complete list of recommendations.**

NEXT GENERATION FACILITATION SUBCOMMITTEE

COAC Co-Lead Barry Baxter explains that the Next Generation Facilitation Subcommittee is tasked with identifying opportunities to improve trade and government processes, policies, and programs for the future. Updates will be provided by the five active working groups, including the recently established Passenger Air Operations Group. While no recommendations will be presented during this meeting, the working groups have been highly engaged over the past quarter.

Executive Director of Trade Policy and Programs Brandon Lord further explains that the focus is on the 21CCF with efforts being made to wrap up the work in time for the upcoming COAC public meeting in June.

Additionally, there will be a renaming of the one USG Work Group to the Customs Interagency Industry Work Group, aimed at fostering collaboration among government agencies to facilitate legitimate trade and reduce barriers in the supply chain. Although there are no significant updates for the Passenger Air Operations working group, it is mentioned that recommendations featuring collaborative public aids will be presented.

21ST CENTURY CUSTOMS FRAMEWORK (21CCF) TASK FORCE

Working Group Member Matthew Zehner explains that the Task Force consists of over seventy-five members representing various industries, including customs brokers, importers, exporters, rights holders, marketplaces, surety companies, COAC members, law firms, major trade associations, and transportation intermediaries. The working model employed by COAC has proven successful in capturing the majority of trade interests and managing complexity effectively.

Moving forward, the group plans to finalize remaining challenge areas and trade opportunities, concluding their engagement on CBP's 21st Century Customs Framework legislative package by the June meeting. Additional facilitation and modernization concepts will be reported for Congressional consideration. Although there may be disagreements between the group and CBP, as well as among trade stakeholders, the speaker encourages trade groups to engage with Congress on modernization and facilitation priorities.

After June, the group aims to continue engagement in regulatory policy and procedural modernization opportunities that do not require statutory amendments in preparation for potential future legislative actions.

CUSTOMS INTERAGENCY INDUSTRY (CII) ENGAGEMENT WORKING GROUP

Working Group Co-Chair J.D. Gonzalez acknowledges the previous Customs Interagency Industry (CII) Work Group, which has now been renamed. He emphasizes the group's commitment to continued engagement and seeks high-level ideas regarding harmonized core and common definitions across all Partner Government Agencies (PGAs), a true single window with CBP and PGAs, and the potential establishment of a CBP and trade coordination ombudsman.

The Working Group currently does not have any recommendations.

E-COMMERCE TASK FORCE

Task Force Co-Chair Craig Seeling stated that they held six meetings during the previous quarter, focusing primarily on the expansion of the Section 321 Pilot Program. The expansion aims to increase the number of trade participants transmitting advanced data elements on Section 321 de minimus shipments for trade facilitation and risk management purposes. Optional data elements may also be submitted by any participant.

The purpose of the data pilot is to enhance CBP's ability to identify and target high-risk shipments in the E-commerce environment, as well as facilitate trade and manage risk more effectively and efficiently for Section 321 eligible shipments.

Although no formal recommendations are made this quarter, the E-Commerce Task Force encourages interested trade parties to participate in the Section 321 pilot.

PASSENGER AIR OPERATIONS (PAO) WORKING GROUP

Working Group Co-Lead Vincente Herrera explains that the Group aims to collaborate between the Passenger Air Operations (PAO) industry and CBP. Their objective is to modernize passenger processing rules and regulations, streamline the passenger experience at US ports of entry, and identify challenges that impact airport operations.

Although the Passenger Air Operations Working Group does not have any recommendations for this public meeting, they will continue discussions on technological advancements, such as landing rights and expanding electronic processes for air carriers.

AUTOMATED COMMERCIAL ENVIRONMENT (ACE) 2.0 WORKING GROUP

Working Group Co-Chair Thomas Gould states that the Group anticipates reconvening later in the year to continue discussions on the future of ACE 2.0. They will review business cases presented by CBP to assess accuracy and understand the potential operational implications across all major components of the supply chain. Further, the focus remains on business re-engineering rather than technology to meet user requirements.

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PUBLIC COMMENT

Executive Director Felicia Pullam opened the floor for public comment. No comments were heard from online participants or those who attended in person.

