CTPAT Trade Compliance: Program Foundation

CTPAT's collaboration with the Trusted Trader pilot participants has laid the foundation to fully integrate ISA into Trade Compliance in 2019.

Pilot Timeline:

Phase I: June 2014 – June 2016

- ✓ Impetus for Trusted Trader Strategy
- ✓ Validated pilot incentives for inclusion in initial offering

Phase II: June 2016 – October 2018

7 Pilot Participants: P&G TOYOTA   vlm RICOH Danfoss NORTHROP GRUMMAN

- ✓ Worked closely with COAC and pilot participants to test additional incentives and benefits, and engaged PGAs on new benefits

Rollout Trade Compliance & Continue Pilot Engagement: 2019 and Beyond

- o *Transition 340+ ISA Members into CTPAT Trade Compliance to incorporate both Security and Trade Compliance into the U.S. AEO Program.*
- o *Continue collaboration to socialize benefits with the Trade, further develop the Portal, prioritize new benefits, and assess impact of benefits to CBP and the Trade with pilot participants*

2019 CTPAT Program Objectives

Execute Prioritized Benefits	Integrate ISA into Trade Compliance	Expand Member and PGA Engagement

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CTPAT Trade Compliance: Integration Rollout

The CTPAT Trade Compliance Portal will launch in 2019, after which Importer Self-Assessment (ISA) Members will be phased into the Trade Compliance Program:
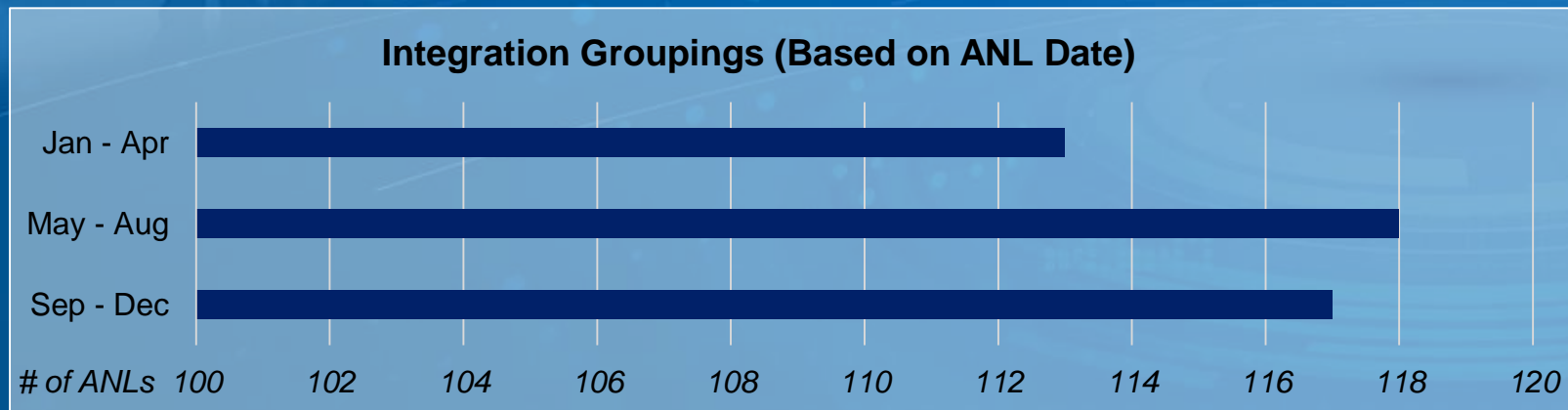
348   *ISA Member ANLs must be processed in the Portal to integrate Trade Compliance*

3   *Phases to integrate ISA Members into Trade Compliance*

➢ CTPAT will take a *phased approach* to integration based on the *number of ANLs due by month*. The phased integration will begin this summer once the Portal is operational outside of Pilot Members.

➢ **Portal access** *will not impact Member benefits.* All ISA and CTPAT Members will continue to receive currently-operational benefits as usual, with additional benefits rolling out as the Program transitions.

➢ CTPAT is leveraging a *communications plan* to ensure that the Trade is informed of all requirements and responsibilities ahead of rollout, and that NAMs and internal stakeholders have been *trained on new processes* to ensure an effective rollout.

➢ Among the resources distributed through the communications plan will be the *Trade Compliance Handbook*, which is a *living guide* to Trade Compliance that outlines general Program information, roles and responsibilities, and ongoing membership requirements for Industry, including how these processes are facilitated through the Trade Compliance Portal.

Integration Groupings (Based on ANL Date)

	# of ANLs
Jan - Apr	~113
May - Aug	~118
Sep - Dec	~117

# of ANLs 100   102   104   106   108   110   112   114   116   118   120

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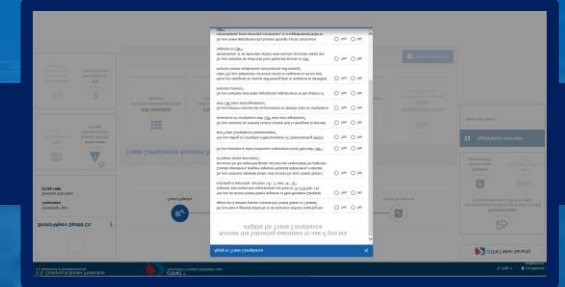# Trade Compliance Portal: Application Policies and Processes

Trade Compliance Application Requirements

1

Eligibility Questions

The first step in the application process is series of eligibility questions, which are used to determine if the applicant is eligible for Trade Compliance. Applicants **must prove their eligibility** before they can proceed to the Program application. Questions include (but are not limited to) considerations to ensure the company:

