

**Commercial Customs Operations Advisory
Committee (COAC)
Next Generation Facilitation Subcommittee**

(February 2019)



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**Report of the Work of the COAC
Subcommittee on Next Generation Facilitation**

Co-Chairs

Cindy Allen – FedEx
Madeleine Veigel – Expeditors International
Barry Baxter – Walmart

Next Generation Facilitation Subcommittee Members:

Lenny Feldman, Luisella Basso, Celeste Catano, Lisa Gelsomino, Amy Magnus, John Van Wallaghen, Amy Smith, Brenda Barnes, Brian White, Erika Faulkenberry, Jose Gonzalez, Kathy Wilkins, Mike Young, and Alexandra Latham

Background

During the quarterly meeting of the 15th Term of COAC held on October 3, 2018, CBP announced the restructuring of the COAC Subcommittees and underlying Working Groups to align with CBP's Trade Strategy 2020. This strategy focuses on four areas aimed at modernizing import/export processes, improving trade intelligence, and maximizing efficiencies.

The former Trade Modernization Subcommittee is now called the Next Generation Facilitation to reflect CBP's initiatives to:

- 1) Propose a 21st Century Legal Framework via Customs Modernization Act 2.0 and Deregulation.
- 2) Modernize Exports by utilizing Advance Information, Extended Single Window functionality and to invest in Export Frontline Operations.
- 3) Facilitate legitimate E-Commerce.

Under the Next Generation Facilitation Subcommittee, it was agreed the following working groups would continue:

- 1) E-Commerce, co-chaired by Lenny Feldman, Cindy Allen and Luisella Basso
- 2) Emerging Technologies, co-chaired by Celeste Catano and Barry Baxter
- 3) Regulatory Reform co-chaired by Lenny Feldman and Cindy Allen
- 4) FTZ Regulatory Reform, co-chaired by Lisa Gelsomino and Rebecca Williams, Rockefeller Group

All subcommittee objectives and scope are consistent with the official charter of COAC.

Summary of Work

The Next Generation Facilitation Sub-Committee has the responsibility of looking at opportunities to enhance the trade and government processes, policies and programs, enabling the trade and CBP to be better positioned for the future. Our Sub-Committee currently consists

of four working groups. Each have had substantial tasks over the last few months and continue to work on recommendations.

E-Commerce: After re-establishment of the group, moving from several sub-groups to one work group again, the focus has been on the mapping out of the supply chain for e-commerce goods and how this may differ from traditional supply chains. There are many parties, some of them new to the international supply chain involved in the various e-commerce transactions. This work has recently concluded.

The group is now identifying new and developing methodologies in this environment to support the e-commerce environment. Next the group will focus on the CBP E-Commerce Strategy and Implementation Plan points to include education and outreach. The work-group expects to have recommendation at the next COAC meeting.

Emerging Technology: This working group includes a core group of cross-functional work group members to achieve functionality utilizing new technologies such as block-chain. Working with the CBP ACE Innovation and Transformation Division within the Office of Trade, the proof of concept for the NAFTA/CAFTA program was recently completed and testing done with test participants. The team is currently in the ending stages of the assessment collecting assessments from both the trade and government field participants.

The work group will begin the IPR/E-Commerce block chain proof of concept next after soliciting volunteers. Additional areas that the work-group may focus on in the future are: cognitive analytics and the different technologies that support this and other things related to CBP and trade.

Regulatory Reform: Significant work has gone into the evaluation of Title 19 of the Code of Federal Regulations in light of Executive Orders 13771 and 13777 issued in early 2017 calling for regulatory modification or repeal to achieve savings of time and money for the business community. The work-group participants, along with our CBP partners have literally performed a line by line review of the CBP regulations, making notes on what we recommend be removed, updated, streamlined, or rewritten. Many of the CBP regulations are old and outdated referring to extinct or near extinct technology and processes no longer in place. As a result of this significant effort, the COAC Sub-Committee will be making recommendations focused on central themes identified across all of the regulatory chapters.

These strategic recommendations will focus on removing reference tables and lists that change (such as country lists) from the regulations in favor of publication via other means that are more readily updated such as on websites; removing references to outdated technology (such as sending telexes); updating processes where technology has changed them substantially (such as declarations made in person vs. via an electronic transmission); elimination of regulations that are no longer applicable or have been overcome by advancements.

FTZ Regulatory Reform: The workgroup continues to discuss items that were identified and not included in the recommendations submitted at the last COAC meeting in October.

Conclusion

The Next Generation Facilitation Subcommittee will continue to leverage the existing working groups and its many trade stakeholders to provide feedback on the various challenges facing CBP and the Trade and collaborate to help CBP achieve its dual goals of trade facilitation and enforcement.