



Confidence worldwide

C-TPAT: Customs Trade Partnership Against Terrorism

A New Environment

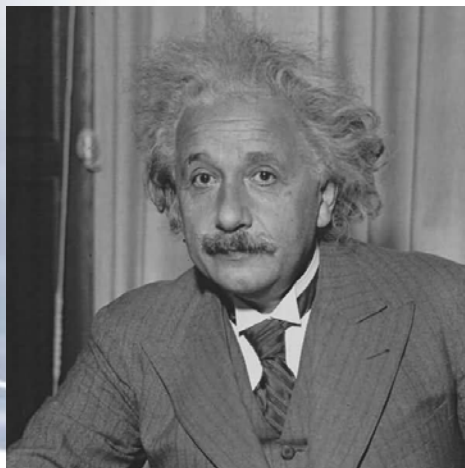
Outline

- ❖ **Mallory Alexander Introduction**
- ❖ **Initiatives to Improve Security**
- ❖ **What is C-TPAT?**
- ❖ **3-Tiered Benefits**
- ❖ **Concerns for non-participants**
- ❖ **Securing Supply Chain Realities**
- ❖ **C-TPAT Executive Summary**
- ❖ **Importers' Responsibilities**

Who is Mallory Alexander International Logistics?

- ❖ **Global transportation and logistics solution providers**
 - ❖ **Established 1925**
 - ❖ **Privately held**
 - ❖ **Network of industry professionals**
 - ❖ **C-TPAT certified, ISO9002, NVOCC, National Licensed Broker**
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“It may be possible to set up nuclear chain reactions...extremely powerful bombs of a new type may thus be constructed. A single bomb of this type, carried by boat or exploded in a port, might very well destroy the whole port together with that of the surrounding territory”



-Albert Einstein

August 2, 1939

3 Main US Initiatives to Improve Security

- ❖ **C-TPAT (Customs-Trade Partnership Against Terrorism)**
- ❖ **CSI (Container Security Initiative)**
- ❖ **OSC (Operation Safe Commerce)**



Sub-set Initiatives

- ❖ **Mandatory Advanced Electronic Cargo Information**
 - 24 Hour Rule
 - Trade Act of 2002
- ❖ **F.A.S.T. (Free and Secure Trade)**
- ❖ **All designed to work together to create an integrated network for protection of movement of freight.**
- ❖ **Additional info available on www.cbp.gov**

C-TPAT (Customs Trade Partnership Against Terrorism)

- ❖ **Voluntary**
- ❖ **Joint government and business partnership**
- ❖ **Designed to enhance the overall global supply chain and border security**
- ❖ **Charter members include Target Stores, Wal-Mart, Ford Motor, Motorola, Sara Lee, and Daimler-Chrysler.**

3 Tiers of Benefits

This system is based on the premise that importers who do more in the way of security, will afford specific benefits at different stages of the C-TPAT process.

- ❖ **Tier One**: At time of approval of C-TPAT Executive Summary
- ❖ **Tier Two**: At the time of passing C-TPAT Validation Process
- ❖ **Tier Three**: At the time of passing Validation and exceeding the minimum Criteria and adopting industry Best Practices.

C-TPAT Executive Summary

Container Security:

- Security Seals
- Inspection and storage of containers at point of loading and unloading.

Physical Security:

- Fencing
- Lighting
- Parking
- Building Structure
- Locking devices and key controls
- Alarm systems
- Video surveillance cameras

C-TPAT Executive Summary (cont'd)

Physical Access Controls:

- Employee's positive Identification
- Visitor's and Delivery person's positive identification
- Challenging and removing unauthorized persons.

Personnel Security:

- Pre-Employment verifications
- Background Checks
- Personnel Termination Procedures

C-TPAT Executive Summary (cont'd)

Procedural Security:

- Documentation Processing
- Manifest procedures
- Shipping and receiving
- Cargo discrepancies

Information Technology Security:

- Password Protection
- Accountability

Security Training and Threat Awareness:

- Training Programs
- Tests of programs

C-TPAT Executive Summary (cont'd)

Business Partner Requirements:

- Verifiable process for the selection of business partners
- Questionnaires to verify the meeting of C-TPAT criteria.
- Onsite evaluations of foreign suppliers

