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Office of Field Operations Customs-Trade Partnership Against Terrorism (C-TPAT) July 14, 2015

Issue: C-TPAT Export Entity Update

Executive Summary:

In May 2014, the Advisory Committee on Commercial Operation (COAC) Trusted Trader Sub-Committee endorsed the launch of the C-TPAT Exporter Entity. C-TPAT worked with the COAC, others in the trade community, and Partner Government Agencies (PGA) in the co-creation of the Eligibility Requirements and the Minimum Security Criteria for U.S. Exporters. The C-TPAT web portal was made available to exporters to apply on May 30, 2015.

The creation of an exporter entity in C-TPAT will help support the President's *National Export Initiative* and the *National Strategy for Global Supply Chain Security*; align CBP to be more compatible with the World Customs Organization's *Framework of Standards to Secure and Facilitate Global Trade* and the Authorized Economic Operator (AEO) programs currently operational around the world; and help ensure the benefits from current and future Mutual Recognition Arrangements (MRA) are reciprocal.

Background

- COAC agreed to the export criteria and eligibility requirements in May 2014.
- C-TPAT is addressing exports from two very different perspectives. One is the creation of a new entity in C-TPAT and the second is ensuring our mutual recognition partners provide benefits to C-TPAT exporters.
- C-TPAT Exporter Entity benefits include (but not limited to):
 - Reduced examinations by CBP;
 - Priority Processing in AES- C-TPAT created an icon in AES to help identify C-TPAT members by CBPOs in the field;
 - Customs/facilitation benefits from MRA partners;
 - Business resumption;
 - Assigned SCSS to resolve cargo problems/answer questions;
 - Marketing; companies are confident C-TPAT cargo is more secure;
 - Portal access- security training materials and direct messaging with SCSS;

Current Status

- In portal 2.0, companies operate in a security model which houses various entities. If the security model experiences a suspension or removal, all entities under that model would experience the same.
- As of July 6, 2015, 547 C-TPAT importers have indicated that they have export operations and are eligible to receive benefits when exporting cargo to Canada, Japan, and the European Union (EU). Of the 547 Importers who export, 68 are Tier III importers. There are currently nine companies who have applied as sole exporters (they are uncertified applicants).

Prepared by: George Rudy, C-TPAT, OFO, CBP,

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- On February 2015, C-TPAT and Canada's Partners in Protection (PIP) program initiated the data exchange process which allows C-TPAT importers who also export to start receiving cargo facilitation benefits for cargo entering Canadian ports of entry. These C-TPAT importers who meet the eligibility requirements can expect to receive the same lower threat score benefits as those in the PIP program.
- Exchange of C-TPAT partners export data with the EU is an automated process. The exchange of export data with Canada and Japan is a manual process of exchanging company name and status information via email. C-TPAT is working with the remaining MRA partners in obtaining similar export benefits for current C-TPAT importers that also export to those seven MRA countries (New Zealand, Jordan, Singapore, Mexico, Taiwan, Israel, and South Korea). All MRAs require benefits to be reciprocal.
- The exporter eligibility requirements and security criteria were posted on the C-TPAT website on July 8, 2014. C-TPAT developed the Exporter Entity FACT Sheet which was posted on the website on August 5, 2014. Additionally, a Frequently Asked Questions document on the C-TPAT exporter entity was developed and posted to the website on October 3, 2014.
- April 29, 2015, C-TPAT attended an Export Option Four workgroup where the group voiced an interest in having a "trusted exporter." If allowed, a trusted exporter would be a Tier III C-TPAT partner and would be allowed to retain partial option four benefits and would also be required to obtain an export bond, which currently does not exist in exports.
- In CY 2015, C-TPAT expects to visit importers who also export and merge the export supply chain information collected with the importer security model. Please see validations below for additional details.

Application Process

- Importers who checked off the MRA box for exports prior to the conversion to Portal 2.0 Phase II were automatically appended to include the exporter entity.
- Importers who wish to apply as an exporter can click on the expand C-TPAT security model button in the security model page in the portal. They will then have to complete their security profile for the export portion of their security model.
- Exporters who are new to the C-TPAT program must complete a new application, company profile and security profile.

Sole Exporters

- Sole exporters will be visited within one year of their certification date.
- Portal 2.0 Phase III will generate validation worksheets and reports for exporters in 2016.

Challenges

- Working with COAC since December, 2013 revising and reaching agreed upon terms in the development of the Exporter Eligibility Requirements and Security Criteria.
- Benefits- Export enforcement agencies such as Commerce, State and Census, already offering mitigated penalties not leaving room to offer C-TPAT exporters additional benefits through their agencies.

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Next Steps

- Additional port visits by SCSSs to observe export operations should be conducted to gain an insider understanding of port operations and processes which would enhance exporter benefits as well as the environment where exporters operate in.
- Coordinate with MRA partners to establish reciprocal benefits for C-TPAT members.