➢ *Is a Canadian or United States importer*
➢ *Maintains a system of internal controls*
➢ *Performs annual risk assessments*
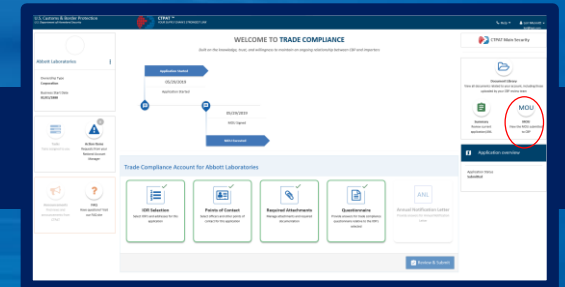
2

Program Questionnaire

- Once deemed eligible, applicants must submit the **Program Questionnaire along with applicable documentation**, which should be uploaded to the required documents section.
- The Questionnaire and accompanying documentation is required to determine if the importer has **documented and implemented internal controls** over its CBP-related processes.
- As part of the questionnaire, applicants will be required to disclose whether **social compliance** is part of their trade compliance program as part of **CBP's efforts to combat Forced Labor**.

3

Memorandum of Understanding (MOU)

- The applicant must complete an MOU to **indicate their understanding of Program requirements** and the application process.
- The MOU **outlines importer and CBP responsibilities** and identifies the covered company entities. Importers with multiple divisions may submit one MOU for each eligible entity.
- If an approved company **elects to add an Importer of Record (IOR) number** that was not previously covered under the original MOU, the company must submit a revised MOU. Previously-covered entities (IORs) for current ISA Members will roll over to CTPAT Trade Compliance without the need for a revised MOU.
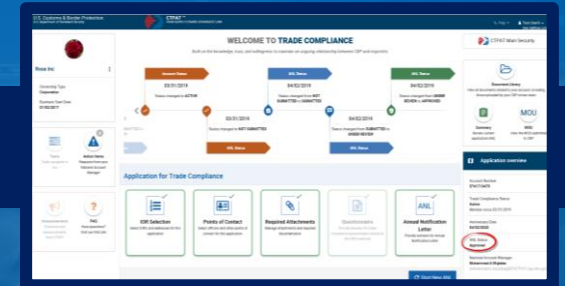
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Trade Compliance Portal: Continuation Policies and Processes

Trade Compliance Continuation Requirements

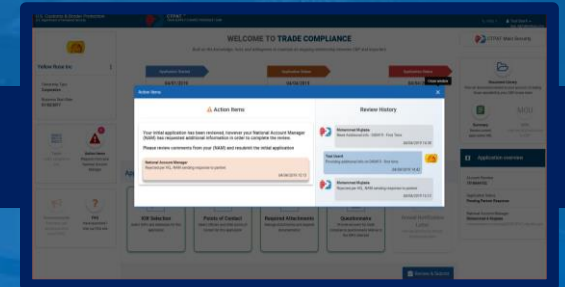**1**

Annual Notification Letter (ANL)

- Trade Compliance participants must provide annual written notification that they **continue to meet Program requirements.**
- The ANL is submitted through the Portal **within 30 days** of the company's acceptance anniversary.
- ANL information is captured in **six categories** :
  1. *Company Information: Organizational and/or Personnel Changes*
  2. *Import Activity Changes*
  3. *Internal Control Adjustments and Changes*
  4. *Risk Assessment Results*
  5. *Periodic Testing Results*
  6. *Prior Disclosures*

2
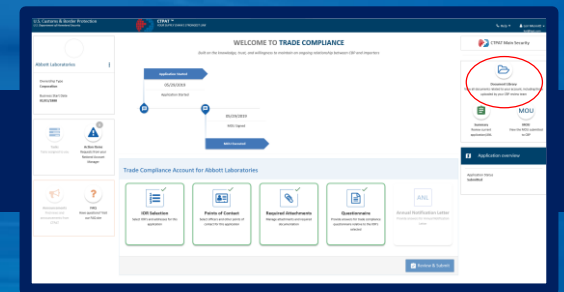
National Account Manager (NAM) Communication

- The NAM serves as the **primary point of contact** for Trade Compliance Member for resolving trade related issues and for providing trade-related guidance, including but not limited to:
  - ➤ *Additional information required during the application or continuation processes*
  - ➤ *Program withdrawal or suspension*
  - ➤ *Participation Revocation*
- Trade Compliance Members should communicate with their NAM using the Trade Compliance Portal.

3

Document Library

- The Document Library contains **key documents related to Program membership**, including Importer Trade Activity (ITRAC) data.
- Trade Compliance Members should ensure that **all documents and company information are kept up-to-date**, which is at a minimum required during the ANL process.
- Documents can be added to the library through a **simple upload** and are **immediately accessible** thereafter.

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CTPAT Trade Compliance: Current Benefits

Security Benefits

- Best Practices
- Front of the Line
- CTPAT Portal
- Penalty Mitigation
- Security Validation
- Reduced Examination Rates
- Business Resumption
- Free and Secure Trade (FAST) Lanes
- Advanced Qualified Unlading Approval ("AQUA Lane")
- Status Verification Interface (SVI) Access
- Assigned Supply Chain Security Specialist (SCSS)
- Mutual Recognition Arrangements (MRAs)
- Marketability of CTPAT Membership
- SAFETY Act
- Training Seminars

Trade Compliance Benefits

- CTPAT Defender
- Multiple Business Units
- CTPAT Trade Compliance Portal ★
- National Account Manager (NAM)
- ITRAC Data Access and Automation
- Removal from Focused Assessments Pool
- Release of Goods to Premises for Exam ★
- Exemption from Random NIIs ★
- Expedited Rulings

★ *Benefit in Development*

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