

Acting Commissioner Aguilar
Prepared Remarks
WCO Economic Competitiveness Package Intervention

Introduction

- Thank you, Mme. Chairperson and Mr. Secretary General.
- I'd like to begin by applauding the World Customs Organization (WCO's) efforts in developing the Economic Competitiveness Package. The WCO's work to reduce trade barriers around the world, thereby encouraging increased international trade flows and stronger economic linkages between countries, is especially crucial in today's world of economic uncertainty.
- As this body intimately understands, customs administrations around the world have major impacts on international trade and commerce. We come together to determine which of those practices can enhance trade facilitation and economic competitiveness without sacrificing our enforcement and security efforts.
- I believe that what the WCO has created in the Economic Competitiveness Package is of great value, I would like to suggest that we consider including current innovative initiatives that many customs administrations are working on for inclusion in the Package so that all WCO Members can benefit from each other's efforts and what we have learned as a result.
- I'd like to take a few moments to discuss some of the major trade facilitation initiatives that are currently underway at U.S. Customs and Border Protection (CBP) in the hope that they may prove useful. CBP has aggressively engaged in what we have termed "Trade Transformation," which is based on aligning our procedures with that of the trade community, our partner agencies within the U.S. Government, and our partner agencies around the world.
- In conjunction with members of the private sector, our partner U.S. Government agencies, and our partners around the world, CBP has engaged in a process of "co-creation" to find new and innovative ways to facilitate trade flows, and ultimately, increase economic competitiveness. The result has been the development of several new initiatives that are changing the way CBP does business. I'd like to focus on co-creation, and a new concept we have introduced called "bi-directional education." Together we believe they serve as key best practices for taking trade facilitation to the next level.

Co-creation

- The concept of co-creation centers around the thought process that we can and should develop viable and lasting solutions to facilitate trade and better enforce our trade laws in concert with our partners in the trade community, the U.S. Government, and abroad. At CBP, the principle of co-creation has been tested and proven successful. A number of our Trade Transformation initiatives, which I will discuss, are co-created solutions to address the complexities of our responsibilities.
- Through direct engagement with the private sector, we have reduced regulatory barriers to commercial activity and modernize how the agency conducts business with the import and export community and have simplified commercial processes

for importers. Co-creation has been the driving force behind the re-engineering of our trade mission.

Bi-Directional Education

- Being effective and efficient in a dynamic and ever-changing world is difficult to do without understanding key trade practices and supply chain complexities. We are relying on “bi-directional education” to ensure that CBP understands the realities, challenges and opportunities of the private sector and that the Trade understands our priorities and regulatory requirements.
- Bi-directional education has been a key element of developing our initiatives and ensuring that our investments carry the greatest return for the businesses and citizens of our countries.

Centers of Excellence and Expertise

- The Centers of Excellence and Expertise (Centers) are CBP’s signature trade transformation initiative.
- The Centers redirect work involving our trusted traders to centralized, industry-specific locations resourced by a multi-discipline team of CBP experts.
- These teams have a variety of skill sets, from supply chain specialists to import specialists. These teams are the key to managing shipments by account, instead of by transaction.
- By having industry-based but account focused Centers, CBP better facilitates legitimate actors, while focusing resources on high-risk shipments.
- Two Centers are currently operational: one for Electronics and one for Pharmaceuticals, Health and Chemicals. CBP will establish two more by October, 2012, one for Automotives and Aerospace, and one for Petroleum.
- CBP plans on establishing five more Centers in 2013, covering the full spectrum of commodities within each major industry.

Trade Intelligence – Creating Learning Organization

- Through the Centers, CBP is consolidating and expanding our expertise on the latest industry practices and emerging threats, which we call “Trade Intelligence.”
- Industry representatives provide the Centers with information and insight into trade enforcement issues related to IPR violations, Antidumping (AD)/Countervailing Duty (CVD) and other customs issues. CBP is taking the information provided, and using it to develop strategies to ensure the most robust enforcement of trade laws and regulations while consistently looking to facilitate and expedite legitimate trade.

Simplified Entry

- Through co-creation, CBP is simplifying the process for companies importing goods into the United States through our Simplified Entry initiative.
- The goals of Simplified Entry are to enhance cargo security, reduce transaction costs and expedite the release of cargo.

- A key feature of Simplified Entry is a streamlined data set that enables CBP to target and assess risk earlier in the supply chain and allows us to provide earlier information about the release of goods to the Trade.

Air Cargo Advance Screening (ACAS)

- ACAS is a great example of how successful we can be when government and private industry work together. This pilot grew out of the October 2010 incident where authorities discovered two packages from Yemen bound for the U.S. that contained viable exploding devices. In response, CBP, the Transportation Security Administration (TSA), and the private sector quickly came together as partners with an urgent purpose to protect air cargo shipments destined to the United States. This partnership became the ACAS pilot.
- The objective has been to enhance cargo security without unduly burdening the private sector.
- Before ACAS, CBP was conducting its own targeting and risk management procedures while TSA was segmenting risk through a volume-driven and paper-based process.
- Through the pilot, CBP and TSA have worked within the carrier's business model, and now the filer transmits seven critical data elements as soon as data is available in the supply chain. This allows CBP and TSA the ability to target key information and make a risk based decision to load, examine, or issue a Do Not Load (DNL) message to the carrier. The result provides a more secure supply chain from end to end.
- CBP and TSA jointly target and mitigate any cargo identified as high risk before it is loaded aboard aircraft headed for the U.S. CBP and TSA have developed a "target-once, clear/screen once" approach to analyzing, assessing, targeting, and adjudicating high-risk cargo through a single methodology.
- This will enable us to build a framework for future regulatory and statutory changes. In essence, we are laying the foundation for a system that could be adopted, and implemented, worldwide.

Closing Remarks

- Our Trade Transformation initiatives are still in the early stages, but we have seen how employing co-creation as a framework for enhancing trade facilitation and economic competitiveness is showing positive results. In working closely with our various partners, we have designed new programs that meet the needs of the government and the private sector. Harmonization and optimal effectiveness is only possible when all the players are brought into the fold to work out mutual problems towards collaborative solutions.
- The four major Trade Transformation initiatives that I've touched upon, the Centers, Trade Intelligence, Simplified Entry, Air Cargo Advance Screening are all a result of our emphasis on co-creation with our various partners.
- Thank you Chairperson, Secretary General and colleagues for indulging me with some additional time to talk about CBP's Trade Transformation initiatives, which I hope can be considered as the WCO further develops the Economic Competitiveness Package.