

**Departmental Advisory Committee on  
Commercial Operations of Bureau of  
U.S. Customs and Border Protection**

**May 15, 2007**  
**Washington, DC**

**Summary and Resulting Action Items**

The May 15, 2007 COAC meeting in Washington, DC was co-chaired by Customs and Border Protection (CBP) Commissioner Basham and Tim Skud, Department of Treasury (Treasury) Deputy Assistant Secretary for Tax, Trade and Tariff Policy. Richard Barth, Department of Homeland Security (DHS), Assistant Secretary, Office of Policy Development also provided remarks. All welcomed the members of the 10<sup>th</sup> Term COAC for the second meeting. (Attendee list attached as Annex A).

**ACTIONS:**

- Commissioner Basham asked for a motion to accept minutes for the February 14, 2007 COAC meeting. Motion approved.

**Advance Trade Data**

CBP continues to move forward with the Security Filing, or "10+2", initiative. The Office of Regulations and Rulings has completed its initial work on developing the draft Notice of Proposed Rule Making (NPRM) and CBP is reviewing that document internally.

CBP does not have an estimate as to when the formal notice will be published. The economic impact assessment is continuing as CBP is reaching out to a number of smaller operators in the trade community for input.

CBP has continued its outreach efforts and assured the COAC members that CBP will continue with that dialogue. There will be limits as CBP moves closer to the publishing of the formal rule, but CBP continues to listen to trade advice and concerns.

**ACTIONS:**

- CBP continues to review recommendations provided by COAC.
- CBP to send Notice of Proposed Rule Making (NPRM) to DHS and Office of Management Budget (OMB) for review.
- COAC stressed that they should continue to be engaged throughout the process.
- DHS encouraged COAC to provide solutions when commenting on the final rule.

**CBP/Trade Supply Chain Assessment**

COAC proposed establishing a subcommittee to bring industry experts on supply chain logistics to partner with CBP, to educate CBP on supply chain best practices and to help look for opportunities. The subcommittee would be comprised of COAC members and CBP.

CBP is receptive to the concept as an idea, but perceives a challenge on how to craft the working group without creating bias. To provide meaningful results, the group needs to

examine all aspects of the supply chain across numerous industries. Further refinement of the scope of this effort probably will be required.

**ACTIONS:**

- o COAC Chair Bruce Leeds asked for a motion to establish a subcommittee regarding supply chain assessment. Motion approved.
- o COAC Member Sam Banks and CBP Assistant Commissioner Jayson Ahern or his designee to lead the subcommittee.
- o COAC to report back at August meeting.

**Customs-Trade Partnership Against Terrorism (C-TPAT)**

CBP reported that currently there are 7,031 certified members, and all new applicants are being reviewed within 90 days, as required by SAFE Port Act. CBP has completed 4,200 validations anticipates completing the 3,000 additional validations by the end of the year.

C-TPAT 3<sup>rd</sup> Party Validations – CBP is working with the COAC supply chain security subcommittee, a proposal to utilize third party validators in China was developed and a solicitation for interested parties was issued on the Federal Business Opportunities website on March 27. The solicitation closed on April 30, and CBP received 24 applications.

CBP is currently reviewing each application to determine if the minimum standards have been met. An announcement of the best-qualified validator firms is expected by the end of May.

University of Virginia Survey - A survey was issued to all certified C-TPAT members in January to help gather return on investment data. The survey closed on April 27. Over 1,800 companies responded to the survey. The University of Virginia will now conduct an analysis of the data, and publish a final report this summer.

**ACTIONS:**

- o CBP will implement 3<sup>rd</sup> Party Validation Pilot. CBP developing C-TPAT criteria for Mexican Long-Haulers and reviewing 3<sup>rd</sup> Party Logistics Providers minimum-security criteria.
- o COAC has two deliverables for September and October, first is a report on the effectiveness of Container Security Initiative (CSI) ports and second, review of benefits for C-TPAT participants and develop a proposal for additional benefits.
- o COAC requested advance communications on material changes to CBP systems and processes. CBP will discuss with agency lawyers to find a forum to discuss changes to CBP sensitive targeting systems with COAC.

**Supply Chain Security Strategy/Post Incident Trade Resumption/April Exercise**

Supply Chain Security Strategy - The SAFE Port Act, Section 201 and 202, requires the development of a strategic plan to enhance the security of the international supply chain specific to containerized cargo.

A multi-agency work group comprised principally of representatives from CBP, the Coast Guard, Transportation Security Administration (TSA) and DHS Policy developed a draft strategic plan in March 2007. The draft plan was shared with the COAC in April 2007.

