C-TPAT Program Benefits

Reference Guide

U.S. Customs and
Border Protection

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C-TPAT PROGRAM BENEFITS

The Customs-Trade Partnership Against Terrorism (C-TPAT) program is but one layer in U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy. Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security.

C-TPAT is a voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the principle stakeholders of the international supply chain.

The program was established as a direct result of the tragic events of September 11, 2001. It was launched in November 2001 with seven major importers. Today, more than 10,650 companies—critical players in the global supply chain—have been certified as trusted Partners, and over 54% of all imports coming into the United States are C-TPAT certified. C-TPAT Partners who work with CBP to protect their international supply chains are afforded many benefits. This reference guide was developed to help explain the benefits of C-TPAT membership.

C-TPAT PARTNER BENEFITS

A unified front against terrorism is the most compelling and consequential benefit of C-TPAT. Through this partnership, CBP and trusted partners of the trade community are able to better mitigate and prevent contraband, human smuggling, and potential attacks to the international supply chain, which may lead to crippling economic disruptions.

- **Reduced Examination Rates for C-TPAT Importers —** While examination rates have increased significantly since 2001 on all cross border movements, C-TPAT Partners continue to be examined at a considerably lower rate than non-C-TPAT Partners. Importer Partners receive Tier level benefits based on their verified compliance with C-TPAT's minimum security criteria.
The Tier II level is reserved for those importer Partners that have been certified and successfully validated.

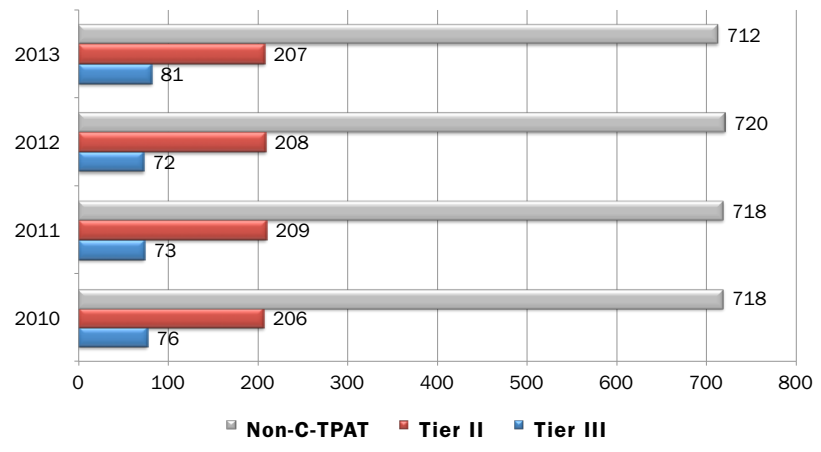
  Importer Partners that exceed program requirements and have implemented supply chain security best practices based on the risk assessments that they conducted on their international supply chains, are raised to Tier III status.

  The Tier status of a C-TPAT Partner is taken into account by CBP's internal risk assessment systems, which analyze electronic data submitted by the trade on each individual shipment prior to arrival. C-TPAT Partner companies are considered low risk and are, therefore, examined at a much lower rate than non-C-TPAT Partners.

  As depicted by the chart on this page, entries filed by Tier III Partners are nine times less likely to undergo a security based examination than those entries filed by non C-TPAT Partners. Entries filed by Tier II Partners, on the other hand, are about 3.5 times less likely to undergo a security exam than those filed by non C-TPAT Partners.

  Conversely, entries from non C-TPAT members are 3.5 times more likely to undergo a security based exam than those from C-TPAT Tier II Partners; and nine times more likely than those entries filed by C-TPAT Tier III companies.

Examination Rate Trends on Entries Filed



- **Access to the Free and Secure Trade (FAST) Lanes —** Expedited border crossing privileges are granted to those C-TPAT highway carrier Partners who are certified/validated. FAST lanes are dedicated lanes to C-TPAT Partners at many Canada/Mexico land border ports of entry. C-TPAT Partners view the FAST lanes as a substantial benefit as the use of these lanes saves them considerable time in crossing the border. FAST highway carriers transporting cargo from C-TPAT importers are considered low risk, and therefore, subject to lower examination rates. Finally, C-TPAT highway carriers have a competitive advantage over non-C-TPAT Partners since most C-TPAT Partner importers require that those business partners in the supply chain which are eligible for C-TPAT membership –such as highway carriers- become and remain C-TPAT certified in order to do business with them.

- **Stratified Exam Benefit for importer Partners —** C-TPAT Tier III importer Partners and C-TPAT Tier II importer Partners that also participate in the Importer Self-Assessment program are exempt from stratified exams.

- **Front of the Line Processing —** This privilege is granted to C-TPAT shipments subject to examination. To the extent possible and practicable, C-TPAT shipments are moved ahead of any non-C-TPAT shipments. This can translate into substantial monetary savings, since C-TPAT shipments will not have to wait as long in line for an examination.

- **Business Resumption —** In the event of a significant disruption/delay in CBP cargo processing operations, actions are taken to maintain communication and coordination with C-TPAT Partners and foreign government stakeholders for business resumption.

