

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

**February 14, 2007**  
**Washington, DC**

**Summary and Resulting Action Items**

The February 14<sup>th</sup>, 2007 COAC meeting in Washington, DC was co-chaired by CBP Commissioner Basham and Tim Skud, U.S. Treasury Deputy Assistant Secretary for Trade and Tariff Policy. Both welcomed the returning and new members of the 10<sup>th</sup> Term COAC. (Attendee list attached as Annex A).

**ACTIONS:**

- Commissioner Basham asked for a motion to accept minutes for the November 9th, 2006 COAC meeting. Motion approved after request to amend the technology section of the minutes.

**SAFE Port Act – Subcommittee Updates**

Advance Trade Data Subcommittee - COAC has a total of 37 recommendations for CBP regarding advance trade data for security filings. Recommendations are divided into 6 categories: data elements with definitions; how data elements will be transmitted; who will transmit the data; implementation of the advance trade data process; final regulations and other recommendations relevant to this topic.

CBP reported that it looked at thousands of data elements prior to agreeing on what is necessary for the security filing (SF). In addition to working with COAC on the advance trade data security filing proposal, CBP provided outreach to other trade groups such as U.S. Chamber of Commerce, the Joint Industry Group (JIG) and the Association of American Exporters and Importers (AAEI).

CBP also reported that Frequently Asked Questions (FAQs) regarding the security filing proposal have been posted to the CBP website and that CBP has received over 200 organized comments and concerns from approximately 20-30 trade organizations and other interested parties.

**ACTIONS:**

- COAC submitted a list of 37 Recommendations to CBP. (Annex B)
- COAC stressed the need for extensive testing prior to implementation based on the diversity of the trade community.
- COAC recommended that they should stay engaged in the process as CBP moves forward with the proposal.

C-TPAT 3<sup>rd</sup> Party Validations - CBP provided an overview of their proposal how to address section 218 of the Safe Port Act (SPA). Section 218 of SPA requires the development of a plan to implement a 1-year voluntary pilot program to test and assess the feasibility, costs, and benefits of using third party entities to conduct validations of Customs -Trade Partnership Against Terrorism (C-TPAT) participants.

CBP has validated 68% of all certified members and will reach 100% by the end of 2007, with the exception of 300 importers who source 75% or greater from China. These 300 importers are currently confined to C-TPAT Tier 1 and receiving minimum level of benefits since the Chinese government has denied CBP's request to allow U.S. CBP specialists from performing validations in China.

CBP has defined the requirements for the voluntary members that will participate on the pilot. Pilot will run for 12-month period and is limited in scope. CBP will be posting an announcement for 3<sup>rd</sup> party validators onto the Federal Business Opportunities website shortly.

**ACTIONS:**

- o CBP will continue to work with the Chinese to allow CBP specialists into China for validations.
- o COAC recommended that a status on C-TPAT should be provided regularly to COAC at quarterly meetings.
- o Commissioner Basham agreed that C-TPAT will be added to the agenda for future meetings.

Post Incident Trade Resumption –CBP reported that it is working with Canada Border Services Agency (CBSA) in accordance with Security and Prosperity Partnership (SPP) recommendation 9.2.7. CBP and CBSA are planning a joint land border tabletop exercise for April 2007 in Vancouver, British Columbia. CBP is also working with U.S. Coast Guard (USCG) as part of the Safe Port Act requirements under section 202 to develop joint protocols for maritime business resumption.

Key assumptions for quick and effective business resumption:

- CBP's ability to communicate with the trade effectively, frequently and in a timely manner.
- Communication and coordination between federal agencies, local authorities and trade is important.
- Trade needs to give input on how they would respond and what they need from CBP in order to effectively manage changes and border operations
- First step in incident management and recovery is an immediate response ensuring the health and safety of people and securing critical infrastructure in the area.
- Enforcement response will vary and will be event and intelligence driven.

One COAC member shared experiences based on situations in the New York/ New Jersey region and felt the need for a principle federal officer (PFO) to handle communications from the government to the trade.

**ACTIONS:**

- o DHS to provide a draft copy of Safe Port Act Cargo Plan when available in the coming weeks. CBP will follow shortly after that with a draft of the Canadian land border plan followed by maritime plans.

Container Security – Section 204 of the SAFE Port Act calls for the Secretary of DHS to initiate a rule making proceeding to establish minimum standards and procedures for securing containers in transit to the United States. Currently, the Department's Science and Technology Directorate (S &T) is defining specific requirements for Container Security Device (CSD) performance, operation and implementation.

**ACTIONS:**

- The CSD requirements document is nearing completion. Issues surrounding encryption, vulnerability, performance parameters, and hand-held readers need to be solidified and weighed against operational, trade and policy needs.

Office of International Trade – Section 401 of the SAFE Port Act requires CBP to consult with COAC on issues that have a significant impact on international trade and customs revenue functions. COAC has been consulted on the first significant issue since the passage of SPA, the transfer of the trade policy and program functions from the Office of Field Operations (OFO) to the Office of International Trade (OT).

**ACTIONS:**

- COAC wants CBP to focus on quantifiable measures of success. Create measures that are a baseline of where we are today versus how they are improving.
- COAC has previously identified a significant concern; the large number of shipments detained or excluded from entry due to potential trade issues, possibly restricting legitimate trade. CBP is currently validating these assertions and working on a plan to minimize the impact on the trade while continuing to enforce CBP trade laws.

## **COAC 10<sup>th</sup> Term Goals and Objectives**

COAC provided a general framework of what the goals and objectives the 10<sup>th</sup> Term members should work towards. First, COAC supports supply chain security. Second, COAC also wants to make sure that CBP is focusing its resources on violators of compliance issues. Finally, compliant companies should have consistency and predictable facilitation.

COAC members also mentioned technology, infrastructure, and reducing costs of doing business while increasing security. COAC still maintains interest in a forum for the international trade community to express concerns to the World Customs Organization (WCO) and the need to reconcile differences among global programs.

**ACTIONS:**

- Commissioner Basham asked Assistant Commissioner Michael Mullen to spearhead the process on formulating a CBP COAC plan on goals and objectives. CBP and COAC will work together on defining major goals and objectives in order to focus COAC subcommittee or study group efforts on key issues.

## **International Trade Data System (ITDS)**

Tim Skud noted that the depth of participation from other government agencies has been varied. Consultation with the trade and the private sector regarding ITDS are continuing. The main way that this is accomplished is via the Trade Support Network (TSN).

COAC commented that CBP needs to work out the practical application of the data, such as how and when CBP will release the cargo and how will that be communicated back to the trade. It was suggested that each agency put in place a work process plan.

### **ACTIONS:**

- Tim Skud, as chairman of the ITDS Board of Directors, extended an invitation to 2 COAC members to participate ex-officio in ITDS board meetings. He also encouraged the Trade vis-à-vis COAC to reach out to other government agencies to work with them directly.
- Commissioner Basham stated the goal should be “one mind” at the border not just “one face”. He stated all agencies are involved and asked that if there are agencies out there that won’t work with the trade, CBP needs to know.

### **Future Business**

- Next COAC meeting **May 15, 2007** at the Ronald Reagan Building and International Trade Center (RRB).