## **ACTIONS**

- DHS to provide a briefing on the National Response Plan (NRP) next COAC meeting in August.
- COAC had 14 points regarding comments on the first draft of the DHS strategy. COAC would like to continue the dialogue with DHS as the strategy is further developed.
- Bruce Leeds, COAC Trade Co-Chair asked for a motion to accept formal COAC comments on the DHS draft strategy. Motion approved. (COAC Comments Annex B)

Post-Incident Trade Resumption – Unified Business Resumption Message (UBRM) In coordination with the CBP Office of Information & Technology and representatives from Canada Border Services Agency (CBSA) Headquarters, the CBP Business Resumption Team has created the UBRM system in order to ensure that a coordinated, consistent message is sent to the trade community in both the U.S and Canada in the event of an incident that affects the flow of trade at our borders.

CBP stakeholders can subscribe to the UBRM via a Remote Subscription Service (RSS) linked to the cbp.gov website. This allows them to view the information from the website and get real-time updates.

The CBP Business Resumption (BR) team has conducted several exercises with Canada and members of the trade community to test the UBRM system.

- Currently, the UBRM is live for the Northern Border Operating Environment.
- Within the next 30 days, the Business Resumption Team hopes to launch the UBRM for all modes (Air, Southern Border, Rail, and Maritime).

## **ACTIONS**

- CBP anticipates that within the next 30 days, messaging (UBRM) will be expanded in functionality beyond just for the Northern Border.

### April Exercise – Northern Border

The Business Resumption tabletop exercises took place in Vancouver British Columbia over three days in April 2007. Organized by the joint CBP/CSBA Exercise Design Team, the exercises tested the draft Business Resumption Communication and Coordination Protocols and showcased the new CBP UBRM as a means to communicate pertinent information to trade following an incident that affects the flow of trade at the border.

- Pacific Sphere: April 10 was a government-to-government exercise with participants from CBP and CBSA and several infrastructure owners.
- April 11 was a workshop day with just the participants from the April 10 exercise to prepare for the next day's exercise.
- Pacific Venture: April 12 was a government-to-trade exercise.

## **ACTIONS:**

- CBP will continue to develop maritime protocols with U.S. Coast Guard as per SAFE Port Act sections 201 & 202.

## Office of International Trade

Office of International Trade – Consolidating all of CBP's trade functions into one Office of Trade pulls together critical responsibility for trade policy and program development and will enhance CBP's ability to fulfill their missions of facilitation, enforcement, revenue collection and protection of U.S. industry from unfair trade practices.

The Office of International Trade will also be the one point of contact for working with other government agencies (OGA) to improve trade facilitation and forging a closer working relationship with COAC.

All of these efforts at improving facilitation and efficiency not only makes targeting for trade issues more effective, but also will ensure that enforcement efforts are focused on those importers who are most in need of enforcement action.

### **ACTIONS:**

- COAC and CBP began discussions on Importer Self-Assessment (ISA) participants to receive benefits regarding conditional release for those instances where multiple containers are involved and allowing release on those not selected for exam. Also, discussions began on CBP's detention policy as it relates to textiles and ISA participants.
- COAC has requested that Bond Centralization become a future agenda item.
- COAC is waiting for three baselines from Office of International Trade: percentage of paperless type 01(Consumption) entries (non-OGA), time on examined or detained merchandise, percentage of merchandise that is detained and then released.
- COAC also wants measurements for the percentage of 06 (Foreign Trade Zone) entries required to go with paper and the percentage of local over-rides that are related to those entries.

## **World Customs Organization (WCO) – High Level Strategic Group (HLSG)**

CBP reported that at the April 2007 High Level Strategic Group meeting, CBP and the other WCO members achieved agreement on a mechanism for amending the SAFE Framework (will allow CBP to incorporate Advance Trade Data - "10+2"), and other desired changes to the Framework text.

The WCO Vice Chairs reported on the status of Framework capacity building efforts in their regions, and it is clear the level of commitment to implement the framework is rising. Capacity Building is more active than ever and the WCO donors group is working to assure the many countries that have requested assistance are covered.

At the meetings with both government and business groups, CBP highlighted the steps we are taking with the European Union (EU) and others to implement the SAFE Framework, particularly our progress on mutual recognition of business partnerships programs.

The 2 preconditions for Mutual Recognition are:

- Administration must submit a letter of intent to implement the SAFE Framework.
- The country must have a fully operational Authorized Economic Operators (AEO) program that meets the criteria outlined in the SAFE Framework.