

**Single Window Policy Recommendations:
The Department Of Commerce's Advisory Committee On Supply Chain
Competitiveness**

February 20, 2014

Our belief is the industry's end goal, with respect to the Federal Government's proposed Single Window import-export system, should be **to make the electronic filing process world-class and implement this system as quickly as possible to ensure efficient trade flows between the United States and its international trading partners.** To achieve this end goal, our Committee proposes the following short-term and long-term deliverables. In addition, our Committee proposes that the Secretary of Commerce send a letter to the President to the effect that these recommendations be accepted and implemented as soon as possible.

1. Short Term Deliverables and Recommended Strategies and Tactics

Use IT to accelerate the speed and efficiency of trade flows between the U.S. and its commercial international partners; urgently complete the technical architecture and deployment of the ITDS/Single Window facility; simplify processes with an intelligent interface; manage risk more effectively by reducing the impact of risk caused by complex and redundant systems, and help implement a U.S.-led set of Electronic Single Window specifications across the emerging Global Free Trade Community in support of the President's Export Promotion Goals. (IT&Data Sub-committee Goal)

Strategic Tasks:

We propose standing up a White House-sponsored technology and policy "SWAT Team" to complete the ITDS/Single Window by- at the latest - December 2015. This team would have multiple objectives and tasks:

A. Conduct a rapid review of Single Window technology requirements to ensure that new technology requirements meet commitments recently agreed to in multilateral or bilateral trade agreements.

B. Speed up the technology build-out of the ITDS and leverage not only new rapid development methodologies but also best practices in information exchange and accompanying incentive structures for broad agency/industry participation gleaned from world class providers such as Singapore. Upon finding that there are incompatible standards applied for the elements used by the various agencies in sending and receiving data to DHS, have the White House require that technological solutions ensure universal operability.

Our Committee members believe the government should focus on generating an accelerated “technology implementation process” and using that accelerated process to sweep up and carry along the involved agencies to force rapid standards setting and compliance. The goal is to create a world-leading system given our market size and importance that can be leveraged in all the free trade agreements currently under way.

One way to launch that is to get White House to set a two year stretch goal to implement the Single Window and appoint members from our Supply Chain Advisory Committee, from relevant agencies and from the trading/third party logistics community to a Swat Team in support/ advisory roles to meet that goal.

C. Launch a highly targeted simplified and easily implemented pilot phase (6-9 months) based on the final parameters agreed to by the White House. The general design of the pilot, within the initial stage, should include a representative product cross-section, a basket of mutually high priority commodities of interest to stakeholders at a representative cross-section of sites. Engage an inter-agency group to create *Service Centers of Excellence* at the chosen sites to assist in designing a highly simplified set of data requirements, reduce inspection delays and accelerate processing of imports/exports. Engage a small Steering Committee led by co-chairs, with one chair from the trade community and one chair as a White House designee, to ensure that CBP maintains the managerial/technical talent necessary for completing the pilot and scale up phases of the ITDS in an accelerated schedule.

Tactics:

- It is important to develop a quick win whereby all stakeholders can see the solution in action AND be able to extrapolate to the broader environment. In other words be able to agree that it is scalable.
- The subcommittees are concerned that not having an independent technically knowledgeable project leader reporting into a Steering Committee consisting of cross- agency and White House participants will be very problematic, but also understand that budgetary constraints might preclude this option. The pilot phase could easily become bogged down in interagency politics unless the Steering Committee aggressively manages the project from a strategic perspective.
- Under the short-term during the pilot, Service Centers of Excellence should provide input on required data fields of a GUI and a common data model based -to the fullest extent possible- on existing systems and data already being collected.

D. Launch an 18 month scale up phase to deploy ITDS as an inter-agency and public/private partnership model to be used across the whole network of U.S, ports, airports, rail and truck import/export clearance sites.

