C-TPAT

Customs-Trade Partnership Against Terrorism

Partnering in Supply Chain Security and Facilitation for the 21st Century

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C-TPAT Achievements

October 1, 2014

10,809 - **Certified Partners**

164 - **Staffing Level**

336 - **Tier 3 Importers**

26,010 - **Total Validations Completed**
12,645 - Initial Validations Completed
13,365 - Revalidations Completed

|	
Importers	4322
Carriers	3156
Foreign Mfrs.	1437
Brokers	864
Consolidators/3PL's	970
MPTO's	60

Number of completed validations by year:
2013: 578 Initial Validations + 1,553 Revalidations = 2,131 Total Validations
2014: 369 Initial Validations + 1,281 Revalidations = 1,650 Total Validations

1,908 - Total Suspensions
1,320 - Total Removals

Validations Completed by Year

■ Revalidations ■ Initial Validations
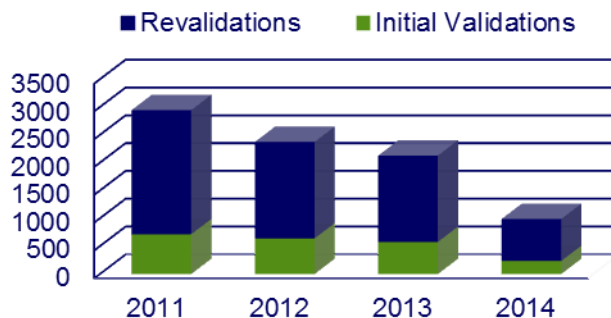
Program Initiatives:

8 - **Mutual Recognition Arrangements**: New Zealand, Canada, Jordan, Japan, Korea, European Union, Taiwan, Israel

**4 -** **Mutual Recognition Projects**: Singapore, China, Mexico, Switzerland

12 - **Technical Assistance Projects**: India, Turkey, Jamaica, Dominican Republic, Honduras, Panama, Colombia, Chile, Peru, Uruguay, Brazil, Costa Rica

4 - **Partner Government Agencies:** FDA, TSA, USDA, Coast Guard

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C-TPAT Supply Chain

Raw Material

Supplier

Manufacturing

Consumer

Distribution

Conveyance
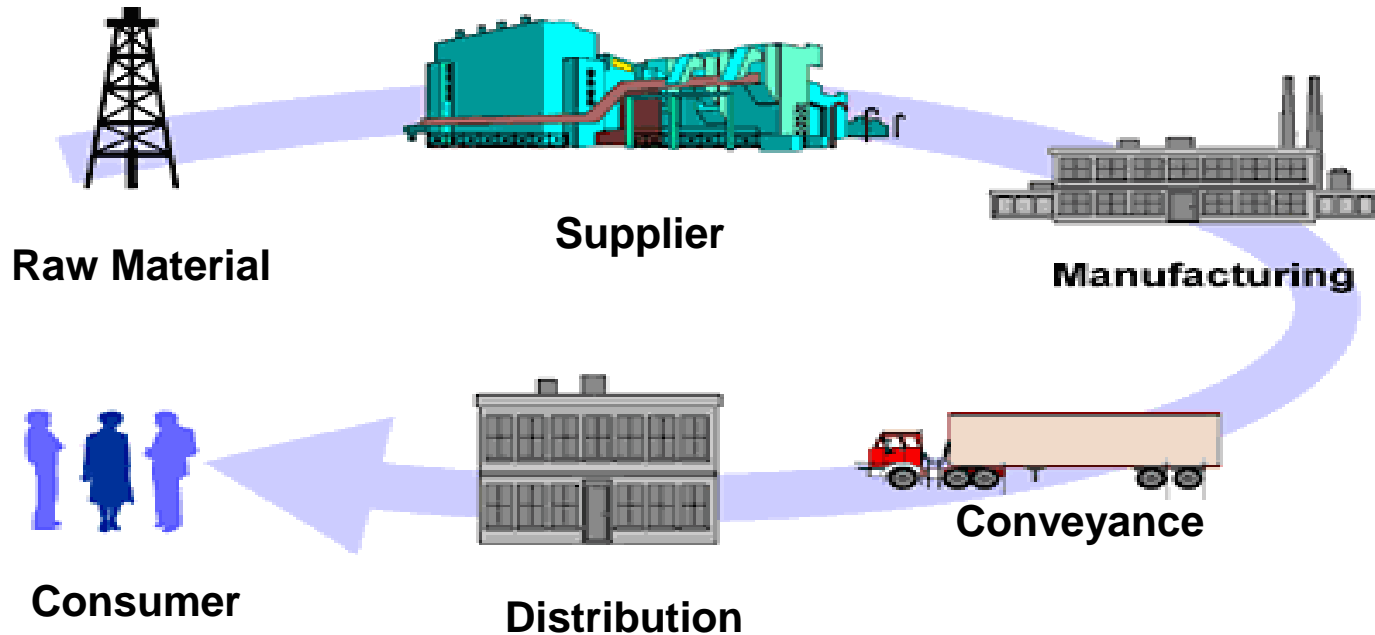
The supply chain for C-TPAT purposes is defined from point of origin manufacturer/supplier/vendor) through to the point of distribution

