

Customs Trade Partnership Against Terrorism (CTPAT)

Developing a Secure Supply Chain for Advanced Benefits

The Customs Trade Partnership Against Terrorism (CTPAT) is a voluntary U.S. Customs and Border Protection (CBP) program that focuses on mitigating supply chain security risks by offering benefits to participating companies. CTPAT aims to protect the supply chain, identify security gaps, and encourage industry-leading practices. By participating in the program, companies take a more proactive approach to supply chain security, which can lead to fewer CBP inspections and reduced wait times at ports of entry.


Supply Chain Disruption and CTPAT's Ongoing Evolution


Global supply chains are undergoing a notable escalation in their intricacy, rendering them progressively difficult to manage. Companies find themselves in a perpetual state of adeptly maneuvering through the complicated landscape of supply chain disruptions. CBP is also increasingly directing its attention towards formulating strategies to effectively mitigate evolving risks associated with disruptions and the compounded complexities impacting supply chain security and trade compliance.


Consequently, the criteria and requirements set forth by CTPAT program are continually evolving and expanding. CBP places a growing emphasis on soliciting more information from its partners, requiring them to progressively furnish substantial evidence showcasing the implementation of robust internal controls focused on cargo security. Beyond cargo security participation, companies can elect for an additional certification under the CTPAT Trade Compliance program (previously known as Importer Self Assessment). CTPAT Trade Compliance members voluntarily elect to self-audit their trade compliance function and provide an annual report to CBP summarizing those efforts. These members also benefit from additional incentives from CBP for participating in this unique program.





CBP Benefits for CTPAT Certified Members:


- 


Assignment of a Supply Chain Security Specialist (SCSS), a CBP resource who will become specialized in the company and act as a single, dedicated point of contact to help address and resolve issues.
- 


Reduction in theft, loss, and disruption in the supply chain due to increased monitoring and implementation of security safeguards.
- 


Enhanced compliance standards make the company more competitive in the market and recognized by industry peers as a leader in cargo security and compliance.
- 


Expedited processing of rulings and internal advice requests for matters with CBP headquarters.
- 

Companies which have had their shipments detained due to forced labor concerns will receive priority review of their admissibility evidentiary packages.
- 

CTPAT cargo priority provides for fewer CBP inspections and reduced wait times for inspection lines at ports of entry, leading to fewer CBP delays and timely delivery.
- 

Companies become trusted and vetted partners with CBP, creating transparency, demonstrating cooperation, and improving working relationships with CBP.
- 

Benefits through mutual recognition agreements, where some foreign customs agencies recognize CTPAT members as trusted trade partners and provide reciprocal benefits.
- 

Potential penalty mitigation by taking into account the company's CTPAT membership and commitment to trade compliance.
- 

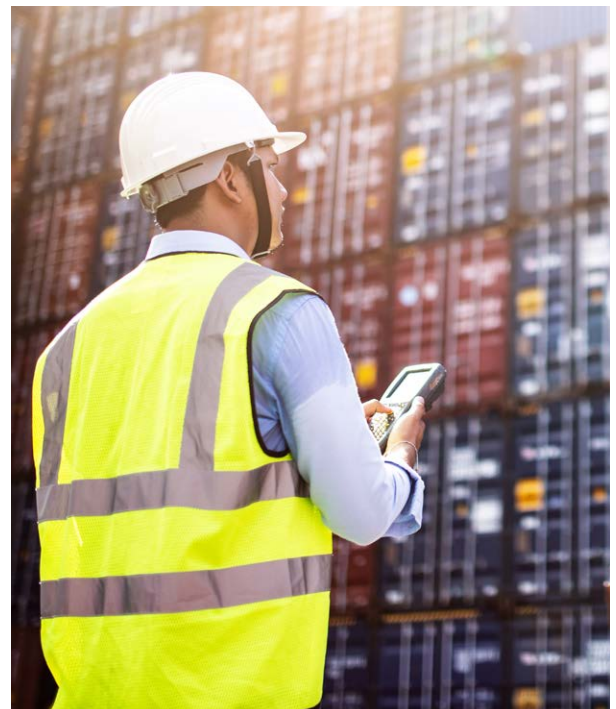
If merchandise is detained due to forced labor allegations after the merchandise arrives to its destination post-importation, CTPAT members may not be required to immediately return the merchandise to the port of entry and can instead hold it in their own facilities pending CBP review and release.

Recent Forced Labor Developments

Recently, CBP introduced new mandates pertaining to the stringent enforcement of legislation and regulations targeting forced labor in the supply chain.¹ These newly introduced requirements have transitioned into an obligatory directive for all CTPAT Trade Compliance members, effective as of August 1, 2023. This development marks the most recent chapter in an ongoing series of augmenting requirements within the CTPAT framework.

CTPAT still offers significant and tangible benefits to importers, exporters, carriers, and other supply chain parties who commit the resources to meet the program's requirements. Given the recent changes to the program's structure and heightened requirements for supply chain transparency, companies are reevaluating their inclination towards program participation. Concurrently, existing CTPAT members are revisiting and proactively enhancing their approach to these new compliance protocols as CBP continues to encourage new applicants for the program.