Tactics:

- During the pilot phase, simultaneously begin planning the 18 month scale up phase to roll out the new GUI, middleware, service center approach and process templates across the national network.
- In addition to enhancing the GUI for a cross-section of products, begin to prioritize key/high value commodities for value chain mapping and take horizontal looks across the flows, processes, functions, and resources associated with those commodities.
- Begin to focus GUI digital process enhancement on commodity “entities of greatest value” e.g. if we were looking at pharmaceuticals, we might decide that statins (i.e. class of drugs to lower cholesterol) were the entity of greatest value based on margin, life-saving potential, revenue, strategic competitiveness, population impacted, etc. We could then map and profile the DNA of that eco-network and all of its interdependencies; and seek to leverage and streamline existing trade and process data for those entities during ITDS scale up.
- **Another highly visible target might be the set of electronics components used by Apple to produce MACs in its new \$100 million Texas facility that will be at the leading edge of the U.S. manufacturing renaissance.**
- **Untangle and de-risk the process steps involved in OMB information gathering approvals** and other roadblocks to rapid implementation by as many of the 47 participating government agencies as possible within this time period.
- Ensure that trader registration mechanisms for ITDS, such as a PIN number, not present unnecessary encumbrances to companies.

2. Mid- to Long-Term Deliverables and Recommended Strategies and Tactics

A. Select three industries to pilot an integrated National Service Center of Excellence approach to manage all trade interactions with the federal government. This recommended Service Center should have under its roof -in a matrix organizational hierarchy- all of the agencies of government with border management responsibility, managed by a senior official from the agency most heavily charged with sector management (e.g. FDA, CPSC, ITAR) with hiring, promotion and performance appraisal authority consistent with existing federal policies. This National Service Center pilot, serving three industries, would provide process templates and managerial insights that could scale to a National Federal Service Center of Excellence to encompass multiple industries. The first three industries of the pilot would be chosen by the Steering Committee based upon the

extent of value-added to the economy and/or the percentage of trade represented by the candidate industries.

Tactics:

- *Within* the mid-term during the ITDS pilot/scale up project, the National Service Center will bring together government and industry stakeholders for policy/regulation coordination; to support priority commodity value-stream mapping and process reengineering work; to focus on processes/engagement from the community to ensure incremental and continuous improvement; and, crucially, to assist GUI/data field development.

3. Rationale For Strategy and Tactics:

The IT& Data subcommittee has held interviews with government officials and business representatives on various issues, including development of electronic filing systems in the United States and abroad, reduction of duplicative reporting efforts by agencies, and security concerns that impact the supply chains. These interviews have served as the foundational research underpinning our preliminary findings and recommendations.

It is our belief that the White House is the only entity that has the ability to bring 47 agencies together to make this system work in an efficient and neutral manner. It is already involved with ITDS via the National Strategy for Global Supply Chain Security (NSGSCS). We are suggesting there is a logical extension of what is being done in the NSGSCS committee that can help the “SWAT Team” to accomplish ITDS in a shorter timeframe.

The Customs and Border Protection (CBP) has been developing the Single Window system for more than 15 years. Current statements from CBP officials estimate the system to be completed within the next 39 months. Private sector companies suggest the system needs to be completed more quickly, by at the latest December 2015.

There are some major challenges at the implementation level:

A. Governance.

The advisory committee believes that a fundamental impediment to integrated border management is the fact that as many as 47 federal agencies have developed their own standards for exports and imports that impact U.S. supply chain. It is believed this is the most onerous system of controls over trade in the world. Until this fundamental weakness is

addressed, significant progress in facilitation cannot be achieved. It is recognized that agencies possess special expertise related to their respective missions. However, expertise related to categories of products is necessarily duplicated within the federal system by the division of responsibilities. In addition to product expertise being necessarily duplicated, there is the enforcement risk of information pertinent to regulatory compliance being overlooked by the division of responsibilities. From the traders' point of view, having to deal with multi-agencies creates complexity and increases the costs of compliance. This problem is exacerbated by the need for traders to deal with officials in multiple ports of entry and export, often reporting up through different management lines, many using different systems requiring different data.