FOR HIGHWAY CARRIERS:

The supply chain for highway carriers for C-TPAT purposes is defined from point of origin from the yard or where the tractors and trailers are stored, through pickup at the manufacturer/supplier/vendor, through to the point of distribution.

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In Program History…

VALIDATED

101,173 Recommendations	**35,799** Actions required
▪ 44,092 Importers	▪ 17,538 Importers
▪ 37,181 Highway Carriers	▪ 12,605 Highway Carriers
▪ 7,148 Foreign Mfr.	▪ 2,289 Consolidators
▪ 6,161 Consolidators	▪ 1,652 Brokers
▪ 5,585 Brokers	▪ 1,492 Foreign Mfr.

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In Program History…

2,450 Best Practices

- 1,727 Importers

- 149 Carriers

- 464 Foreign Mfr.

- 50 Consolidators

- 38 Brokers

- 22 Other

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Best Practices Overview

- Best Practices Defined

- The Role of Best Practices in the C-TPAT Program

- Resources available to C-TPAT Partners

- Tier Status

- Examples of Current Best Practices

- Questions/Discussion

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Best Practices Defined

- Innovative security measures that exceed the C-TPAT minimum security criteria and industry standards

- Include a high level of management support system of checks and balances, written and verifiable policies and procedures

- Incorporate technology, efficiency, effectiveness

- Serve to enhance the overall security of the international supply chain

- A "best" practice can evolve to become better as improvements are discovered

- Best practices are used to maintain quality as an alternative to mandatory legislated standards and can be based on self-assessment or benchmarking

Best Practices Role

- Method by which C-TPAT partners can gauge the effectiveness of their security programs

- Sharing of best practices allows companies to see how they "measure up" to peers

- Lead to setting new standards and "raising the bar"

- Enhance the security of international supply chains

- A contributing factor in determining Tier status and related benefits (currently in place for importers and moving towards implementation for non-importers)

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Best Practices Resources

- 2006 Supply Chain Security Best Practices Catalog
  - Best practices gathered since program's inception until 2006
  - Identified before the implementation of minimum security criteria

- 2009 Best Practices Pamphlet
  - Outstanding examples of best practices identified from 2006 to 2009

- 2009 Best Practices Addendum
  - Collection of new and updated best practices from 2006 to 2009

- 2010 Best Practices Handout
  - Examples of best practices for non-importers identified in 2009

C-TPAT Tier Status

- Company has been successfully vetted

- Partner provided with targeting reductions resulting in fewer discretionary cargo examinations – score reduction dependent on current Tier status

- Expedited cargo processing at the border and/or port

- Currently have 3 Tier levels for importers
  - Tier I = certified – application reviewed and approved
  - Tier II = certified, validated – company visited, confirmed meeting MSC
  - Tier III = certified, exceeding – company above MSC standards

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C-TPAT Tier III Status

- Tier III achieved if going above minimum security criteria with minimal to zero recommendations and many best practices

- Continually developing new benefits for Tier III importers – moving towards revalidations every 4 years in 2010

- Tier III is evaluated during each validation – need to maintain Tier III throughout all supply chains – may be reduced back to Tier II if not maintaining uniform standard

