

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

August 16, 2007
Washington, DC

Summary and Resulting Action Items

The August 16, 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. Secretary Michael Chertoff, Department of Homeland Security (DHS) also provided remarks. All welcomed the members of the 10th Term COAC for the third quarterly meeting. (Attendee list attached as Annex A).

ACTIONS:

- Commissioner Basham asked for a motion to accept minutes for the May 15, 2007 COAC meeting. Motion approved.

Post Incident Response

James Caverly, Director, Partnership and Outreach Division of DHS provided remarks on the National Response Plan (NRP) and National Response Framework:

There has been a significant change on how the government looks at critical infrastructure. The Federal Government provides support but the responsibility to respond to a disaster lies with the States Constitutionally. Federal role is to support States and bring in the necessary additional resources. Framework allows government to do two things; one allows government to share better information. Second, providing a capability to plug into and connect to federal response mechanism with joint field office. Created a position called the Critical Infrastructure Liaison. This will be the key government representative that the private sector needs to be dealing with during an event.

CBP's Jeremy Luczkowski, Acting Director, Incident Management, Office of Anti-Terrorism (OAT) provided an update on CBP's efforts:

To test the joint Business Resumption Communication and Coordination protocols, CBP and Canada Border Services Agency (CBSA) conducted a Land Border Tabletop Exercise, April 10-12, 2007, in Vancouver, BC, Canada. The exercise was designed to facilitate discussion regarding the timely exchange of situational awareness between CBP and CBSA chains of command, liaison with border-agency counterparts, and procedures for coordinated delivery of information to stakeholders during a significant emergency. Representatives from Australia, New Zealand and Mexico attended the tabletop exercise.

Protocols between CBP and CBSA for Communication and Coordination during Post incident Recovery are in the final review stage.

Joint Protocols between CBP and Coast Guard for communication and coordination during Post Incident Recovery are also in the final review stage.

A Unified Business Resumption Messaging (UBRM) System has been developed and tested by key stakeholders of the trade community and other government agencies. The UBRM provides clear, concise, and reliable information that can be provided to the trade community (U.S., Canada and Mexico) to maintain trade flow.

COAC Response: COAC's primary recommendation, a clear command and control structure should be available for the trade. The COAC also believes that a port being down is a national issue not solely a state issue. COAC requested access to CBP's strategic response plan, since more aligned with CBP.

Chris Koch, COAC member representing the maritime shipping community thanked Deputy Commissioner Ahern for his work bringing the two agencies (the U.S. Coast Guard & CBP) closer together to make all this work.

ACTIONS:

- DHS to provide COAC a copy of annex for critical infrastructure resources from the National Response Framework.
- CBP to provide COAC After Action Report for the Vancouver tabletop exercise.
- A Unified Business Resumption Messaging Test, involving all modes of transportation, will take place on Tuesday, August 21, 2007.
- CBP to check on the progress of the security background investigations.

Secretary Chertoff's Remarks

Secretary Chertoff thanked the COAC for the important service that this committee provides to this department and to the country over the last 20 years. Stated that COAC provides an important sounding board to DHS to give some real-world expertise and perspective on what is often a difficult balance between security and trade. The Secretary will continue to consult with COAC and the Trade on continuing and future initiatives. Secretary Chertoff opened the floor for questions. Complete remarks by Secretary Chertoff are attached Annex B.

International Trade Data System (ITDS)

COAC suggested that DHS/CBP look to ITDS as a potential solution to the Global Trade Exchange (GTX) initiative.

ACTIONS:

- CBP will have the Global Trade Exchange as an agenda item for the November meeting. CBP and DHS to consider providing more information about GTX prior to the November meeting. There may need to be a need to have a meeting with COAC prior to the scheduled November meeting.

C-TPAT/CSI Program Updates

In the interest of time, Commissioner Basham requested that only COAC members report out on these topics in order to cover the rest of the scheduled agenda.

