Unified Global Security: The Challenge Ahead

2013

C-TPAT
Customs-Trade Partnership Against Terrorism
Mutual Recognition

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Workshop Objectives

• Overview of C-TPATs’ International Strategy

• Mutual Recognition;
  – Definition, Process, Pre-Requisites, Methodology
  – Current and Future Mutual Recognition Arrangements
  – Benefits and Challenges

• Country Study
  – European Union

• Other Key Partners: Japan, Mexico and China

• Harmonization
  – Canada
C-TPAT’s International Strategy

-Partnering with the international trade community to help secure global supply chains.

-Partnering with individual Customs administrations.

-Support the work of international organizations such as the World Customs Organization (WCO) and the Asia Pacific Economic Council (APEC).

-Support the work of private sector organizations to improve the security and integrity requirements of their membership.
Partnering with Foreign Customs Administrations

- Providing Training and Technical Assistance
- Reaching Mutual Recognition Arrangements
  - Full implementation of MRA’s
- Working With Key Partners to Develop Additional Mechanisms to Accomplish the Mission
Mutual Recognition – What It Is

- Bilateral understanding between two Customs Administrations

- Security requirements or standards of the foreign industry partnership program, as well as its verification procedures, are comparable or compatible to those of C-TPAT

- Based on security only / Compliance Issues Fall Outside the Scope of a MR Arrangement

- Goal - link the various international industry partnership programs, so that together they create a unified and sustainable security posture that can assist in securing and facilitating global cargo trade
Mutual Recognition – What It Is

- For the United States, A Mutual Recognition Arrangement (MRA) is a document that formally states that the security requirements or standards of the foreign industry partnership program, as well as its verification procedures, are the same or similar with those of the potential MRA partner.

- CBP’s Office of International Affairs (INA) handles the drafting of the MRA text and works hand-in-hand with C-TPAT during the negotiations.
Mutual Recognition

Pre-Requisites:

- Foreign Customs Administration must have an operational program in place
- Methodology in place to review and validate their members
- Program must have a security component to it
- Have a Customs Mutual Assistance Agreement (CMAA) in place with the US.
  - “The agreements allow for the exchange of information, intelligence, and documents that will ultimately assist countries in the prevention and investigation of customs offenses. The agreements are particularly helpful for U.S. Attaché offices, as each agreement is tailored to the capacities and national policy of an individual country's customs administration.”
- To date, CBP has signed 66 CMAA’s

Four Step Process:

- Side by side comparison of program requirements
- Joint validations in both countries
- Formal Signing of the MR Arrangement
- Implementation
Benefits

For Customs Administrations:
- Unified Vision
- Similar / Compatible Security Standards
- Efficiency: Reduced Validations
- Risk Management Tool

For Trade Partners:
- Single Set of Security Standards
- Eliminate Redundant Validation Visits
- Faster Validation Process
- Easier to Document Business Partners Meet Program’s Minimum Criteria
- Reduction in C-TPAT/AEO Shipments’ Risk Score
Benefit: Less Redundant Validations

C-TPAT Importer Sourcing From Japan
Due for a C-TPAT Validation or Re-Validation

If Local Company to Be Visited in Japan is AEO

C-TPAT Accepts the Status of the AEO Manufacturer
NO C-TPAT Foreign Site Visit Takes Place
MR: Benefit – Less Redundant Validations

- U.S. Importer – Does Not Have to Worry About The Foreign Validation Visit / Faster Validation/Re-Validation Process
- Foreign AEO Manufacturer – Receives a Lower Risk Score
- Foreign Customs Administration – Can Claim to Provide an Additional Benefit
- U.S. Customs and Border Protection – Efficiency
US - Mutual Recognition
Current and Future

• New Zealand – Secure Export Scheme – June 2007
• Canada – Partners in Protection – June 2008
• Jordan – Golden List – June 2008
• Japan – Authorized Economic Operator – June 2009
• Korea – Authorized Economic Operator – June 2010
• European Union – Authorized Economic Operator – May 2012
• Taiwan – Authorized Economic Operator – November 2012*

*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.
US - Mutual Recognition
Current and Future

• Israel – Authorized Economic Operator – TBD
• China – Classified Management of Enterprises Program – TBD
• Switzerland – Swiss Federal Customs Administration – TBD
• Mexico – New Scheme of Certified Companies (Nuevo Esquema de Empresas Certificadas or NEEC) – TBD
• Singapore – Secure Trade Partnership – TBD
Providing Training and Technical Assistance

- Colombia – Dirección De Impuestos y Aduanas Nacionales
- Dominican Republic – Dirección General de Aduanas
- Ghana – Customs, Excise and Preventive Service
- India – The Central Board of Excise and Customs
- Kenya – Kenya Revenue Authority
- Costa Rica - Costa Rican Customs and Ministry of Foreign Trade (COMEX)
- Perú – Superintendencia Nacional de Administración Tributaria
MR – Japan
Full implementation of MRA

- C-TPAT, along with Japan AEO representatives, conducted exporter meetings in 2012.