- In addition a company may also upgrade on a revalidation – always have ability to reach Tier III

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Development of Tier Status
Non-Importer Entities

- Currently only provide Tier levels for importers

- Moving towards developing Tier level system for non-importer entities

- Future meeting with trade community to discuss best practices for each entity/industry

- Once define a base standard and best practices for going above the industry standard then will develop Tier III level for the non-importer environment

- Possible development of benefits for the non-importer environment

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Best Practices

Importer

- Risk assessments done by an internal/external party – unbiased and robust

- Bi-annual visits to and yearly audits of all business partners – partner must be meeting MSC standards and if deficiency found must submit action plan for correction – follow up on actions plan/site visit

- Security expert based in all countries import from to ensure all partners in compliance with security and company policies

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Best Practices
Foreign Manufacturer

- Unannounced security audits of highway carriers

- Random/unannounced escort of shipment from point of stuffing to final destination

- Clean desk policy – 2 daily patrols by security to ensure all documents, computers, keys, cell phones secured

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Best Practices
Highway Carriers

- Wireless panic button in conveyance

- Training exercises – hiding fake bundles/contraband inside conveyance/container to ensure inspection completed

- Site visits – yearly mandatory documented site visits to all business partners to ensure following security procedures/trailer inspection procedures etc.

- Use of range finder or other measuring tools to help perform conveyance inspections

- Highway carrier has ability to shut off engine remotely in event of route deviation/lost contact with driver

- Warning report – driver may fill out and give to CBP Officer if believe something wrong with shipment, or company may fill it out and fax/email to CBP before shipment arrival at border

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Best Practices

Highway Carriers

- Designated time spots – driver must report back time at each specific area along route

- Random inspections – upon exiting facility with load will pick a colored ball – if pull red ball go through intensive exam of conveyance, personal belongings, documentation and saliva test for drugs/alcohol

- Risk assessment – ask drivers to take part in determining risk in supply chain based on their route – ideas to achieve greater security

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Best Practices
Air Carriers

- Use of color coded seals to assist in integrity of shipments

- Rotation of security guards monitoring CCTVs – prevent eye fatigue, internal conspiracy

- Hotline available 24/7 for incidents, suspicious activity, anonymous

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Best Practices
Rail Carriers

- Jump teams/mobile response coordinated to ride with train in "high risk zones". If train is to sit then will set up perimeter around train

- Fusion center to handle daily Intel/risk analysis for train routes – base heightened security on threat level in region

- Mobile training team to train police (Mexican or Canadian) – perform roving patrols throughout Mexico/Canada

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Best Practices

Sea Carriers

- Utilize a CO2 detector to detect human smuggling in containers

- Utilize Optimum Routing Guide (ORG) system – selects best routing for shipment – if shipper requesting different route the system alarms and referred to management

- Use of divers to search bottom of ship in anchorage before in port and after leave port

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Best Practices
Broker

- Monthly newsletter – sent to business partners with updates on C-TPAT and security incidents around world

- Webinar training for partner on C-TPAT updates, conveyance inspections, security

- In depth business partner screening – need IRS number, complete C-TPAT security questionnaire, credit references, site visits, all information completed and verified at least three months prior to conducting business

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Best Practices

Consolidator

- Photos of containers being loaded kept for two months on hard drive then transferred to disc for infinite amount of time in case of investigation

- Weekly audit of all cargo in facility with cross reference against all documentation

- Visitor/vendor information entered into an electronic system with index fingerprint

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Best Practices
Third Party Logistics Provider – 3PL

- Biometric hand reader for employee access

- Maintain own inspections - where assets are rented/leased/contracted maintain own audits/inspections of buildings and conveyances etc.

- Require business partner to supply security information on partners the 3PL not in direct contact with – ensure supply chain secure – meeting C-TPAT criteria

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In Summary…

- Continually evolving dependent on terrorist risk, current industry standards and latest available security technology

- Assist other companies in securing the global supply chains against potential compromise

- Catalogs and related publications allow for sharing of information within C-TPAT community, leads to benchmarking/performance measurements process

- C-TPAT remains dedicated to working with business sectors to continually identify and update the best practices and develop Tier system for all entities

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QUESTIONS???

Manuel Garza

manuel.garzajr@dhs.gov

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