CSI

COAC worked with CBP on the SAFE Port Act Container Security Initiative (CSI) effectiveness report to Congress. The COAC subcommittee provided comments on CBP's report, which will be submitted to Congress by September 30, 2007. CBP is confident that it will be delivered to congress in a timely manner.

C-TPAT

COAC plans to continue subcommittee work on identifying trade benefits. Trade continues to look for return on investment. COAC suggested that CBP consider allowing exporters as a C-TPAT participant. Members also wanted to know the status of the University of Virginia (UVA) study on C-TPAT metrics.

CBP response: Exporters are regulated by other government agencies (Commerce) so this would be a challenge. In regards to the UVA study, CBP expects the 156-page study to be finalized by the end of the month and posted to both the CBP and UVA websites as soon as available.

ACTIONS:

- CBP to post UVA Study to CBP's website once available.

CBP/Trade Supply Chain Assessment

While CBP supports establishment of necessary working groups, there is concern that this subcommittee not duplicate the work of other COAC subcommittee's or current actions.

ACTIONS:

- COAC and CBP mutually agreed to have an off-site meeting within 30 days to scope out the working group's role. COAC suggested having more CBP components involved in the work of the subcommittee that extends beyond C-TPAT. Commissioner Basham assured the COAC that whatever components identified by COAC would be available to be represented at the off-site meeting.

Secure Freight Initiative (SFI)

CBP defines Secure Freight Initiative into 3 components: 1) overseas scanning activity 2) the security filing (10+2) and 3) the future direction of the Global Trade Exchange or whatever it may be called as it evolves.

CBP continues to move forward with the Security Filing, or "10+2", initiative. CBP completed its work on developing the draft Notice of Proposed Rule Making (NPRM) and the draft is now with DHS for review. DHS has treated the draft in an expeditious manner and the review process should be completed soon.

The Security Filing program is part of the Secure Freight Initiative office, known by its acronym as SFI. SFI is designed to create an integrated targeting platform for our U.S.-based targeters and the officers assigned to Container Security Initiative ports overseas.

SFI will combine the information provided by the advanced technologies associated with radiation detection capabilities and container imaging equipment, with the advance data that is received from ocean carriers and the trade community as part of the “10+2” proposal. This will enable CBP officers to review shipments within the full context of the transaction’s history – commodities, locations, and the entities involved – to determine which shipments require additional levels of review.

The 9/11 Commission Act was recently signed into law by the President. One of the cornerstones of the legislation is the basic requirement for the scanning of all containers destined for the United States. While there are many factors that will impact implementation timelines, CBP will meet its obligations as the agency primarily responsible for the operational implementation of the law’s requirements.

The SFI pilot projects become even more important in light of the new requirements, since the lessons learned at the SFI ports will form the basis of CBP’s report to Congress as required by Section 231 of the SAFE Port Act on integrated container scanning. Strong relationships with our counterpart host governments and continuous dialogue with the trade community will be critical to CBP in meeting this requirement.

COAC response: Questioned about foreign government requesting reciprocity of 100% scanning for U.S. exports and is CBP prepared to utilize Radiation Portal Monitors (RPMs) for outbound cargo. COAC wanted to know how Global Trade Exchange is defined and how will the project be implemented. COAC remains concerned on who will have access to trade data. COAC wanted to know about the status of container-mounted solutions for gantry cranes.

Container-mounted solutions are still under evaluation; currently the technology does not exist to pursue this solution.

ACTIONS:

- CBP/DHS to provide COAC a briefing on Global Trade Exchange prior to the November quarterly meeting.

ACE Program Status

CBP continues to expand the implementation of the requirement to file e-Manifests.

Implementation dates for the mandatory e-Manifest policy to the remaining Northern Border states of Maine and Minnesota, as well as Alaska, will be announced via the Federal Register. E-Manifests are now required at all other land border ports.

Data continues to show that processing e-Manifests is faster than paper manifests.

As of June 30, 2007, 91 percent of incoming trucks at ports requiring e-Manifests were compliant with the requirement to file e-Manifests.