- The meetings revealed that C-TPAT Importers apply the same level security controls for their export supply chains as they do for their import supply chains.

- Japan AEO will apply benefits to registered C-TPAT Importers who also export.
**MR – Japan**
Full implementation of MRA

<table>
<thead>
<tr>
<th>Company Legal Name</th>
<th>CTPAT Test Importer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doing Business As</td>
<td>WWTE</td>
</tr>
<tr>
<td>C-TPAT Account Number</td>
<td>34086723</td>
</tr>
<tr>
<td>Business Type</td>
<td>Importer</td>
</tr>
<tr>
<td>Account Status</td>
<td>Certified, Validated</td>
</tr>
<tr>
<td>Security Profile Review Status</td>
<td>Rejected</td>
</tr>
<tr>
<td>Assigned Office</td>
<td>Unassigned</td>
</tr>
<tr>
<td>Assigned SCSS</td>
<td>test scss</td>
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<tr>
<td>Company Profile Last Modified</td>
<td>12/02/2012</td>
</tr>
<tr>
<td>Security Profile Last Modified</td>
<td>08/30/2012</td>
</tr>
</tbody>
</table>

**Export Operations**

- [Register Export Operations](#)
MR – Japan
Full implementation of MRA

AGREEMENT FOR CURRENT AND FUTURE EXPORT OPERATIONS

As the legal representative of CTPAT Test Importer, I certify that CTPAT Test Importer is committed to the C-TPAT Program and adheres to U.S. Customs and Border Protection and other government agencies’ requirements (as relevant) when exporting shipments from the United States of America. I understand that I am making this commitment on behalf of my company in order to ensure current and future export benefits that my company may enjoy in current and future Mutual Recognition Arrangements or Decisions signed by U.S. Customs and Border Protection. Additionally, I understand that CTPAT Test Importer’s export processes will be verified by the C-TPAT Program during and throughout CTPAT Test Importer’s validation life cycle.

Note: If you only conduct import operations, you do not need to select this box.

<table>
<thead>
<tr>
<th>Agreement</th>
<th>□ I Agree</th>
</tr>
</thead>
</table>

CTPAT Test Importer has agreed to Mutual Recognition with the following foreign programs:

- Canada
- New Zealand
- Jordan
- Japan
- Korea, Republic of
- European Union

Mutual Recognition selections can be modified in the Company Profile.

[Submit] [Cancel]

Unified Global Security: The Challenge Ahead
MR – Japan
Full implementation of MRA

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**MUTUAL RECOGNITION AGREEMENT**

Consent for Disclosure of Customs-Trade Partnership Against Terrorism (C-TPAT) Information to the Specified Country Government Officials

Upon completion of this consent, C-TPAT will be authorized to provide the information outlined below to government officials for the country specified. The information will only be provided to those government officials directly responsible for the program in which the United States Customs and Border Protection has entered into Mutual Recognition.

The information that will be released will be:
- Company name
- Company identifiers (i.e., SCAC, IOR, MID)
- Program Status
- Date of membership

Your company has the right to revoke this consent at any time by removing the check block for that country. The revocation will not have any effect on any actions taken in reliance on the consent prior to the time consent was revoked.

<table>
<thead>
<tr>
<th>3.8.1 Agreement</th>
<th>I Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8.2 Countries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Canada</td>
</tr>
<tr>
<td></td>
<td>European Union</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>Jordan</td>
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<tr>
<td></td>
<td>Korea, Republic of</td>
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<td></td>
<td>New Zealand</td>
</tr>
</tbody>
</table>

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Unified Global Security: The Challenge Ahead
Mutual Recognition decision signed – May 4, 2012

- Implementation:
  - Phase 1: July 2012
    - CBP started to provide AEO companies exporting to the US a reduction in their targeting score
    - CBP to accept the AEO certificate of an EU based facility in lieu of the validation visit.
  - Phase 2: January 2013
    - EU to start to provide C-TPAT Importer members that also export to the EU with a targeting reduction
Login Screen

https://mrctpat.cbp.dhs.gov
(EU AEO Members with MIDs only)

Enter your user name and password to log in:

User Name
Password

Not yet Registered?
- Register your EORI Number with C-TPAT

Login  Forget your password?

