



U.S. Customs Service

610 S. Canal Street
Chicago, IL 60607-4523

**Pipeline 02-12
October 4, 2002**

TO : Customhouse Brokers, Importers and Others Concerned

SUBJECT: C-TPAT Expansion

The U.S. Customs Service is accepting applications from brokers, importers, carriers (air, rail, sea), airfreight consolidators/ocean transportation intermediaries, non-vessel operating common carriers (NVOCCs) in the U.S. and U.S./Canada border highway carriers interested in participating in C-TPAT, Customs-Trade Partnership Against Terrorism.

C-TPAT is a joint initiative between government and business designed to protect the security of cargo entering the United States while improving the flow of trade. C-TPAT offers businesses an opportunity to play an active role in the war against terrorism. By participating in this first worldwide supply chain security initiative, companies will ensure a more secure supply chain for their employees, suppliers and customers.

Now is the time for all eligible parties, especially brokers, to sign-up for this important program. Attached please find information sheets and application materials for brokers. Additional information about C-TPAT can be found on the Internet at www.Customs.treas.gov. Please forward a copy of the application to Supervisory Import Specialist Jeremy Baxter when enrolling in the program so that we may track our port's participation. Mr. Baxter can be reached at 312.983.1144. His fax number is 312.353.5947.

Robyn Dessaure
Port Director

TRADITION



SERVICE



HONOR

C-TPAT

Frequently Asked Questions for Air Freight Consolidators Ocean Transportation Intermediaries Brokers NVOCCs

Is C-TPAT a voluntary program for brokers, airfreight consolidators/ocean transportation intermediaries, and NVOCCs?

Yes. C-TPAT is designed to build upon existing relationships with the various sectors of the trade community to enlist voluntary participation in the program to develop and enhance relevant security practices.

Should our company sign more than one agreement if we perform multiple functions (e.g. brokerage and freight forwarding)?

Yes. Sign the agreements which pertain to the functions you perform and note on the security profile submission that your company does perform multiple services and that you agree to the appropriate security recommendations for that service function.

Will we be designated as a broker account when we sign onto C-TPAT?

Account status is one of the potential benefits of C-TPAT participation. Account status designation will be determined based on a variety of factors, including C-TPAT participation.

Will freight forwarders/consolidators and NVOCCs be designated as accounts when they sign onto C-TPAT?

As the initiative evolves, account status may be extended to forwarders and NVOCCs as a potential benefit.

Are there monetary penalties associated with C-TPAT?

No.

Will brokers be required to do background checks on all their employees?

No. However, it is expected that pre-employment verification will be done on all new hires and that a more detailed background review will be completed when significant issues arise.

For more Information, contact the Industry Partnership Programs, at (202) 927-0520 or send an email to Industry.partnership@customs.treas.gov

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Security Recommendations For Brokers

Develop and implement a sound plan to enhance security procedures. These are general recommendations that should be followed on a case-by-case basis depending on the company's size and structure and may not be applicable to all.

Procedural Security: Companies should notify Customs and other law enforcement agencies whenever anomalies or illegal activities related to security issues are detected or suspected.

Documentation Processing: Brokers should make their best efforts to ensure that all information provided by the importer/exporter, freight forwarder, etc., and used in the clearing of merchandise/cargo, is legible and protected against the exchange, loss or introduction of erroneous information. Documentation controls should include, where applicable, procedures for:

- ? Maintaining the accuracy of information received, including the shipper and consignee name and address, first and second notify parties, description, weight, quantity, and unit of measure (i.e. boxes, cartons, etc.) of the cargo being cleared.
- ? Recording, reporting, and/or investigating shortages and overages of merchandise/cargo.
- ? Safeguarding computer access and information.

Personnel Security: Consistent with federal, state, and local regulations and statutes, companies should establish an internal process to screen prospective employees, and verify employment applications. Such an internal process could include background checks and other tests depending on the particular employee function involved.

Education and Training Awareness: A security awareness program should include notification being provided to Customs and other law enforcement agencies whenever anomalies or illegal activities related to security are detected or suspected. These programs should provide:

- ? Recognition for active employee participation in security controls.
- ? Training in documentation fraud and computer security controls.

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**Application Instructions
Customs-Trade Partnership Against Terrorism
Broker
Air Freight Consolidators
Ocean Transportation Intermediaries
NVOCCs**

To apply for participation in the C-TPAT, follow the instructions noted below to complete the Broker/Freight Forwarder/NVOCC Application to Voluntarily Participate and the Supply Chain Security Profile Questionnaire.

For your reference, a C-TPAT "Fact Sheet" is available to answer general questions about the C-TPAT program and potential benefits for participants.

