



Mutual Recognition

Mutual Recognition refers to those activities associated with the signing of a document between U.S. Customs and Border Protection (CBP) and a foreign Customs Administration that provides for the exchange of information. The document, referred to as an “arrangement”, indicates that the security requirements or standards of the foreign industry partnership program, as well as its validation or audit procedures, are the same or similar with those of the Customs-Trade Partnership Against Terrorism (C-TPAT) program.

The essential concept of MR is that C-TPAT and the foreign program are compatible in both theory and practice so that one program may recognize the validation findings of the other program. Mutual Recognition as a concept is reflected in the World Customs Organization’s *Framework of Standards to Secure and Facilitate Global Trade*, a strategy designed with the support of the United States which 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. Mutual Recognition promotes end to end supply chain security based on program membership.

The C-TPAT MR process involves four (4) phases:

1. A side-by-side comparison of the program requirements and an overview of the implemented Authorized Economic Operator (AEO) program. This is designed to determine if the programs align on basic principles and to determine if there is a security aspect in the AEO program.
2. A pilot program of joint validation/observation visits. This is designed to determine if the programs align in basic practice.
3. The signing of a Mutual Recognition Arrangement (MRA).
4. The development of MR operational procedures, primarily those associated with information sharing. This is also referred to as the implementation phase.

Key Facts

- Currently, MRAs are only based on security. Arrangements do not address Customs compliance issues.
- Mutual Recognition can only occur to the extent permitted by law, regulations, and is subject to national security considerations.
- Mutual Recognition does not exempt any partner, whether domestic or foreign, from complying with other CBP mandated requirements and cargo enforcement strategies.

Importers, for instance, still need to comply with the importer security filing requirements: electronic submittal of the 10 trade data elements to CBP 24 hours prior to lading.

- Finally, CBP has developed guidance for maintaining the continuity and/or restoring the flow of trade across the Nation's borders during and after an incident that disrupts the flow of trade at the border ports of entry. Business resumption privileges, however, while envisioned for C-TPAT partners, is not a factor that is included in any Mutual Recognition Arrangement.

Current Status

As of March 2013, CBP has signed seven MRA's:

- **New Zealand** - June 2007 – New Zealand Customs Service's *Secure Export Scheme Program*.
- **Canada** - June 2008 – Canada Border Services Agency's *Partners in Protection Program*.
- **Jordan** - June 2008 – Jordan Customs Department's *Golden List Program*.
- **Japan** - June 2009 – Japan Customs and Tariff Bureau's *Authorized Economic Operator Program*.
- **Korea** - June 2010 – Korean Customs Service's *Authorized Economic Operator Program*.
- **European Union** - May 2012 – European Union's *Authorized Economic Operator Program*.
- **Taiwan** - November 2012– Directorate General of Customs, Taiwan Ministry of Finance's – *Authorized Economic Operator Program*.*

*Note: This MRA is signed between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO) in the United States. C-TPAT and Taiwan AEO are the designated parties responsible for implementing the MRA.

Before CBP engages a foreign Customs Administrations towards Mutual Recognition, four pre-requisites must be met:

1. The foreign Customs Administration must have a full fledged operational program in place –i.e. not a program in development or a pilot program.
2. The foreign partnership program must have a strong validation process built into its program.
3. The foreign partnership program must have a strong security component built into its program.

4. The foreign Customs Administration must have a Customs Mutual Assistance Agreement (CMAA) in place with the US.

Benefits

Benefits envisioned by an MRA include:

- **Efficiency:** C-TPAT will not have to expend resources to send staff overseas to validate a facility that has been certified by a foreign partnership program.
- **Risk Assessment Tool:** The status of the foreign partnership program participant is recognized by C-TPAT and is used as a risk-assessment factor. A C-TPAT validation visit will be conducted on a different segment of the C-TPAT importer's supply chain.
- **Less Redundancy/Duplication of Efforts:** Foreign companies do not have to go through two separate validation visits. The first validation conducted by the local Customs Administration as the company is initially certified by its business partnership program would be recognized as a C-TPAT validation if a MRA is in place. Moreover, companies will only have to go through one revalidation visit in the future.
- **Common Standard/Trade Facilitation:** Companies only have to adhere to one set of security requirements. Avoiding multiple sets of requirements facilitates international trade as shipments will move more efficiently through different countries. Since Mutual Recognition is based on having equally stringent minimum security criteria, a C-TPAT compliant company essentially complies with the security criteria of those countries with which the U.S. has reached an MRA. Common standards among programs also aid companies in conducting and documenting their security self-assessments.
- **Transparency:** Closer collaboration among and between Customs Administrations and their partnership program companies lead to more transparency in international commerce. Similar security platforms and the exchange of information between all of these partners expedite and facilitate the movement of commerce across nations.

CBP and C-TPAT are always open to suggestions of potential benefits and welcome feedback from our partners, the trade community, and partners of other supply chain security programs.