

## When voluntary means mandatory



**RONALD JASPAN**

**I**f you analyzed the requirements and the reasons why one would join the Customs-Trade Partnership Against Terrorism when it was launched in 2002 and compared it to today, you would notice how much the program has evolved. The common denominator is that it was developed as a voluntary effort to protect the import supply chain from terrorists who could use one of the 9 million cargo containers that arrive in the U.S. each year to smuggle personnel, firearms and weapons of mass destruction.

If your company is considered the importer of record and/or the consignee, a carrier, port, terminal operator, customs broker, forwarder or consolidator, you should know that you're eligible to join C-TPAT.

Unlike conventional Customs' initiatives, C-TPAT requires the applicant to create a C-TPAT team consisting of employees who have knowledge of your company's operations, human resources, information technology and logistics.

The team should focus on procedural and physical security, access control, personnel security, education and training awareness, manifest procedures, conveyance security and information technology security.

Firms interested in C-TPAT membership generally fall under four categories:

- Companies in the U.S. and/or Mexico and Canada interested in Tier 1 membership.
- C-TPAT members eligible for the validation phase (Tier 2 membership). In this case, the company either has not updated its security profile or its initial security profile submission

was fictionalized and there are no actual procedures in place.

- Eligible C-TPAT importers who perceive they are receiving the benefits of C-TPAT because their service providers are C-TPAT members.
- Companies that initially applied on their own by creating a security profile that only states what procedures they have in place, but don't meet today's C-TPAT requirements.

This last approach may have been satisfactory for gaining membership when the program was launched. Today, Customs wants you to create your own security profile adhering to two requirements: Procedures must be written, no matter how routine or irrelevant they may appear to the applicant and regardless of your company's size, number of employees, type of industry or product; and procedures must be maintained and updated regularly.

There are several reasons why joining the program may leave the impression that the program is mandatory rather than voluntary:

- Eligible C-TPAT members are experiencing more inspections and audits when previously they had no inspections at all. A C-TPAT member will have comparably fewer inspections and audits.
- The ability to do business with existing customers or to be eligible to do business with a prospective customer. Many other industries are following the lead of the major retailers, which are in the forefront of requiring their current and future vendors to join C-TPAT.
- Customers are exerting pressure on the vendors' U.S. suppliers when they are importing product into the

United States. This is also evident because the imported product requirements are being extended to non-saleable items such as promotional products. For example, a major pharmaceutical company buys promotional product from a vendor representing different U.S. companies, which in turn imports its product from overseas. Both the vendor and all of the U.S.-based suppliers would be required to join C-TPAT.

- U.S. Customs officials urge importers to consider C-TPAT, often when the importer is working with Customs officials on conventional issues, such as duties, tariffs and country-of-origin matters.

In addition to the importer, the service provider has its own reasons for viewing the C-TPAT program as mandatory. First, the service provider will join if its customers are C-TPAT members or if it wants to bid for the importer's business (where the importer is a C-TPAT member). Second, the service provider will join if its C-TPAT customers are seeking validation for the Tier 2 phase.

Being patriotic and learning about your business import supply chain are reason enough to voluntarily join the C-TPAT program. However, because most companies now make C-TPAT membership a requirement, membership by the vendor and the service provider will become the norm rather than the exception.

Ronald Jaspan is president of Norman Jaspan Associates Inc., a New York-based management consulting firm. He can be contacted at (516) 239-4611, or at [ronald@normanjaspanassociates.com](mailto:ronald@normanjaspanassociates.com).