

SUMMARY

**CUSTOMS & BORDER PROTECTION 2014 TRADE SYMPOSIUM**

**“INCREASING ECONOMIC COMPETITIVENESS THROUGH  
GLOBAL PARTNERSHIP AND INNOVATION”**

**March 6-7, 2014 WASHINGTON, D.C.**

**FROM: Can/Am BTA**

**Jim Phillips, President & CEO**

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**Ambassador Froman, U.S. Trade Representative:**

- Trade policy must be Free and Fair.
- Insure flow of legitimate Trade.
- U.S. exports have increased over 50% in the last 5 years accounting for one third of U.S. economic growth.
- 300,000 U.S. companies export paying wages 13-18% above average.
- Focus is on assisting small and medium companies to export.
- One half of U.S. imports are intermediate products to have value added.
- Discussed: Trans Pacific Partnership; Trade facilitation; World Trade Organization;
- Need to improve export process; move away from Border; benefit from Single Window and the New Executive Order.
- Stated CBP was key in handling 15 million containers/year.
- Global trade: either shape it or be shaped by it.

**Acting CBP Commissioner Tom Winkowski Opening Remarks:**

- CBP is reshaping how it handles Trade and reshaping Borders.
- Looking ahead 5,10 &15 years:
  - Perception of where CBP is,
  - the Tipping Points, and
  - where CBP is going.
- Must plan for change and challenges.
- Trade transformation (focus, simplify, and standardize) leading to a new era of Trade.
- Reducing Supply Chain Barriers, 50% equals a 6 time increase in Trade.
- Trade must be faster, with much cheaper transaction costs, and more transparent.
- ESSENCE IS PARTNERSHIP, PREDICTABILITY and PROSPERITY.

**North American Competitiveness Panel**

**Acting CBP Commissioner Tom Winkowski**

- U.S. high focus is on the 21<sup>st</sup> Century initiative with Mexico and the Beyond the Border Action Plan with Canada.
- Trilateral focus with just announced North American Trusted Traveler Program. Now at a unique time. Political will for an integrated approach. Challenge is how **we** fit it all together (relationships, information flow).
- Must make Supply Chains robust and sophisticated.

**Alejandro Chacon Mexican Customs Administrator**

- Stressed Mexico's culture and business change with NAFTA.
- Highlighted that 25% of trucks carrying 40% of exports to the U.S. use FAST.
- Cited development of:
  - improved access approaches,
  - joint agricultural pre-inspection, and
  - electronic pre-inspection by CBP at plants sites in Mexico.
- Discussed recent major policy changes re: taxes, brokering, and energy.
- The previous cost to Mexican producers for energy was 80% higher than the U.S. and will now be level.

**Peter Hill Acting Associate Vice President Programs Canada Border Services Agency**

- North American new standard for global trade for these interconnected economies.
- Cited CBSA's integrated approach to Border management:
  - 30% increase in commercial releases, 2006-2012,
  - changing view from Border as a line to a much expanded approach,
  - pushing Border out to facilitate low-risk activity,
  - highlighted Perimeter approach,
  - Integrated Cargo System,
  - Single Window, and
  - future increase in seaport activity.

**Automated Commercial Environment (ACE) Panel**

- ACE rate of change and implementation have accelerated with a 2016 end in sight.
- Involves 47 government agencies, 50 million transactions/year.
- ITDS executive order signed for a firm 2016 implementation that is estimated to save \$115 per container for the 15 million containers handled.
- Reviewed the individual ACE milestone releases and time lines that will be met.

**Automated Commercial Environment (ACE) Panel (continued from page 2)**

- Business representatives have been added to every software development team using AGILE approach with 3-month windows dividing effort into defined “small chunks.”
- Private Sector members stated:
  - CEE’s improve flow;
  - increase processing effectiveness;
  - monthly payment is a huge saving;
  - simplified entry has given certainty to supply chains, i.e., weekend or off shift approvals with no delays.
- It is proven that using a paper process is a huge competitive disadvantage.
- KEY IS HOW WE DO WHAT WE DO.

