

**ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF CUSTOMS
AND BORDER PROTECTION (COAC)**

Trusted Trader Subcommittee

**Office of Field Operations (OFO)
Customs-Trade Partnership Against Terrorism (C-TPAT)
July 23, 2013**

Issue: Provide status on current COAC Recommendations for the C-TPAT Program.

Background:

Being a voluntary partnership program, C-TPAT has always been responsive to its partners' needs and requests, and C-TPAT has tried to accommodate these requests when it was feasible, compatible with the minimum-security criteria, did not pose too great a risk, and could be accomplished within the parameters of maintaining a high level of security.

The *Security and Accountability for Every Port Act of 2006 (SAFE Port Act)* provided a statutory framework for the C-TPAT program and imposed strict oversight requirements. It also mandated the relationship between the Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) and C-TPAT.

Current Status of COAC Recommendations:

- 1) FAST for carriers - CBP has been very creative in developing processes for conducting C-TPAT validations remotely. However, current CBP travel restrictions do not allow for onsite meetings in Mexico, thereby preventing many C-TPAT certified carriers from participating in FAST. We recommend that CBP develop an alternative to onsite validations that will allow new C-TPAT carriers to become FAST lane participants.**

Current travel restrictions (MEXICO) are based on the Department of State, Mission Mexico Travel Policy. This particular policy was recently updated on July 17, 2013. The travel restrictions are based on the current security environment for specific zones and/or areas. The restrictions may be indefinite, have stipulations (armored vehicles, specific areas of lodgings, daylight travel only, etc.) and/or may be lifted based on the assessment of the environment/area by the Department of State's Regional Security Office (RSO). The restrictions are in place to ensure the utmost safety and accountability for C-TPAT personnel in these affected areas.

Under C-TPAT policy, a successful on-site initial validation must be conducted before FAST benefits are granted to U.S./Mexico Highway Carriers. Travel deferred/restrictions to the area where the Highway Carrier is based prevents an on-site/validation visit. Under C-TPAT's current policy, Highway Carriers will

remain “CERTIFIED” and without benefits until the restrictions are lifted by the RSO and CBP.

C-TPAT is aware and understands the impact this has on U.S./Mexico Highway Carriers and recommends their C-TPAT Point of Contacts (POCs) contact their assigned Supply Chain Security Specialists (SCSS) and their respective C-TPAT Field Office Managers (FOM) to obtain updates for the most recent travel restrictions to work towards a successful validation in the future. With that being said, the Trusted Trader Subcommittee has agreed to explore this recommendation in more detail after the August COAC meeting.

2) Establish Tier 3 Status for U.S./Mexico and U.S./Canada Highway Carriers

This summer C-TPAT conducted a survey of its members regarding various COAC proposals. Regarding the proposal to allow Highway Carrier’s Tier III status, 55% of all members supported the proposal.

C-TPAT is currently considering allowing Highway Carriers to achieve Tier III status.

3) Allow SVI Number Query Access for All Users

C-TPAT is aware of the need for non-member service providers to have the ability to verify membership. This requirement was slated for inclusion in Portal 2.0. Portal 2.0 has entered the development phase, and determining the parameters for included data elements and partner disclosure are being finalized. Chief Counsel is currently reviewing the requests for changes to the current SVI system.

4) Develop a C-TPAT Status for Exporters

C-TPAT is preparing to add a new entity for Exporters and has been conducting meetings with other government stakeholders in preparation for establishing Exporter eligibility requirements and criteria. The eligibility and security criteria requirements are still being finalized, and COAC will be consulted for input and feedback.

C-TPAT has offered to provide an overview to COAC in August regarding the progress made towards implementing an Exporter entity into the program.

5) Obtain User Input for C-TPAT Web Portal 2.0

On 6/25/2013, C-TPAT convened a second meeting of its Trade Advisory Panel. C-TPAT’s development team demonstrated the new software platform’s functionalities for C-TPAT members and requested feedback/input from the representatives.

C-TPAT is planning to launch a pilot to test Phase 1 of Portal 2.0; however, it is waiting on a firm testing date from the Office of Information Technology. Forty to fifty C-TPAT Partners will be testing the new software. Once a date has been provided, the pilot is scheduled to last for approximately a month.

Beyond the Border and C-TPAT:

Update on Achieving Harmonization with Canada:

In 2008, U.S. Customs and Border Protection (CBP) and the Canada Border Services Agency (CBSA) signed a Mutual Recognition Arrangement (MRA) between C-TPAT and the CBSA's Partners in Protection (PIP) program. In 2009, CBSA and CBP leaders instructed PIP and C-TPAT to go beyond the MRA and harmonize the programs (to the extent possible).

PIP and C-TPAT developed a two-step plan for achieving harmonization. The first phase was the integration of Highway Carriers. PIP and C-TPAT developed single application requirements for Highway Carriers and conducted a successful pilot in the first quarter of 2011.

C-TPAT continues to meet regularly with PIP to ensure the plan for harmonization is met. As of March 2013, C-TPAT has met all requirements for the implementation of *Harmonization 1.0* with PIP.

Mutual Recognition Arrangements (MRAs):

- **Mexico MRA Update**

On January 17, 2013, C-TPAT and Mexico's Tax Administration Service (SAT) signed a joint work plan, which laid the groundwork for achieving an MRA between C-TPAT and Mexico's AEO program, the New Certified Companies Scheme (NEEC), with the goal of achieving an MRA in two years.

C-TPAT has been working closely with NEEC to achieve the goal of Mutual Recognition within the allotted time. C-TPAT and NEEC have begun observing each other's validations.

- **Taiwan MRA Update**

On November 26, 2012, C-TPAT signed its seventh MRA. The American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO) signed the MRA. C-TPAT and the Taiwan AEO are the authorized administrators of the MRA. Representatives from Taiwan Customs and CBP witnessed the signing.

In January 2013, implementation of the MRA began with the exchange of information between the two programs.

- **Israel MRA Update**

On December 6, 2012, C-TPAT and the Israeli Tax Authority signed a joint work plan, which laid the groundwork for achieving an MRA between C-TPAT and Israeli's AEO program by November 2013.

C-TPAT is making progress toward the November goal of Mutual Recognition. In June, Israeli Customs observed three C-TPAT validations. C-TPAT personnel will be traveling to Israel on July 29, 2013, to observe Israeli validations.