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INTELLIGENT ENFORCEMENT SUBCOMMITTEE

COAC Co-Lead Erika Vidal-Faulkenberry states that although they don't have recommendations, the group has been engaged in steady work throughout the quarter.

The committee has been involved in important trade topics, such as improving accuracy in Anti-Dumping and Countervailing Duty entry providers and collaborating on the implementation of initiatives like the Uyghur Forced Labor Prevention Act. They have also focused on enhancing communication and processes related to Intellectual Property Rights (IPR) detention.

Looking ahead, the Intelligent Enforcement Subcommittee plans to continue working on current and emerging priorities, collaborating with CBP and other agencies in the trade community.

Executive Director of Trade Remedy and Law Enforcement Eric Choy acknowledges the significant amount of work accomplished by the teams and subcommittee leads in moving forward. The Intelligent Enforcement Subcommittee has had robust and comprehensive discussions among its four working groups focused on areas such as AD/CVD, IPR, Bonds, and Forced Labor.

Although there are no recommendations to submit this quarter, Executive Director Choy appreciates the expertise and collaboration of the COAC members and co-chairs in shaping recommendations from the previous term and the ongoing term.

Highlights were given on the progress made on automation detention work and the operationalization of the Uyghur Forced Labor Prevention Act, thanks to the input and recommendations from the Forced Labor Working Group.

Additionally, gratitude is given for the feedback provided by COAC members in organizing a tech expo, publishing frequently asked questions, best practices, and a table of contents related to forced labor enforcement.

ANTI-DUMPING & COUNTERVAILING DUTY (AD/CVD) WORKING GROUP

Co-Chair Matthew Zehner states that the Group has been meeting monthly and working with entry filers to test automated processes that help identify potential errors related to dumping and countervailing. The group is also discussing how to better inform trade about certification requirements related to AD/CVD orders and facilitate the filing of certifications in the ACE system. These discussions may lead to recommendations in the upcoming June meeting.

BOND WORKING GROUP

Working Group Chair Matthew Zehner explains that the Group has transitioned to a bi-monthly meeting schedule and is focusing on implementing previous recommendations. They are working on enhancing E-Bond filing, addressing weaknesses in the ISF single transaction bond process, and moving into Section 337 bonding.

Progress has been made in converting bonds into E-Bonds and the group awaits Customs' review and updating of the bond directive. They are also discussing recommendations to identify and correct the use of third-party addresses in trade transactions.

FORCED LABOR WORKING GROUP

Working Group Co-Lead Julie Pojar stated that they had made recommendations to CBP regarding the enforcement of the Uyghur Forced Labor Prevention Act and Withhold Release Orders. They recommended that CBP publish fact sheets to help US importers understand the operational processes for compliance.

They also suggested enhancing the quarterly forced labor enforcement statistics by including additional indicators of enforcement activity and implementing bi-directional communications to support eradicating forced labor. These recommendations remain a priority in the working group's bi-weekly meetings.

The group acknowledges CBP's efforts in publishing frequently asked questions, a symmetric dashboard, and a data dictionary, which are useful tools for the trade. They look forward to discussing further enhancements to the dashboard, additional FAQs, and outreach methods in the upcoming meetings, with recommendations expected to be submitted in June.

The Forced Labor Working Group will continue to collaborate with CBP on intelligence opportunities, enforcement balance, two-way communication with the trade, and the focus on technology in future quarters.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROCESS MODERNIZATION
WORKING GROUP

COAC Co-Lead Heather Litman mentioned that their previous recommendations had been on the automation of detention and seizure.

While they don't have recommendations for this quarter, they are in a think tank mode and evaluating the possibility of a portal for the IPR webpage on the Customs website. The goal is to enhance two-way communication between rights holders, importers, and Customs regarding potential IPR infringement.

They plan to study the practices of other countries, starting with the EU, to gain insights and inform their recommendations to the government on the portal and they anticipate having more robust recommendations in the next quarter.

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PUBLIC COMMENT

Executive Director Felicia Pullam opened the floor for public comment. No comments were heard from online participants or those who attended in person.

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CLOSING REMARKS

Executive Director Felicia Pullman thanked all the participants and adjourned the meeting at 3:15 P.M.