

# 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.



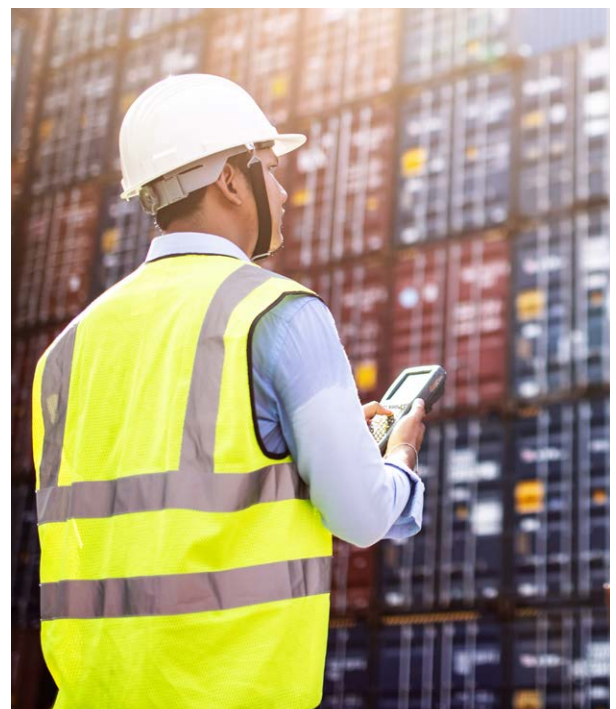
If merchandise is detained due to forced labor allegations after the merchandise arrives to its destination post-importation, CTPAT members may not be required to immediately return the merchandise to the port of entry and can instead hold it in their own facilities pending CBP review and release.

## Recent Forced Labor Developments

CBP introduced new mandates pertaining to the stringent enforcement of legislation and regulations targeting forced labor in the supply chain.<sup>1</sup> These newly introduced requirements have transitioned into an obligatory directive for all CTPAT Trade Compliance members. 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.

<sup>1</sup> <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 for 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

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