In August 2007, CBP is deploying new entry summary, accounts, and revenue capabilities that will expand access to the Automated Commercial Environment (ACE). These capabilities also lay the foundation for future ACE enhancements that will further automate CBP business processes and significantly reduce the amount of paper documentation used to conduct business with CBP.

Thirty-Five government agencies are currently participating in International Trade Data System (ITDS). An additional 9 agencies have been identified that should be a part of ITDS.

COAC Response: Wanted to hear from CBP Executive Director Lou Samenfink regarding lessons learned from the recent weekend implementation of recent software upgrades, also to further the discussion on Electronic Data Interchange (EDI) integrity issues, and CBP communication protocols regarding downtime policy from helpdesk to field officers and management.

ACTIONS:

- CBP indicated that software implementation will continue to occur over weekends and that communication remains a challenge for the ACE team when system problems occur but the team will continue to improve necessary outreach.

Office of International Trade

Assistant Commissioner Baldwin announced several leadership changes that will be occurring in the Office of International Trade. Brenda Smith has been selected to be the Executive Director of Trade Policy and Programs. Vera Adams has taken a position with the Transportation Security Administration (TSA). Ms. Adams will be vacating the position of Executive Director for Commercial Targeting & Enforcement.

The subcommittee on the Office of International Trade has been working to identify possible policy changes that can expedite the release of compliant cargo, particularly cargo of trusted partners.

CBP announced two proposals for process improvements that will improve facilitation for legitimate goods: 1) Textile Detention Policy changes for members of the Importer Self Assessment program (ISA), and 2) Environmental Protection Agency (EPA) Enforcement policy changes for labeling for vehicles and off-road engines.

One requirement from Congress through the SAFE Port Act was for the Office of Trade to develop a Resource Optimization Model (ROM). CBP sent to Congress early July.

Through this ROM exercise CBP took a look at what would be the optimal level of resources needed for the trade mission.

- Need to meet the growing demand of trade.
- Combat the inherent risks we face in some of the priorities areas.

- How does CBP meet the trade mission and the goals the agency has.
- Leverage some of the gains through technology and ACE, through the partnership programs, and through some process improvements.

Findings – for CBP to be operating at optimal levels, yes, some increases would be needed for the trade side of the house.

Passage of the Homeland Security Act in 2003, CBP was mandated to keep threshold levels for the revenue positions. This study has highlighted that the trade environment has been so dynamic since 2003 that such a diverse set of employees are need to operate and fully enforce trade.

COAC response: The subcommittee continues to analyze the performance measures and metrics. The subcommittee continues work on identifying improvements for conditional release and paperless entry rates.

President’s Import Safety Working Group

An interagency working group on import safety has been established by the Department of Health and Human Services (HHS) as a result of the President’s Executive Order (EO). CBP is an active member of the group.

During the next 3 weeks, the group is reviewing current laws and programs with respect to import safety and will focus on areas of cooperation and coordination that is needed with other governments, foreign manufacturers, and importers.

COAC response: The full COAC will respond to the 6 questions posed by the President’s EO but the COAC subcommittee on Intellectual Property Rights (IPR) will expand upon the President’s EO and delve into not only the public safety issues associated with counterfeit products but also the economic impact of IPR infringement and improving IPR enforcement.

COAC asked for a motion to establish a subcommittee on IPR Enforcement. Motion approved.

ACTIONS:

- CBP is looking to COAC for their input and recommendations on how the government can improve import safety.

Future Business

- Next COAC meeting **November 16, 2007** at the Ronald Reagan Building and International Trade Center (RRB). This was a change from the original date and location of November 29, 2007 in Houston, Texas first stated at the February 14, 2007 meeting.
- COAC proposed that two future meetings be held outside of Washington, DC in 2008. In January or February the meeting should coincide with the winter meeting of CBP’s Trade Support Network (TSN) or the Association of American Exporters and Importers (AAEI) winter conference.