

Client Advisory

April 2005

Customs Changes C-TPAT Security Criteria

In a message to the trade community dated March 25, 2005, the Commissioner of U.S. Customs and Border Protection (“CBP”) announced changes to the Customs-Trade Partnership Against Terrorism (“C-TPAT”) initiative. The initiative was launched in November 2001 in response to the government’s growing security concerns arising from the events of 9/11. The program currently boasts membership of more than 8,800 importers, brokers, carriers and foreign manufacturers.

The new C-TPAT program, effective March 25, 2005, expands the responsibilities of members to securing the entire supply chain, including off-shore manufacturers, product suppliers, and vendors. In short, the new security criteria must be applied from the point of origin to the point of distribution. In this regard, the Commissioner noted that importers should “leverage their corporate strength to push security enhancements back into their supply chain, from point of stuffing to point of arrival and the CBP clearance process.” Under the original program, C-TPAT members were required merely to put their supply chains “on notice” of the C-TPAT program and the relevant areas of security. The original program stopped short of requiring members to ensure that those security measures were applied to off-shore supply-chain parties.

In addition to expanding the applicability of the C-TPAT requirements to off-shore supply chains, the scope of required security measures has been expanded. Specific requirements regarding container security and criteria for selecting foreign manufacturers, suppliers, and vendors have been added. In addition, all areas of security have been outlined in significantly more detail than in the initial C-TPAT program. In the original program, there were seven areas of security concern that CBP required C-TPAT members to address in their security profiles. These areas were stated in general terms such as Physical Security, Personnel Security, etc. Under the new C-TPAT program, specific security measures are set forth in detail and are required to be met regarding each of those areas of concern.

Parties seeking acceptance into the program as new members must address each of the security areas of concern and meet those specific security measures required under the new program, in their respective security profiles. Existing members are not required to submit new security profiles to CBP; however, they are expected to implement any additional security measures required under the new program. Such additional measures may be implemented in phases. Container Security, Physical Security, and Physical Access Controls must be updated, as necessary, within 60 days of the effective date (March 25, 2005). Personnel Security, Procedural Security, Information Technology Security, and Security Training and Threat Awareness must be updated within 120 days of the effective date. The new Business Partner Requirements concerning the security of the member’s off-shore supply chain must be implemented within 180 days of the effective date. Any C-TPAT member whose security programs were validated by CBP and are found not to be in compliance with the new requirements on a timely basis could have its benefits suspended or be removed from the program.

We Can Help

Any company that is seeking participation in the C-TPAT program or, as an existing member of the program, has questions regarding the expansion of the program, or has been contacted by CBP regarding a validation, may want to consult with one of the following Katten Muchin Zavis Rosenman professionals for assistance.

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