



C-TPAT EXPORTER ENTITY FAQ: INTRODUCTION

1. Q: Why have a C-TPAT Exporter Entity now?

A: U.S. Customs and Border Protection (CBP) listened to the recommendations made by the Advisory Committee on Commercial Operations (COAC), which encouraged the creation of the C-TPAT Exporter Entity. CBP is introducing an exporter entity to C-TPAT to support export growth and increase the competitiveness of the U.S. business community, as outlined by President Obama's National Export Initiative. CBP is also interested in providing the U.S. business community with benefits currently enjoyed by foreign importers through Mutual Recognition Arrangements (MRA), which are explained below. Finally, this is an opportunity to align with the programs of foreign customs under the World Customs Organization's (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework).

2. Q: When will the C-TPAT Exporter Entity accept applications?

A: CBP's automated process to accept applications is currently being updated to accommodate the C-TPAT Exporter Entity. When the updates to the C-TPAT web portal have been completed, CBP will begin to accept C-TPAT Exporter Entity applications. Additional information regarding the exporter application process will be disseminated through our C-TPAT web portal email system for current C-TPAT members, as well as being posted on <http://www.cbp.gov/trade/trade-community>

3. Q: Can U.S. importers who also export participate in the C-TPAT Exporter entity?

A: Currently, C-TPAT Importers who also export are eligible to receive export benefits with Japan and the European Union due to CBP's MRAs with those foreign counterparts. The C-TPAT Exporter

Entity is being launched to enable "export only" businesses to enjoy C-TPAT benefits as well.

4. Q: What is a Mutual Recognition Arrangement (MRA)?

A: Mutual Recognition refers to an information exchange document, referred to as an "arrangement" between CBP and a foreign Customs Administration, which indicates that the security requirements and validation or audit procedures of the foreign industry partnership program are the same or similar with those of C-TPAT. Compatibility permits recognition of the validation results between the two programs. This enables Customs Administrations to work together to improve their capability in detecting high-risk consignments and expediting the movement of legitimate cargo. 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.

5. Q: What is an Authorized Economic Operator (AEO)?

A: An AEO is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. ■

BENEFITS

6. Q: What benefits will CBP offer exporters who sign up for the C-TPAT Export Entity agreement?

A: Some benefits companies can receive by being C-TPAT Export Entity partners include:

- **Mutual Recognition Arrangements:**
By adhering to C-TPAT requirements, participants may receive heightened



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facilitation from foreign partners with which CBP has signed an MRA.

- **Marketing:** The C-TPAT logo and membership is an excellent marketing tool in the trade industry where companies are confident that their cargo is more secure than those that are not in the program.
 - **Reduced examination rates and time:** C-TPAT exporters will receive trade facilitation, including prioritized examination over non C-TPAT members.
 - **Front of the line processing:** To the extent possible, C-TPAT shipments are moved ahead of any non-C-TPAT shipments.
 - **Business resumption:** In the event of a significant disruption / delay in CBP cargo processing operations, actions are taken to maintain communication and coordination.
 - **Access to an assigned C-TPAT Supply Chain Security Specialist (SCSS):** Each C-TPAT Partner is assigned a SCSS who manages C-TPAT's relationship with CBP. The SCSS is available to discuss security issues and review problems.
 - **Eligibility to attend C-TPAT training and seminars:** Such as the annual C-TPAT conference which provides opportunities to network with other C-TPAT members.
 - **Access to the web based C-TPAT Portal system:** The portal provides a means of communication with the SCSS and a way to easily correct company information.
 - **Common Standard:** Application of a common set of security requirements facilitates international trade by minimizing the duplication of efforts and procedures.
7. **Q: What benefits will be afforded to the exporter's customers by the destination customs authority, assuming the consignee/importer is an AEO subscriber?**

A: Benefits provided by customs authorities with which CBP has a mutual recognition arrangement will vary based on location. Typical benefits at

destination customs authorities include: priority treatment, less frequent physical inspections, and less intrusive inspections.

8. **Q: Where goods are sold in transit, how will the foreign AEO importer claim benefit?**

A: The shipment would still be registered in CBP systems and abroad as being in the program under the same Employer Identification Number (EIN) or Dun and Bradstreet Number (DUNS) that it was exported as, and would not be affected while in transit abroad as far as benefits are concerned.

9. **Q: Keeping in mind our goal is to grow exports, how does requiring the U.S. exporter to vet its customer's security procedures and its customer's supply chain service provider's security procedures facilitate growth in trade?**

A: C-TPAT Exporter Entity benefits will expedite the flow of trade out of the U.S. For countries whose customs authorities have signed a mutual recognition arrangement with the United States, exporters who participate will receive additional facilitation benefits into the foreign ports of entry. In the process of vetting their outbound supply chains, participating exporters are able to streamline their processes, which may lead to opportunities to save time, money, and efforts in the transportation of their cargo abroad. ■

PROGRAM STRUCTURE

10. **Q: How will exporters in the C-TPAT program be identified to help ensure benefits are applied?**

A: Exporters will be identified by their EIN or DUNS number. Their information will be included in the C-TPAT web portal as an exporter entity.

11. **Q: If it is managed in the fashion described above, will C-TPAT Exporters have the ability to manage their account by those identifiers (e.g. EIN, DUNS)**



in the C-TPAT Portal just as on the importer side?