YOU ARE ABOUT TO ACCESS A DEPARTMENT OF HOMELAND SECURITY COMPUTER SYSTEM. THIS COMPUTER SYSTEM AND DATA THEREIN ARE PROPERTY OF THE U.S. GOVERNMENT AND PROVIDED FOR OFFICIAL U.S. GOVERNMENT INFORMATION AND USE. THERE IS NO EXPECTATION OF PRIVACY WHEN YOU USE THIS COMPUTER SYSTEM. THE USE OF A PASSWORD OR ANY OTHER SECURITY MEASURE DOES NOT ESTABLISH AN EXPECTATION OF PRIVACY. BY USING THIS SYSTEM, YOU CONSENT TO THE TERMS SET FORTH IN THIS NOTICE. YOU MAY NOT PROCESS CLASSIFIED NATIONAL SECURITY INFORMATION ON THIS COMPUTER SYSTEM. ACCESS TO THIS SYSTEM IS RESTRICTED TO AUTHORIZED USERS ONLY. UNAUTHORIZED ACCESS, USE, OR MODIFICATION OF THIS SYSTEM OR OF DATA CONTAINED HERIN, OR IN TRANSIT TO/FROM THIS SYSTEM, MAY CONSTITUTE A VIOLATION OF SECTION 1036 OF TITLE 18 OF THE U.S. CODE AND OTHER CRIMINAL LAWS. ANYONE WHO ACCESSES A FEDERAL COMPUTER SYSTEM WITHOUT AUTHORIZATION OR EXCEEDS ACCESS AUTHORITY, OR OBTAINS, ALTERS, DAMAGES, DESTROYS, OR DISCLOSES INFORMATION, OR PREVENTS AUTHORIZED USE OF INFORMATION ON THE COMPUTER SYSTEM, MAY BE SUBJECT TO PENALTIES, FINES OR IMPRISONMENT. THIS COMPUTER SYSTEM AND ANY RELATED EQUIPMENT IS SUBJECT TO MONITORING FOR ADMINISTRATIVE OVERSIGHT, LAW ENFORCEMENT, CRIMINAL INVESTIGATIVE PURPOSES, INQUIRIES INTO ALLEGED WRONGDOING OR MISUSE, AND TO ENSURE PROPER PERFORMANCE OF APPLICABLE SECURITY FEATURES AND PROCEDURES. DHS MAY CONDUCT MONITORING ACTIVITIES WITHOUT FURTHER NOTICE.

Help Desk: 1-800-530-4172, choose option 4
Hours of Operation: Monday - Friday 8am - 5pm Eastern Time Zone (except Federal Holidays)
After Hours Help Desk: 1-800-927-8729

Unified Global Security: The Challenge Ahead
The Customs Trade Partnership Against Terrorism (C-TPAT) Program promotes the internationalization of Industry partnership programs with our trading partners and with foreign customs administrations. The signing of a Mutual Recognition Arrangement is the procedure that enables information sharing activities to occur in accordance with the terms of the Customs Mutual Assistance Agreement (CMAA) and each participant’s domestic laws and policies.

The goal of Mutual Recognition is to link the various equivalent international partnership programs, so that together they create a unified and sustainable security posture that can assist in securing and facilitating global cargo trade.

The principle behind aligning partnership programs is to create a system whereby all participants in an international trade transaction are approved as observing specific standards in the secure handling of goods and relevant information.

### 1.1 AEO Name

### EORI Number

#### 1.2 EU Member State

(Please Select)

#### 1.3 EORI Number

### Primary Address

Please enter the address that is registered with the European Union Taxation & Customs Union.

#### 1.4 Primary Address, Country

(Please Select)

#### 1.5 Primary Address, Street Address

#### 1.6 Primary Address, Street Address 2

#### 1.7 Primary Address, City

#### 1.9 Primary Address, Zip / Postal Code

If you ship goods from this address, please list the MID number(s) associated with this address below. Skip this step if you do not ship any goods from this address.

