

ISSUE BRIEF

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C-TPAT: Greater Commitment Needed to Secure the Supply Chain

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In the wake of 9/11, the government undertook a number of initiatives to strengthen the security and resiliency of the supply chains that power the U.S. economy, safeguarding against both manmade and natural catastrophes. After a decade of experience in trying to keep the free flow of peoples, goods, services, and ideas moving in the face of terrorist threats, it is past time to reevaluate how effective these measures have been and how they can be improved.

No program is in greater need of rethinking than the Customs-Trade Partnership Against Terrorism (C-TPAT), a public-private cooperative venture to adopt and implement best practices. As currently structured, the program lacks adequate initiatives to ensure the robust enduring cooperation of the private sector. Better incentives are needed

to keep the partnership moving forward.

Customs-Trade Partnership Against Terrorism. C-TPAT, initiated in November 2001, is a voluntary program offered to businesses by U.S. Customs and Border Protection (CBP) to help enhance supply chain security. It is intended to create a more efficient way to ensure maritime cargo security while seeking to avoid unnecessary delays in the transport of legitimate goods.

To join C-TPAT, a company submits a security profile, which CBP compares to the minimum security requirements for the company's trade sector. CBP then reviews the company's compliance with customs laws and regulations and any violation history that might preclude the approval of benefits. Additionally, CBP conducts an on-site validation of applicant companies to verify security compliance.

By verifying the security measures of the 10,000-plus members, CBP is able to shift its focus to other higher-risk cargo shipments.

Purported Membership Benefits. In 2011, CBP Commissioner Alan Bersin expressed a desire to expand C-TPAT membership to 40,000 companies by

2016. In order to increase membership, Bersin recognized the importance of enhancing benefits for program participants. Presently, CBP members are promised the following benefits:

- **Self-policing and self monitoring.** With the exception of on-site validations, member companies are largely responsible for ensuring that they meet required security measures for their sector and providing justification to CBP.
- **Reduced inspections and border wait times.** Shipments of member companies are to be subject to expedited and fewer physical, x-ray, and non-intrusive inspections. In all, participants' shipments are said to be four to six times less likely to be examined by CBP. In today's just-in-time supply chain environment, even minor delays from cargo inspections can have significant financial implications for U.S. companies. Being subject to reduced and expedited inspection, therefore, offers a significant benefit to member companies.
- **Access to Free and Secure Trade (FAST) lanes.** FAST is

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a clearance program designed to expedite processing at land ports of entry from Mexico and Canada for low-risk commercial truck shipments. FAST membership requires that all components of an applicant's supply chain be C-TPAT certified.

- **“Green lane” treatment.** Where possible, C-TPAT member shipments selected for examination are to be moved ahead of non-member shipments. Additionally, in the event of a serious supply chain disruption, CBP has promised to take top-tier C-TPAT membership into consideration in resuming regular shipment and delivery.
- **Mutual recognition.** Following on the World Customs Organization's Framework of Standards to Secure and Facilitate Global Trade, CBP has adopted mutual recognition arrangements with several foreign partners. CBP currently has active mutual recognition agreements with New Zealand, Canada, Jordan, Japan, and South Korea and is working toward agreements with the European Union and Singapore. C-TPAT-certified companies working in these nations, therefore, have to comply with only one set of security standards.

Industry Criticism and Administration Rhetoric. While CBP's commitment to extending benefits to C-TPAT members has been strong on paper, in practice, the provision of program benefits has received criticism. In particular, member companies have criticized CBP's commitment to provide “green lane” treatment in the event

of a terrorist attack, natural disaster, or other serious supply chain disruption.

C-TPAT-certified companies were told that CBP would issue guidance to top-tier companies on what would happen to “green lane” C-TPAT shipments in the event of a supply chain disruption. More than 10 years into the program, however, CBP has yet to issue such guidance.

In the recent *National Strategy for Global Supply Chain Security*, the Administration expressed fostering a resilient supply chain to be one of its two central goals in promoting supply chain security. Yet the Administration's failure to extend guidance to C-TPAT members of response and recovery to supply chain disruption seemingly casts this commitment as mere rhetoric.

Greater Commitment Needed.

In order to improve and expand C-TPAT, thereby providing enhanced security for the U.S. and an increase in benefits for member companies, the Administration should:

- **Outline clear guidance on supply chain recovery efforts.** The Administration should make good on its commitment to foster a resilient supply chain and provide clear guidance on recovery efforts to C-TPAT members. In the fast-moving supply chain environment, U.S. companies have a justified concern over what would happen in the event of a large-scale incident involving the supply chain. They are actively seeking to ensure that another 9/11 “shut down the ports” scenario does not occur.
- **Provide liability protection for C-TPAT members.** The Administration should determine

a way to integrate C-TPAT with SAFETY Act certification, which provides civil liability protection for producers of “Qualified Anti-Terrorism Technologies.” If a C-TPAT-compliant company were also deemed to meet SAFETY Act requirements, it could serve as a strong incentive for increased program membership.

- **Expand mutual recognition.** The Administration should increase efforts to expand C-TPAT to the global market. This would require intensified efforts to harmonize the program with similar authorized economic operator programs in other countries. By creating a larger base of participants within the international community, CBP would be able to more adequately target risks and protect the nation against threats while offering a greater incentive for program membership.

A Secure Supply Chain.

Ensuring a secure and resilient supply chain requires a layered approach based on risk. The Administration should continue to work with key industry partners to enhance and expand C-TPAT to meet both national security and industry needs.

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