A: Yes, with their EIN or DUNS number.

12. Q: Will there be a tiered process in the C-TPAT Exporter Entity program?

A: Yes. A tiered identification process has been added into our export systems and export priority will be administered based on those tier levels. ■

SECURITY CRITERIA

13. Q: What benefits will CBP offer exporters who sign up for the C-TPAT Export Entity agreement?

A: C-TPAT is not departing from its original security mandate. However, there are regulatory requirements that must be verified and complied with in order to be eligible for the program and remain in good standing. In the process of implementing the C-TPAT Exporter Entity, CBP is accounting for export compliance, among other issues, to streamline the export process.

14. Q: Please clarify eligibility and application of the Security Criteria for the following scenarios:

a) When the exporter is responsible for arranging the freight for the entire shipment;

A: An exporter who is responsible for the entire shipment of goods in a container/trailer, would be eligible to receive trade facilitation benefits from CBP and from foreign customs officials, assuming there is an applicable mutual recognition arrangement in place.

b) When the exporter is responsible for freight for some or part of the shipment;

A: Exporters would be eligible for the program due to their exportation of cargo but they would not receive trade facilitation if they are only responsible for a portion of the freight (such as in a consolidated shipment) and if the other

shippers with commodities in that container are not C-TPAT Partners.

15. Q: An export shipment may involve several domestic truck movements before export. Would the criteria be required for all movements or commence with the final movement into the port or across the U.S. border?

A: The exporter criteria would commence at the final point of loading after the trailer/container has been sealed. Every move after that point must be covered via the criteria in order to be eligible for C-TPAT Exporter Entity benefits.

16. Q: The seller delivers the goods by placing them on a buyer designated vessel at a buyer designated port and the seller is responsible to file the Electronic Export Information (EEI). Is the seller responsible for the C-TPAT security requirements?

A: Yes. The seller's responsibility is to file EEI using their EIN. C-TPAT will use the EIN to apply cargo benefits and as a result, they will be the ones who will be the responsible party.

17. Q: Please identify the responsible party in the following scenarios:

a) A sale is made to a third party for export. The seller is the U.S. Principal Party in Interest (USPPI) as part of a routed export transaction (where likely the seller does not control the freight). Who is responsible for the C-TPAT security requirements?

A: The holder of the EIN or DUNS, the exporter, is the responsible party. They are the entity whose EIN or DUNS will be used to apply benefits in CBP systems.

b) The term of sale is Free Carrier (delivery to buyer at U.S. location). The buyer arranges to pick up merchandise at the seller's facility in the U.S. and the seller is responsible for filing the EEI. Would the seller be responsible for the C-TPAT security requirements?

A: Yes. The seller would be responsible for ensuring the outbound cargo is secure prior to loading the cargo with the transporter because,



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as stated, the seller is utilizing its own EIN or DUNS.

assessments have been completed and updated annually.

18. Q: We understand the responsibility that exporters have as trade initiators; however, there are concerns regarding the extent of the liability to which exporters would be subject if they are made ultimately responsible in certain situations (e.g. routed export transactions) in which the purchaser selects the transportation service provider and pays for the transportation, since these types of situations allow for minimal control, visibility, and/or constantly challenged authority. For these reasons, the assignment of liability is undesirable beyond that set forth in applicable export control regulations such as the International Traffic in Arms Regulations (“ITAR”) and the Export Administration Regulations (“EAR”). How will CBP address this issue?

A: C-TPAT asks that partners in the C-TPAT program do their part in securing the supply chain in exchange for benefits. C-TPAT partners are required to demonstrate due diligence in protecting the security of their supply chains.

19. Q: What is expected of the exporter regarding “Internal requirements, such as financial soundness, capability of meeting contractual security requirements, and the ability to identify and correct security deficiencies as needed,” should be addressed by the exporter?

A: C-TPAT Exporter partners are encouraged to verify the soundness, stability, and ability of their business partners to take corrective action, as needed. Keep in mind that this is a recommendation by C-TPAT, not mandatory.

20. Q: In addition to an exporter’s ability to adhere to the exporter security criteria, what other factors will CBP consider in determining continued exporter eligibility?

A: CBP will utilize its systems to check for outbound compliance, violations and review the frequency of cargo being shipped outbound to ensure the company is an active exporter. C-TPAT Supply Chain Security Specialists conduct on-site validations/visits to verify the company’s existence and that their security profiles and risk

21. Q: What version of container seals should be used on exports?

A: Container seals must meet or exceed ISO 17712.

22. Q: The sealing of export containers, to include continuous seal integrity, are crucial elements of a secure supply chain, and remains a critical part of an exporter’s commitment to C-TPAT. What does “continuous seal integrity” mean?

A: Seals must be placed on exported containers after being loaded. The seal must be checked at each stage of the supply chain to ensure seal integrity, and a seal must be intact until the container reaches its final destination. ■

Note: Nothing in the information provided above restricts CBP’s legal authority and discretion to take any action(s) it deem necessary to administer and enforce laws within CBP’s jurisdiction.

For more information on the C-TPAT program, please visit:
http://www.cbp.gov/xp/cgov/trade/cargo_security/ctpat/



C-TPAT Program

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CBP Publication No. 0310-0914