¹ <https://www.cbp.gov/document/faqs/ctpat-trade-compliance-forced-labor-requirements-faqs>





— HOW FTI CONSULTING CAN HELP

FTI Consulting's Export Controls, Sanctions & Trade team has extensive experience in assisting companies achieve their CTPAT certification and optimize their participation.

For companies thinking about joining CTPAT, FTI Consulting can support you by:

- Developing and providing customized training on CTPAT and new program requirements
- Conducting risk assessments and mock audits to test a company's internal controls
- Deploying a workflow to address the Minimum Security Criteria (MSC) requirements
- Benchmarking company procedures against industry best practices
- Drafting a roadmap and timeline for CTPAT implementation
- Facilitating the preparation and submission of new CTPAT applications

For companies that are already CTPAT members, FTI Consulting can support you by:

- Preparing and applying to expand your participation to include CTPAT Trade Compliance
- Reviewing a company's policies, procedures and other documentation, and updating them to comply with the new requirements
- Conducting mock audits to assess company performance and compliance
- Leading companies through the 5-Step Risk Assessment Process:
 1. Mapping Cargo/Data Flow and Control and Identifying Business Partners
 2. Conducting Threat Assessments
 3. Conducting Vulnerability Assessments in accordance with the CTPAT MSC
 4. Preparing Written Action Plans to Address Vulnerabilities
 5. Documenting Risk Assessment Procedures
- Performing CTPAT Trade Compliance audits and testing, including preparing the annual notification letter to CBP
- Responding to inquiries from CBP or other government agencies
- Preparing for domestic and foreign site validations by CBP
- Reviewing and updating materials submitted through the CTPAT portal



— OUR EXPERTS



Nick Baker – Managing Director | nick.baker@fticonsulting.com

Nick Baker is a seasoned international trade compliance professional focusing on import compliance, duty and tariff mitigation, export controls, and economic sanctions. Mr. Baker assists his clients with the development of international trade compliance programs, responding to government agency inquiries, audits, and disclosures. He has provided guidance on import and export regulatory matters to multinational corporations in industries such as technology, telecommunications, energy, healthcare, consumer products, and agriculture.



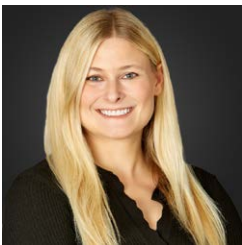
James Grogan – Managing Director | james.grogan@fticonsulting.com

James Grogan is a global trade practitioner with substantial experience in the areas of Foreign Trade Zones (FTZ), duty and tariff mitigation strategies, general U.S. customs compliance and global trade function assessments. He provides regulatory and strategic guidance to small companies, complex multinational corporations, and local government entities.



Matt Williams – Senior Director | matt.williams@fticonsulting.com

Matt Williams is a global trade professional with experience in the areas of FTZ general U.S. Customs compliance, GTM software implementation, and operations optimization. He has provided guidance on import regulatory matters and process optimization to local government entities, as well as small companies and multinational corporations in the technology, energy, automotive, and logistics industries.



Alison Jacobs – Director | alison.jacobs@fticonsulting.com

Alison Jacobs is an international trade compliance professional with FTI Consulting, Inc. Utilizing her legal research expertise, trade data analytics, and understanding of industry leading practices, Alison assists clients with the assessment, development, and implementation of international trade compliance programs.



Courtney Stiers – Director | courtney.stiers@fticonsulting.com

Courtney Stiers is an international trade professional with experience in areas of Foreign Trade Zones (FTZ), general U.S. Customs compliance, and operational management. Ms. Stiers has worked with a multitude of industries to expand and strengthen their overall global compliance programs.



Mike Trivella – Director | mike.trivella@fticonsulting.com

Mike Trivella is an international trade compliance professional with experience in export controls, economic sanctions, and import compliance. Mr. Trivella assists his clients with the development and assessment of international trade compliance programs, helping clients to implement leading practices. Mr. Trivella has provided guidance on export and import regulatory matters to multinational corporations in industries such as technology, telecommunications, healthcare, apparel, and consumer products.



Alexa Reed – Senior Consultant | alexa.reed@fticonsulting.com

Alexa Reed is a global trade professional with experience in import compliance and operations. Ms. Reed has worked extensively in the areas of customs valuation, including transfer pricing planning for customs purposes, customs compliance assessments, and duty mitigation strategies, such as first sale for export and special trade programs.



Gabriela Heizer – Consultant | gabriela.heizer@fticonsulting.com

Gabriela Heizer is an international trade professional with focus on import compliance. She has experience conducting internal investigations of trade programs for multinational companies and conducting benchmarking surveys to recommend stronger and more cost-effective programs. Ms. Heizer has assisted technology companies and manufacturing companies to implement programs such as CTPAT, conducting third-party screenings, and creating written procedures to comply with new trade regulations.



The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals. FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. ©2023 FTI Consulting, Inc. All rights reserved. fticonsulting.com

09262023 | VN03016-v04