- **Expedited Trade Processing —** C-TPAT Partners are given special consideration by the Centers of Excellence and Expertise (CEEs). The resolution of C-TPAT Partners' trade compliance issues is given priority by the CEEs over those issues that pertain to non-C-TPAT Partners. The CEEs provide one-stop processing for the trade community using a team of industry-focused CBP experts located nationwide in industry-specific centers.

- **Access to a C-TPAT Supply Chain Security Specialist (SCSS) —** Each C-TPAT Partner is assigned a SCSS who manages the Partner's C-TPAT relationship with CBP. Also, the Specialist is available to assist the Partner with issues related to supply chain security and to answer questions and concerns related to CBP.

- **Access to the C-TPAT Portal System —** Through C-TPAT's automated Portal system, Partners are able to communicate with CBP and exchange program related information in a secure manner. Also, the Portal houses an extensive "Public Document Library" that contains training material on supply chain security, including PowerPoint presentations in both English and Spanish, as well as a catalogue of industry "Best Practices."

- **Eligibility to Attend C-TPAT's Annual Conference —** C-TPAT Partners are eligible to attend C-TPAT's Annual Conference and other training seminars organized by the program. These events provide opportunities for certified Partners to network with other program Partners, U.S. Government officials from CBP and other Federal agencies, and recognized supply chain security experts from around the world.

- **Eligibility to Participate in the Importer Self-Assessment (ISA) Program —** Participation in CBP's ISA program is limited to C-TPAT importer Partners. ISA is a voluntary approach to trade compliance which allows interested importers to assess and monitor their own compliance with CBP's laws and regulations in exchange for specific benefits.

- **Penalty Mitigation —** This benefit is offered to sea carriers for late submission of data required under the Importer Security Filing requirements.

- **Eligibility to Other Programs —** C-TPAT membership opens eligibility to other U.S. Government pilot programs, such as the Food and Drug Administration's Secure Supply Chain program, which requires U.S. importers to be C-TPAT certified at the Tier II or Tier III levels.

MUTUAL RECOGNITION AND ITS BENEFITS

Mutual Recognition occurs when two Customs Administrations agree that the security requirements or standards of one program, as well as its validation or audit procedures, are equivalent to those of the other program, leading both Customs Administrations to recognize the validation findings of each other's programs. Through Mutual Recognition, international industry partnership programs are linked so that together they create a unified and sustainable security posture that can assist in securing and facilitating global cargo trade.

As of September 2013, CBP has signed seven Mutual Recognition Arrangements (MRA), most of them with the U.S. top trading Partners:

1. **New Zealand – 2007 – *Secure Export Scheme***
2. **Canada – 2008 – *Partners in Protection***
3. **Jordan – 2008 – *Golden List***
4. **Japan – 2009 – *Authorized Economic Operator***
5. **Korea – 2010 – *Authorized Economic Operator***
6. **European Union – 2012 – *Authorized Economic Operator***
7. **Taiwan – 2012 – *Authorized Economic Operator***

U.S. Customs and Border Protection is currently engaging other Customs Administrations towards Mutual Recognition, including China, Israel, Singapore, Mexico, and Switzerland.

Top 15 U.S. Trading Partners = 72.1% of All U.S. Trade

NOTES: The 27.9% portion of all U.S. trade includes some countries under a Mutual Recognition Arrangement with the U.S.: Jordan; New Zealand; and 22 Member States of the European Union.
The EU percentage on the chart is based only on those EU Member States which, individually, are in the top 15 trading partners list. That would include Germany, the United Kingdom, France, the Netherlands, and Italy.

Based on 2013 U.S. Census Bureau data.

Mutual Recognition arrangements result in benefits to both the public and private sectors. Some of the benefits to the trade community include:

- **Lower Risk Score —** Partners covered by a MRA are considered trusted members of the trade community by both Customs Administrations since their security standards have been validated by either CBP or the Foreign Customs Administration. As such, C-TPAT importer Partners that also conduct export operations and Partners of the foreign Customs Administration programs –manufacturers and exporters of record—are given a reduction in their overall cargo risk score; this reduction in turn translates into fewer examinations at the ports of importation and exportation.

- **Less Redundancy/Duplication of Efforts —** Foreign companies do not have to go through two separate government validation visits or audits. The validation conducted by the foreign Customs Administration when the company is initially certified by its partnership program is recognized by C-TPAT if an MRA is in place. That is, CBP recognizes the status of that Partner in the foreign partnership program and, therefore, a C-TPAT validation of that overseas Partner is not warranted.

- **Common Standard/Trade Facilitation —** Companies aligned by Mutual Recognition only have to adhere to a common set of security requirements. Avoiding multiple sets of requirements from one partnership program to the next facilitates international trade as shipments move through different countries in the supply chain.

- **Transparency —** Closer collaboration among and between Customs Administrations and their partnership program companies leads to more transparency in international commerce. Information exchanged between these partners expedites and facilitates the movement of commerce across Mutual Recognition Partner nations.

C-TPAT will continue to reach out to the trade community in order to explore additional benefits with the understanding that any additional benefits proposed need to be realistic and should not put the security of the United States and CBP's mission at risk.