**Lunch Keynote Speaker: Homeland Security Deputy Secretary Alejandro Mayorkas**

- Must deliver facilitation of lawful Trade and Public Security –BOTH ARE CRITICAL AND MUST BE ACHIEVED utilizing Resources, Skills and Technology.
- Key focuses are:
  - greater transparency on challenges,
  - thinking and planning solutions (share impact).
- Public engagement involves a two-way exchange to learn from one another.
- Partnerships with International, Private Sector, and Local Government must be expanded.
- Deployment of software technology is essential and DHS must be on the cutting edge.
- There must be absolute intolerance for delay and inefficiency.

**World Customs Organization (WCO) Deputy Secretary General Sergio Mojica**

- Customs organization members from 179 countries focused on improved Customs’ matters and issues.
- Harmonize, standardize, and simplify Customs systems and practices to become a catalyst not a barrier.
- Create standards, best practices, guidelines.
- WCO is platform for Customs international cooperation.
- Reminded that the difficulty is everyone loved coordination, but nobody likes to be coordinated.
- Customs enhances competitiveness through Authorized Economic Operators (AEO), customs-business partnerships combining talents to improve results, and providing a risk management compendium.

**Interagency Efforts to Change The Way America Does Business**

- Achieve Business Cost reduction without affecting compliance.

## Acting CBP Commissioner Tom Winkowski

- While CBP responsible for releases, Other Government Agencies impose holds.
- The Interagency Committee now brings it all together both import and export.
- All OGA's must be in or Single Window will fail.
- CBP views export as trade and a job creator and system needs an overhaul.
- Our export data becomes import data for receiving countries. Includes sharing targeting data results.

## Dept. of Commerce Under Secretary for International Trade Kenneth Hyatt

- U.S. exports of \$2.3 trillion supports 11 million domestic jobs.
- Interagency now focusing on how government departments work together.
- Listening to Private Sector.
- Two Major Focuses:
  - Broaden and Deepen Export Base
    - 1) educating on importance of export and teaching to think globally
    - 2) reduce cost and complexity of exporting
    - 3) determine export interests company by company and assist them
      - With introductions to buyers, distributors, etc.
  - Level the Playing Field (kick down doors and compete)
    - International Trade has offices in 73 countries.
    - Assist U.S. companies to gain access to foreign markets.

## Dept. of Commerce Under Secretary for Industry Eric Hirshorn

- Issues Export Licenses,
- Reforming Export Control System (highlighted example of dual use items for military and industry),
- Interoperability with allies is very important,
- Must avoid punishing the compliant and, in fact, reward them by essentially getting the right item to the right person and insure the wrong items do not get the wrong people.
- Help the Department of Commerce help you to get it right.

## Private Sector Engagement Panel

Members from Administration, Department of Commerce, World Economic Forum, Target, COAC, World Shipping Council.

- COAC is to provide advice and is not a grievance committee.
- Strategic versus tactical (why versus how).
- Engages the expertise and knowledge it needs.

**Private Sector Engagement Panel (continued from page 4)**

- Framework is key and open dialogue must be maintained.
- Government needs to recognize the need and value and Industry needed to get beyond criticizing and provide solutions.
- Key is a co-create attitude.
- Identify barriers of entry and best practices.
- It is a marathon and a relay, not a sprint, as final solutions sometimes take time.
- Highlighted importance of a multi-stakeholder forum focus on improving Trade facilitation, harmonizing regulations resulting in collective action.

**APHIS Executive Director For Policy Management Dr. Mike Watson**

- Protect health and marketability of agriculture and plant resources.
- US Ag Trade is \$245 billion/year.
- Evolving an effective regulatory approach to streamline impact on trade and economic growth.
- Focus to enhance exporting of Ag products.
- Working on adjudicating quarantines protecting against invasive threats and developing treatment mitigation using risk analysis approach.
- Advised APHIS fees collected are \$100 to \$150 million short of expenses so APHIS is about to release a new fee schedule.

**CBP Senior Leadership Open Forum Town Hall:**

**Acting Commissioner Winkowski, Acting Deputy Commissioner Mcaleenan and Assistant Commissioners**

- Office of Field Ops using Resource Optimization Strategy/Workload Staffing.
- CBP doing internal processing review while adding 2,000 Officers in 2014-15.
- Using PPP Structure for staff, overtime, and infrastructure requested projects.
- Assessing new technology for stable, consistent predictable approach by CBP.
- Collects \$42 billion/year: 88% electronically, but 10,000 times a day by Officers.
- All 200,000 refunds each year still by paper checks.
- International Affairs has Offices in 22 Countries to develop Global Partnerships.