#### 1.10 Primary Address, Manufacturer ID (Do No MIDs)

Add MID

### Other Addresses

+ Add Address
MR – European Union

C-TPAT Web Portal
C-TPAT Importers
(Tier 2 and Tier 3 only)

| Annual Review of Security Profile Due Date | 01/01/2013 |
| Company Legal Name                       | CTPAT Test Importer |
| Doing Business As                        | VAWTE |
| C-TPAT Account Number                    | 34688723 |
| Business Type                            | Importer |
| Account Status                           | Certified, Validated |
| Security Profile Review Status            | Rejected |
| Assigned Office                           | Unassigned |
| Assigned SCSS                             | Test SCSS |
| Company Profile Last Modified             | 12/14/2012 |
| Security Profile Last Modified            | 04/04/2012 |

Export Operations:
Agreement signed on 12/14/2012 by Steve Krupinsky

Exporter to EU
View/Edit EU Details

Print Security Profile
Print Company Profile
### MR – European Union

**ENTRY SUMMARY DECLARATION (ENS) DATA REQUIREMENTS**

The information below is required for the Entry Summary Declaration (ENS) form used when exporting to the EU.

Existing Partner information is compatible with the EU format requirements. Select copy to use the existing information to complete the form.

[Copy Partner Information to Exporter Form](#)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1</td>
<td>EORI Number</td>
</tr>
<tr>
<td>2</td>
<td>Company Long Name</td>
</tr>
<tr>
<td>3</td>
<td>Company Short Name</td>
</tr>
<tr>
<td>4</td>
<td>Street and Number</td>
</tr>
<tr>
<td>5</td>
<td>City</td>
</tr>
<tr>
<td>6</td>
<td>State</td>
</tr>
<tr>
<td>7</td>
<td>Postal Code</td>
</tr>
<tr>
<td>8</td>
<td>Country</td>
</tr>
</tbody>
</table>

- **EORI Number**: EORI Number will be provided once Exporter To EU information is submitted.
- **Company Long Name**: CTPAT Test Importer (70 character limit)
- **Company Short Name**: CTPAT Test Importer (35 character limit)
- **Street and Number**: 123 Main Street (36 character limit)
- **City**: Springfield (31 character limit)
- **State**: Virginia
- **Postal Code**: 22003
- **Country**: United States

[Submit] [Cancel]

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**C-TPAT Web Portal Importers**

(Tier 2 and Tier 3 only)

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**Unified Global Security: The Challenge Ahead**
C-TPAT Export Concept
(Next steps)

- In the 1\textsuperscript{st} quarter of CY2013, a workgroup will convene to help co-create the eligibility and security criteria for the export entity.
- Additional exporter specific criteria will be created for current C-TPAT Importers.
- The possibility of additional entities currently in C-TPAT will be considered for the export concept.
Key Partner: Mexico

- New Scheme of Certified Companies - NEEC
- Program launched: December 2011
- Open to manufacturers only at this point
- Next business sector: highway carriers
- Companies certified so far: 72
  - There are 173 companies with pending certificates
Key Partner: Mexico

C-TPAT’s Support to MX Customs

- Provided Two Training Seminars in Mexico City
- Supported Three Technical Assistance Missions in Washington DC
- MX Has Participated as Observers in 12 C-TPAT Validations
- Participated with MX on Outreach Events with the Trade Community
- C-TPAT observed NEEC validations and provided feedback
- MX Adopted C-TPAT’s Security Criteria / Validation Process
Key Partner: Mexico

- Sign on to the C-TPAT Portal.
- Scroll down to the bottom of your home page and click on “NEEC” (the NEEC button will only be available to eligible C-TPAT members who are certified/validated).
Key Partner: Mexico

- A screen will provide a consent form which you must agree with to continue. By selecting the box that says “I agree”, you are authorizing U.S. Customs and Border Protection to share with Mexican Customs the following fields/data:
  - C-TPAT Account Number
  - Partner Legal Name and Address
  - Partner Point of Contact Name, Telephone Number and E-mail Address
  - Account Status
- To date, there are 641 out of 1,135 C-TPAT Mexican Foreign Manufacturers who have given consent.
**Key Partner: Mexico**

**C-TPAT, Home**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partner Name:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Doing Business As:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>C-TPAT Account Number:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Business Type:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign Manufacturer</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Account Status:</strong></td>
<td>Certified, Non-Importer, Validation Completed</td>
</tr>
</tbody>
</table>