C-TPAT TESTIMONIALS

"Despite its nature as a voluntary program, this Government to business partnership continues to grow and to remain viable—a leading supply chain security partnership program here in the U.S. and across the globe. Now in its twelfth year, what started soon after 9/11 with seven importer Partners is now an initiative that has more than 10,650 certified members in over 11 business sectors of the supply chain."

—Thomas S. Winkowski, Acting Commissioner
U.S. Customs and Border Protection

"Livingston International is a strong proponent of the value of this program to protect the supply chain through best practice security measures. Our own participation in C-TPAT has enhanced our quality operating system and ISO security controls. It gives us better visibility into the challenges our supply chain partners face, so we can make them aware of C-TPAT security requirements and best practices. We also encourage our clients to become certified partners and we fully support their efforts to align security throughout their supply chain."

—Phillip J. Sutter
Director Trade Compliance
Livingston International – C-TPAT Broker

"We jumped at the opportunity to align with U.S. upon the introduction of C-TPAT in 2001. For Uniden, the C-TPAT program matured its business relationships from the average buyer's and seller's business style to a shared and visible universe of supply chain security. Large and small companies alike not only ask about our participation in C-TPAT, but also about our status. Doing business in today's multifaceted supply chain environment can rest upon a company's active and evolving attention to their overall security practices."

—Jena Hooks
Customs Compliance Manager
Uniden Financial, Inc. – C-TPAT Importer

"At Transportes Lar-Mex, security is part of our mission; and being Partners of the C-TPAT program have made us commit even more with our business partners in the implementation of efficient and effective security practices to reduce the risks in the international supply chain."

—Oscar G. Salguero Castillo
Transportes Lar-Mex – C-TPAT Highway Carrier

"Working with CBP's Supply Chain Security Specialists, BlackBerry was able to quickly and efficiently receive certification in C-TPAT. Since joining in 2012, BlackBerry has enjoyed a variety of benefits including fewer delays in the customs clearance of our cargo and enhanced security of our supply chain from point-of-origin to point-of-destination."

—Blanca Graves
Manager, Logistics & Trade Compliance
BlackBerry – C-TPAT Importer

"The C-TPAT program has enhanced supply chain security awareness within the Carter's organization and with our external partners. Today we have clearly defined security processes that strengthen the reliability of our supply chain and benefit our customers, consumers, employees, and shareholders."

—Melodi Morrison
Senior Director of Global Transportation
Carter's Inc. – C-TPAT Importer

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Balancing Supply Chain Security and Economic Efficiency

The University of Virginia's Center of Survey Research surveyed a total of 3,901 C-TPAT Partners in 2010 regarding their views of the benefits and costs associated with membership in the program. Nearly half (47.8%) of the 8,166 companies participating in the C-TPAT program at that time responded to the survey which identified several tangible and intangible benefits associated with program membership.

The broad story told by the respondents of this survey is that the value of C-TPAT membership goes beyond dollars and cents. It includes risk avoidance, a communal approach to a safer supply chain, being able to compete for contracts that require C-TPAT membership, and taking advantage of the credibility that C-TPAT membership brings.

Some of the finding or conclusions of the survey include:

- Benefits outweighed or equaled the affiliated costs
- Improved work force security and decreased disruptions to the supply chain
- Decreased wait time for carriers at land border ports of entry and time to release cargo by CBP
- Decreased time in CBP inspection lines; increased predictability in moving goods

Partners are encouraged to view the complete survey results at *www.cbp.gov/ctpat*

2010 C-TPAT Survey Highlights

- **90% -** Percentage of respondents stating their company had not considered leaving C-TPAT
- **98% -** Percentage of respondents indicating they trusted their Supply Chain Security Specialist
- **99% -** Percentage of respondents that found participating in C-TPAT's Annual conferences valuable
- **53% -** Percentage of respondents who had a formal system in place for assessing and managing supply chain risk before joining C-TPAT. Of those, 87.6% agreed that their ability to assess and manage supply chain risk has been strengthened as a result of joining C-TPAT.

What the Membership Says About C-TPAT Benefits

Benefits for all businesses according to the University of Virginia's Center for Survey Research

Benefit	Mean*
Protects Company's Brand Image	3.64
Makes Company More Competitive	3.55
Enhances Marketing Opportunities	3.48
Facilitates Globalization	3.37
Demonstrates Good Corporate Citizenship	3.58
Enhances Security in Supply Chain	3.75
Increases Security Awareness	3.76

*Mean rating on a 4 point scale: Extremely Important (4) to Extremely Unimportant (1).

Meeting the Supply Chain Security Challenges of a 21st Century Global Economy

$2.38 Trillion

in goods were imported into the U.S. in fiscal year 2012

54.1%

of all imports by value were C-TPAT.

$1.28 Trillion

C-TPAT imports by value in FY 2012.

U.S. Census Bureau data for FY 2012

Mutual Recognition

CBP has signed or is currently negotiating Mutual Recognition Arrangements with 12 of the top 15 U.S. trading partners—including its five top trading partners: Canada, China, Mexico, the European Union, and Japan.

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Please visit the CBP and C-TPAT Web sites at
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