*Acting Commissioner Tom Winkowski received a much deserved standing ovation for his leadership as Acting Commissioner.*

CBP Trade Strategy Breakout Session

TRUSTED TRADERS: USHERING A HOLISTIC CBP TRUSTED PARTNERSHIP

- The Vision: Integrated Supply Chain; Interagency; International Alignment; Enhanced Risk segmentation; Streamline Processing; reduce Transaction Costs and bottom line provide Companies good returns for their Trusted Traders Investment.
- Redesigning the vetting and validation process combing C-TPAT and ISA applications (analysis found 85% of data requested was duplicative). Voluntary to join one or both.
- Piloting, with 9 volunteers, an integrated CBP, FDA, CPSC involvement system to enhance targeting risk score for Trusted Traders.
- IKEA and Toyota representatives serving on developing the initiative described the agreed upon Phase 1 Incentives: retroactive Flagging; Exemption for NII unless serious concern; and Release of balance of Containers on the Manifest except the one held for inspection.
- Incentives are being identified as Short, Medium, and Long Term depending on when CBP can accommodate.
- Looking forward to enhanced information sharing and eliminating duplication and holds by use of the Single Window.

Members in Trusted Traders need more than pats on their backs and respect. They need measurable returns on their investments.

Editor's Note: Timing allowed each participant to essentially attend 1 Breakout Session in-depth or choose to partially attend several. (Notes on the one that I attended, Trusted Traders, are listed above).

The other Breakout Sessions Offered were:

- Automated Commercial Environment (ACE) Deployment
- Agriculture Mission
- Modernization of CBP Financial Transactions to a 21<sup>st</sup> Century Business Model
- CEE Entry Lifecycle Management
- Partnership in Trade Enforcement
- The World Customs Organization Cargo Targeting System a Global Partnership for Supply Chain Security and Data Standardization

To be successful we must work together and leverage one another's strengths.

The bottom line is to make our country and its critical trade more competitive, cost effective, and safe.

Jim Phillips

APPENDIX: ACRONYMS DESCRIPTION

ACE	AUTOMATED COMMERCIAL ENVIRONMENT (NEW)
ACS	AUTOMATED COMMERCIAL SYSTEM (OLD)
AEO	AUTHORIZED ECONOMIC OPERATOR
APEC	ASIA PACIFIC ECONOMIC COMMUNITY
BSA	BROKER SELF ASSESSMENT
CBP	CUSTOMS AND BORDER PROTECTION
CBSA	CANADA BORDER SERVICES AGENCY
CEE	CENTERS FOR EXCELLENCE AND EXPERTISE
COAC	COMMERCIAL OPERATIONS ADVISORY COMMITTEE
CPSC	CONSUMER PRODUCT SAFETY COMMISSION
CSI	CONTAINER SECURITY INITIATIVE
C-TPAT	CUSTOMS & TRADE PARTNERSHIP AGAINST TERRORISM
DHS	DEPARTMENT OF HOMELAND SECURITY
DOC	DEPARTMENT OF COMMERCE
EPA	ENVIRONMENTAL PROTECTION AGENCY
EU	EUROPEAN UNION
FAST	FREE AND SECURE TRADE
FDA	FEDERAL DRUG ADMINISTRATION
GTX	GLOBAL TRADE EXCHANGE
HS	HARMONIZED SYSTEM
ICE	IMMIGRATION AND CUSTOMS ENFORCEMENT
IPR	INTELLECTUAL PROPERTY RIGHTS

# CAN / AM BORDER TRADE ALLIANCE

ISA	IMPORTER SELF ASSESSMENT
ISF	IMPORTER SECURITY FILING
IT	INFORMATION TECHNOLOGY
ITDS	INTERNATIONAL TRADE DATA SYSTEM
NAFTA	NORTH AMERICAN FREE TRADE AGREEMENT
NII	NON INTRUSIVE INSPECTIONS
NTC	NATIONAL TARGETING CENTER
OGA	OTHER GOVERNMENT AGENCIES
PPP	PUBLIC PRIVATE PARTNERSHIPS
RPM	RADIATION PORTAL MONITOR
TSA	TRANSPORTATION SECURITY AGENCY
TSN	TRADE SUPPORT NETWORK
USDA	UNITED STATES DEPARTMENT OF AGRICULTURE
WCO	WORLD CUSTOMS ORGANIZATION