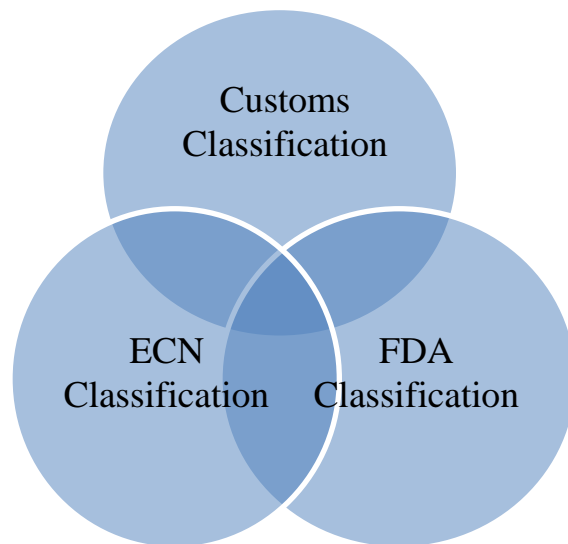


Figure 1

A lack of overall priorities and urgency has certainly impeded development of a trade management system. The build out of the Single Window Infrastructure represents only a utility that can be used to improve the efficiency of trade flow. There is also a need for a “system” or methodology to prioritize what matters most to the country and to streamline that which will provide the greatest return to industry, government and the population. This sense of mission criticality and urgency is needed as well to unify disparate processes and IT platforms. Value creation from this system can be measured in economic terms, such as revenue, margin, liquidity; in jurisdictional terms, such as compliance with legal, regulatory, statutory requirements; life, health and safety; and strategic value; and in brand/confidence terms, such as loss of confidence/loss of market position on world stage.

B. Cyber Security.

While the current system has its own security components, anything installed by the government over the last 20 years has incorporated various aspects of cybersecurity. The result is a set of disparate system security measures. Moving to an interim UML-based information model will require the trading authorities to agree on the necessary cybersecurity requirements for the interfaces. Everyone should have a common objective in this area that will drive them to an agreement on the necessary levels for cybersecurity across the various system platforms.

C. Data Sharing.

The trading community is wary of having data shared between agencies. But protections need to be developed so that this data-sharing can occur. The alternative is too costly and too cumbersome. The single window system developed in Singapore highlights how such a system can be rapidly built and can go way beyond mere data sharing to fusing disparate information in real time into a single, common data set. **Singapore has used its online Trade Net system since 1989 to provide the trading community with a secure electronic means of submitting trade documents to all relevant government authorities (e.g. Singapore customs and the controlling agencies). Traders can obtain import and export permits from the applicable 12 agencies within ten minutes from the time of submission.**

D. Middleware Development.

At the tactical level of border trading system development and deployment, the information technology function is critical. Currently, the United States has a huge problem since its diverse systems cannot share information. The goal is to enable a commercial trading partner to make one entry, regardless of the system, that can be ported to all of the other systems they need to interact with. Intermediate data models (possibly based on Unified Modeling Language or UML) need to be constructed so that interfaces can be built to allow this data exchange to take place. This highly simplified Graphical User Interface (GUI) that can present data drawn from diverse existing systems via a middleware layer is the only way to approach implementing a single-window system aside from

scrapping all previous work and starting over. Future trading systems that conform to the UML models will move us closer to a true single-window system in the future. Some in the trading community already incorporate Digital Imaging and Communication for Security (DICOS) which is already bought and paid for by the government. Specifically, DICOS represents the same kind of middle-ware model that should be considered as a solution to the current array of diverse trading systems. DICOS is designed to negotiate data exchanges between dissimilar imaging and viewing platforms in much the same way we would expect the trading system of the future to perform.

4. Additional Considerations

- **Target audience for recommendation and action plan:**

Small, medium, and large businesses, manufacturing companies, service providers (including freight forwarders, brokers, third-party logistics providers).

- **Additional resources needed to achieve solutions:**

White House, Federal, industry, public-private partnerships

White House needs to work with agencies to adopt processes for Single Window system.

- **Competitiveness Enhancing Factors**

- o Predictability
- o Cost
- o Ease of movement
- o Speed/efficiency