**Annual Review of Security Profile Due Date**

- **Company Legal Name**
- **Doing Business As**
- **C-TPAT Account Number**
- **Business Type**
- **Account Status**
- **Security Profile Review Status**
- **Assigned Office**
- **Assigned SCSS**
- **Company Profile Last Modified**
- **Security Profile Last Modified**

**Buttons**

- Print Security Profile
- Print Company Profile
- Release to NEEC

**Unified Global Security: The Challenge Ahead**
Other Key Partners: China

Third Party Validation Pilot Program
- SAFE Port Act Requirement / Completed 2008

Three Rounds of Joint Validations with China Customs in China
- 40 C-TPAT Importer Members Validated (March 2008-Jan. 2010)

MOU on Supply Chain Security Collaboration - May 2010
  - July and October 2011: 81 Validations
  - April and October 2012: 124 validations
- China Customs will be observing C-TPAT domestic validations in 2013.
Canada - Harmonization

Harmonization - Aligning both programs, where applicable, in the areas of policy, procedures and documentation practices while each country retains sovereignty over its own program.

Host Country:
Partners in the U.S. will be managed by C-TPAT.
Partners in Canada will be managed by PIP.
Canada – Harmonization Benefits

- Single application process for companies seeking to join both programs
- Only one site validation required
- One point of contact for companies to maintain their information
- Creates streamlined and efficient border processes
- Enhances security and integrity of the company’s supply chain
Defining Harmonization

- Partner submits only one application for both programs
- Partner manages only one account for both programs
- Partner only has one validation for both programs
## Differences Between Harmonization and Mutual Recognition

<table>
<thead>
<tr>
<th>Topic</th>
<th>Harmonization</th>
<th>Mutual Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>• Joint Membership – currently 75% of PIP’s Partners are also Partners in C-TPAT, 20% of C-TPAT’s are in PIP</td>
<td>• Not a direct crossover of membership. For example, Company A in Japan is related to but is not Company A in America. International corporate structure is not accounted for.</td>
</tr>
</tbody>
</table>
| Application and Account Management | • One application for multiple programs  
• Account management for multiple programs is directed through one program  
• Accounts from each program are linked in a one to one relationship  
• One program becomes the Primary and the other the Client | • No common application  
• Multiple accounts with multiple applications for each program  
• Accounts from one program are not linked to accounts in other programs |
| Validation                | • Only one validation occurs and is completely recognized and accepted by the other program | • Represents one piece of the validation process |
Harmonization Concept

I am a member of both C-TPAT and PIP

Mutual Recognition

Unified Global Security: The Challenge Ahead
I want to harmonize my C-TPAT and PIP accounts.

PIP Hosted, PIP is the System of Record.
I want to harmonize my C-TPAT and PIP accounts.

C-TPAT Hosted, C-TPAT is the System of Record.
Harmonization 1.0

- Highway Carriers Only
  - Why? It represents the largest and simplest common population meaning that a one to one relationship is highly likely.
  - If a Partner has multiple accounts and one is a highway carrier, only the carrier component will be harmonized on the US side, all other accounts must remain active to receive benefits.
The Basics for the Trade

- New highway carrier applicant to both programs can apply using just one application
- Highway Carrier Partner in one program can use their existing information to apply to the other
- Highway Carrier Partner for both can link active accounts
- Harmonized Highway Carrier Partners are controlled and managed (hosted) by one program, not both.
  - If hosted by PIP, the Partner will have limited views of Portal (Docs, SVI, Document library, and Validation Response, if needed)

Unified Global Security: The Challenge Ahead
What Have We Learned?

- Harmonization is a long term goal
  - Due to large common population
  - An extension of Mutual Recognition

- Full Harmonization will require a re-build of the C-TPAT Portal and for PIP to build a Portal

- Small scale start – Highway Carriers Only
  - 4 basic scenarios, each with 2 subsets based on Host Program
  - Development Team has tried to make it as easy as possible
Canada - Harmonization

Implementation:

Phase 1: Pilot harmonization of two PIP and two C-TPAT highway carriers - Completed in 2011

Phase 2: Harmonization 1.0 of Canada and US highway carriers – Initiated in Fall 2012; Implementation in 2013

Phase 3: Harmonization 2.0 of all other common lines of business, line by line (to the fullest extent possible) - Scheduled for a phased in approach starting in December 2013
Questions?
Mutual Recognition

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