



PBB GLOBAL LOGISTICS – WHITE PAPER

## Focus on Security: C-TPAT

### Voluntary program delivers tangible benefits to participants

Following the 2001 terrorist attacks and the subsequent disruptions to international trade, the issue of supply chain security has become a major point of concern among the trading community. Initiatives such as the Container Security Initiative (CSI) and the 30-point Smart Border Declaration signed between the U.S. and Canada are among the programs that have gone a long way to increase cooperation and improve security measures.



release into the U.S., a critical benefit, especially for businesses operating in a Just-in-Time environment.

While C-TPAT is ideal for large companies that rely heavily on international supply chains, small and medium-sized companies may want to evaluate the requirements and advantages of C-TPAT and make their decision to join on a cost-benefit basis.

Another initiative that has come to fruition is the Customs-Trade Partnership Against Terrorism (C-TPAT). Introduced by the Customs and Border Protection (CBP), this voluntary program requires participants to conduct a thorough self-assessment of their security policies and practices. By joining C-TPAT, companies are able to ensure a more secure supply chain for their international shipments.

CBP is not looking to develop a 'Fortress America' mentality with this initiative. What it is looking to do is push the border back to the point of origin to better address the terrorist threat to international air, sea, and land shipping.

#### Membership has its privileges

C-TPAT offers several advantages to the overall trade community. Reduced frequency of inspections results in fewer border delays. Also, as a benefit of the 30-point Smart Border Declaration, the U.S. and Canada offers an expedited release program called Free And Secure Trade (FAST). The two governments now have dedicated traffic lanes for pre-approved low risk truck shipments. C-TPAT participation is a prerequisite to obtain FAST

CBP doesn't intend for C-TPAT to be unreasonably expensive or difficult to participate in. And while companies that fail to meet the program's security commitments can have their benefits suspended, these can be reinstated once they have met the standards and/or addressed possible security breaches. In most cases, CBP will work with participants to help them update and improve their security systems. The requirements are not intended to be onerous – rather they usually involve such basic security practices as background checks, photo IDs, increased lighting and fencing of building perimeters, etc. Even those companies not officially participating in C-TPAT would do well to consider adopting its guidelines in their overall security practices.

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In essence, C-TPAT is simply good business practice. While the obvious reason to participate is to heighten the security of international trade and transport, other benefits are possible such as reduction in loss, damage, and pilferage. Furthermore, participation can help mitigate liability and establish a safer and more efficient working environment.

### Security and trade facilitation: twin mandates

Traders accustomed to dealing with the CBP strictly in terms of trade compliance should be aware that C-TPAT will not trigger a compliance audit. Audits of trade compliance are determined and administered independently.

Finally, much like ISO certification, C-TPAT membership can provide good marketing and publicity opportunities for companies because it demonstrates a firm commitment to supply chain security.

### Widening the scope for security

Since coming into force, importers and commercial air, rail, and sea carriers have become eligible to enroll in C-TPAT. To date, over 7,400 participants have joined in the U.S. and the program is receiving strong cooperation from Canada, Mexico and the international trade community.

Non-resident importers of record are also eligible to join C-TPAT, making it a truly international effort. Other supply chain participants such as customs brokers, terminal operators, carriers and foreign manufacturers are now included in the process.

The scope of C-TPAT, combined with the fundamental importance of the U.S. market to many economies, is contributing to similar initiatives around the world. The Canadian government offers its Partners in Protection (PIP) program which, like its American counterpart, has its foundations in earlier drug interdiction programs. Under PIP, the government and participating companies agree to a consultative joint plan of action, including training programs and security assessments.

*“What CBP is looking to do is push the border back to the point of origin...”*

However, CBP’s dual role of trade facilitation and supply chain security come together in the Importer Self Assessment (ISA) program, where participants are required to enroll in C-TPAT. The opposite, however, is not the case. C-TPAT members do not have to be in the ISA program, as CBP tries to be as inclusive as possible in promoting supply chain security.

CBP recognizes that close cooperation with the logistics industry will pay huge dividends in the quest for security, which is why it has designed C-TPAT with the entire trade community in mind. Although the industry may never feel the same sense of security it did pre-September 11th, initiatives such as C-TPAT and PIP are designed to meet the challenges ahead.



Supply chain solutions  
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