

Are you  
importing  
your goods  
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# Are you importing your goods into the United States?

## HOW DOES THE CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT) PROGRAM AFFECT YOU?

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**O**n September 11, 2001, our country's security awareness was highlighted as a result of the terrorist attacks. The United States and other countries initiated new security measures designed to reduce the potential for terrorism. These new security measures impact every business involved in international trade, along with every portion of the supply chain. As part of the Department of Homeland Security, the Bureau of Customs and Border Protection (CBP) formally launched the Customs Trade Partnership Against Terrorism (C-TPAT) program on April 16, 2002.

More than 10,000 importers, carriers and intermediaries have joined C-TPAT (while many more are in the process of joining) in a voluntary effort to protect supply chains from terrorists who could use one of the 9 million cargo containers that arrive in the U.S. each year to smuggle personnel, guns, and weapons of mass destruction. The C-TPAT process secures the shipment from the point of origin (manufacturer/supplier/vendor) through the service providers (custom brokers, freight forwarders,

and other modes of transportation such as truckers, air freight, and ocean carriers) and continues to the point of distribution (warehouse or distribution center, third party warehouse satellite locations, and overflow stock areas).

If your company is considered the importer of record and/or the consignee, a carrier — air, rail and sea, a port, a terminal operator, a customs broker and/or freight forwarder and consolidator — your company is eligible to join C-TPAT. An importer of record or the consignee may be importing a finished product, raw materials, samples, public relations materials, and returns.

### HOW CAN C-TPAT HELP YOU?

When you import a product, Customs assigns an undisclosed risk value to your shipment, assessing such factors as country of origin, supplier, type of product and unknown developed intelligence. What is a low risk to a country today may be a high risk to a country tomorrow. When you import a

product, CBP will verify that you have a C-TPAT certificate. If you have the certificate, CBP deducts points from your risk value. This will result in you being placed in a preferred category, which may mean minimal inspections and audits or no inspections and audits at all. Even if you are inspected, the process is faster if you are a C-TPAT member. This translates into reduced inspection fees, customs fees, and cargo fees. Most importantly, your product arrives on time.

If you operate on a Just in Time (JIT) basis or a contract order, delays could be disastrous to your operation. According to CBP, C-TPAT members are *six times less likely* to undergo a security related examination and *four times less likely* to undergo a trade related examination as compared to non-C-TPAT members. These significantly fewer cargo examinations help save importers time and money, while leading to a more predictable supply chain.

The other driving force to join C-TPAT is that many of the major retailers and large firms who may be your customers have joined the C-TPAT program. Since they are part of the supply chain, they are strongly encouraging or requiring their vendors to join in order to continue doing business with them. In some cases, not being a C-TPAT member may prevent you from being eligible to bid on business in the first place. The pressure that the customer exerts on the vendor if they are not a C-TPAT member, in order to convince them to join, can result in additional expenses through vendor supply chain visits and loss of business by having to divulge confidential information through vendor questionnaires about you and your foreign suppliers.

Additional benefits for C-TPAT members include being the first companies to receive their products when the port reopens after a terrorist strike triggers a closure. Furthermore, by being a C-TPAT member, the importer can protect its reputation and profits of his company by avoiding a future ter-

rorist disaster and the resulting bad press. CBP will work with you to investigate the weak link in the supply chain if you are a member in contrast to CBP imposing high fines for weak links when you are not a member.

## HOW DO YOU BEGIN THE PROCESS?

Create a “C-TPAT team.” This team should consist of employees that are knowledgeable in your operations — human resources, information technology and logistics and customs. The team will focus on procedural and physical security, access controls, personal security, education and training awareness, manifest procedures, conveyance security, and information technology security.

The C-TPAT team will create security profiles and make recommendations based on the C-TPAT requirements for three main components: foreign suppliers, service providers, and domestic facilities.

All this information will be incorporated into an “Executive Summary,” which will be submitted to CBP. After becoming a member and enjoying the benefits of the C-TPAT program, CBP will validate your “Executive Summary.” A member of C-TPAT is eligible to join the Importer Self Assessment Program (ISA) as well as many other programs that benefit importers.



ILLUSTRATION BY CHET PHILLIPS

**N**orman Jaspán Associates, Inc. (“NJA”), a 75-year old management consulting firm, operates both internationally and domestically. NJA combines investigative audits with management engineering functions and specializes in safeguarding company assets, development shortage controls, evaluating systems and formulating educational training programs.

Since the inception of the Customs Trade Partnership Against Terrorism (“C-TPAT”) Program by U.S. Customs and Border Protection (“CBP”) over six years ago, NJA has been instrumental in facilitating the application process for the importer of record and/or the consignee and the service providers, including customs brokers, freight forwarders (NVOCC’s) and carriers throughout the U.S. and Mexico. NJA’s C-TPAT services, as detailed in its web site, consist of working with companies interesting in joining the C-TPAT program or becoming compliant if ineligible to join (public warehouses, domestic trucking companies, container freight stations and certain types of freight forwarders). NJA updates the company’s C-TPAT security profile for the internet web portal, annual assessment and validation phase (tier level 2 and 3) and prepares the company for the CBP validation visit.

NJA has been endorsed by the Green Coffee Association and the Housewares Association and is the exclusive C-TPAT service provider for the customers of many major customs brokers and freight forwarders. Ronald Jaspán, President of NJA, has spoken before the Young President’s Association and the Chief Financial Officers Committee Members of The New York State Society of CPAs. Mr. Jaspán is the author of many articles including one in the Travel Goods Showcase Magazine entitled “Are You Importing Your Goods into the United States?”

NJA’s customs clientele are in the following industries: textile, garment, jewelry, food, flavors and fragrances, concentrated substances, chemicals, publishing, heavy equipment, tile, retail, medical, cosmetics, home furnishings, pet supplies, electrical supplies, promotional products, footwear, lumber, furniture and mail order companies.

*Reprints and additional information available upon request.*



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