If you have questions please contact U.S. Customs Industry Partnership Programs, at Industry.partnership@customs.treas.gov

Instructions

1. Review and sign the "Agreement to Voluntarily Participate in Customs-Trade Partnership Against Terrorism." This represents the applicant's commitment to C-TPAT security recommendations and the applicant's commitment to work with its service providers and customers throughout its supply chain to enhance security processes and procedures. The Agreement should be signed by a corporate officer with the authority to implement security enhancements that may be necessitated upon committing to participate in the program.
2. Return two original signed Agreements to:

United States Customs Service
Office of Field Operations
Industry Partnership Programs
1300 Pennsylvania Avenue, N.W.
Room 5.4C
Washington D.C. 20229
Attention: C-TPAT
3. Upon submission of your signed agreement, please be sure to also include (on a separate cover) the following:
 - a. Official Company Name
 - b. Street Address, including zip code
 - c. Company Point of Contact to include:
 - d. Name of Point of Contact and title

- e. Telephone Number
- f. Fax Number
- g. E-mail Address

4. Complete the Supply Chain Security Profile Questionnaire and additionally:
 - a. Mail an electronic copy contained on a 3.5" floppy disk or a CD-ROM to the address listed in item number 2.

OR

- b. E-mail a copy to industry.partnership@customs.treas.gov and include in the subject line the name of your company and "Security Questionnaire"
5. The following guidance is provided to better inform you on how to complete the Supply Chain Security Profile Questionnaire:
 - a. The focus of the profile should be on the operations your company performs, including the foreign countries you operate in and/or conduct business.
 - b. The Security Profile should contain an executive summary outlining the process elements of the security procedures you currently have in place. The Security Profile should also confirm that your service providers have active security programs in place.

NOTE: Detailed profiles of the security processes utilized by your service providers should not be forwarded to Customs as part of the profile response.

- c. Indicate if your service providers participate in Customs Industry Partnership Programs: Customs-Trade Partnership Against Terrorism (C-TPAT), Carrier Initiative Program (CIP), Super Carrier Initiative Program (SCIP), Business Anti-Smuggling Coalition (BASC).
6. Upon receipt Customs will review the completed Supply Chain Security Profile Questionnaire. After Customs completes its review, the company will receive a copy of the Customs-Trade Partnership Against Terrorism Agreement, signed by the Assistant Commissioner, Office of Field Operations, along with feedback on its application within 60 days.
7. An electronic confirmation indicating receipt of a signed agreement will be sent to the e-mail address provided in the application.

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Agreement to Voluntarily Participate Customs-Trade Partnership Against Terrorism

Broker

This Agreement is made between _____, of _____ USA (hereafter referred to as "the Broker") and the United States Customs Service (hereafter referred to as "Customs").

This Agreement between the Broker and Customs is intended to enhance the joint efforts of the Broker and Customs to develop a more secure border environment by focusing on the accuracy and timeliness of information provided to Customs during the cargo entry and clearance process, by increasing the awareness of brokerage employees and clients on the importance of supply chain security, and by exchanging relevant information when security-related discrepancies are detected. Customs and the Broker recognize the need to address these security issues in order to maintain an efficient and compliant import process.

The Broker agrees to develop and implement, within a framework consistent with the listed recommendations/guidelines, a verifiable, documented program to enhance security procedures and increase security awareness throughout its operations. The broker agrees to communicate the attached recommendations and guidelines to its clients during the normal course of business.

Specifically, the Broker agrees to:

4. Sign and return this agreement to the U.S. Customs Service, Office of Field Operations.
5. Complete and return the attached Security Profile Questionnaire within 60 days of signing and returning the agreement to Customs. An additional 30 days may be granted upon request.
6. Brokers will be asked to implement security and/or trade compliance improvement programs, included in their account action plans, when needed.

Specifically, Customs agrees to:

1. Provide feedback and recommendations to the Broker on the information provided in the Security Profile Questionnaire within 30 days of receipt.
2. Provide technical guidance when requested and when practical.

3. Consider the Broker's acceptance and implementation of the listed guidelines when making risk determinations for the purposes of cargo examinations and document reviews.

The listed recommendations/guidelines reflect the mutual understanding of the Broker and Customs of what constitutes the basic elements of supply chain security. This Agreement will be administered pursuant to a plan jointly developed by Customs and the Broker.

This Agreement is subject to review by the Broker or Customs and may be terminated with written notice by either party.

This Agreement cannot, by law, exempt the Broker from any statutory or regulatory sanctions associated with the Broker's responsibilities in its Customs transactions. Nothing in this Agreement relieves the Broker of any responsibilities with respect to United States law, including the Customs Regulations.

Name & Title
United States Customs Service

Name & Title
Service Company

Attachments