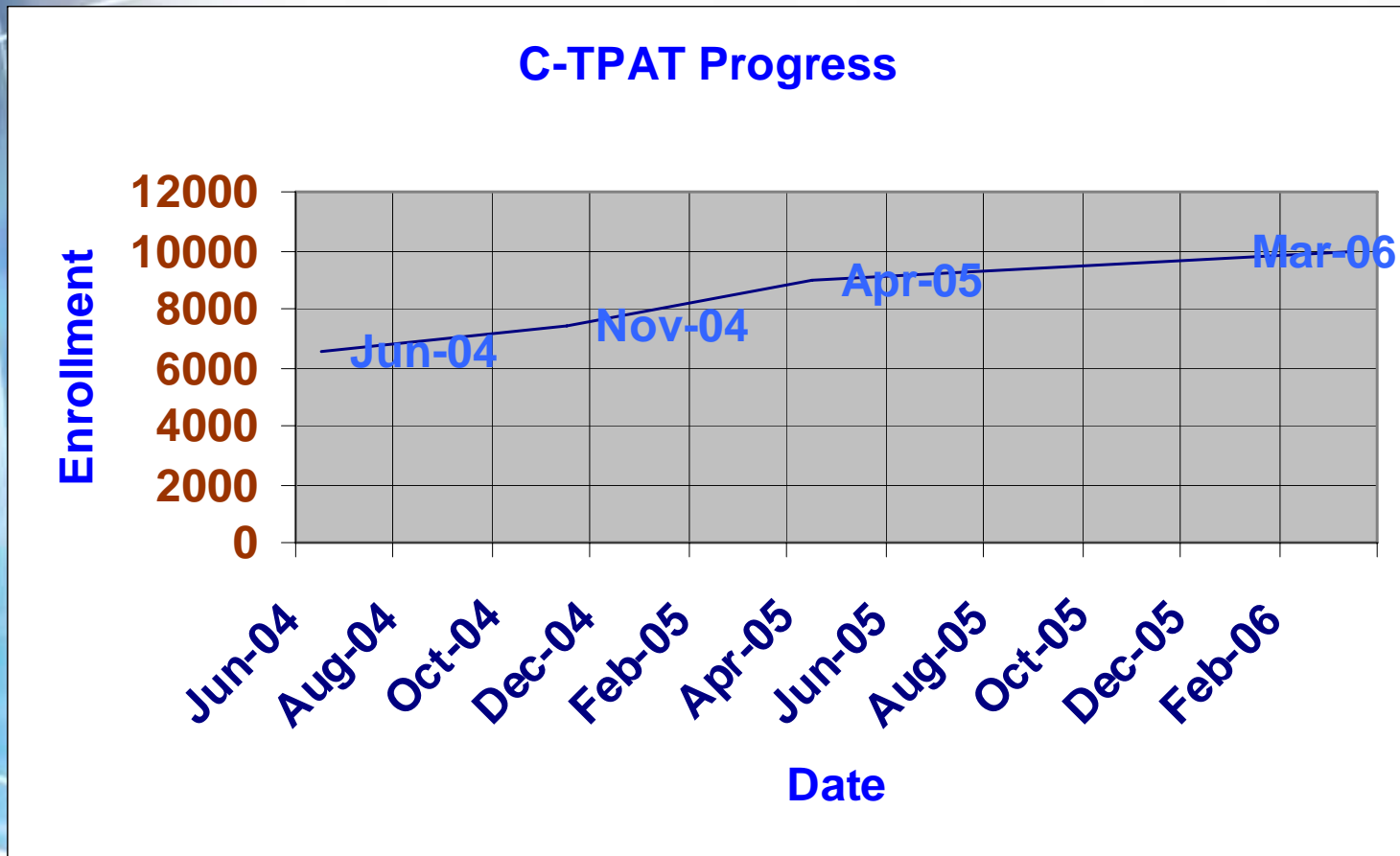
What is expected from you as an importer?

- ❖ **On going evolution of your C-TPAT program. This includes constant updates and improvements on all the aspects of your companies security program.**
- ❖ **Enforcing “continuous compliance” amongst the members of your supply chain.**
- ❖ **On going training of employees with regard to security and awareness.**
- ❖ **Requiring that all parties related to the different areas of security, defined by Customs, within your company remain responsible for maintaining security in their areas.**

Summary

- ❖ **Know who you are doing business with.**
- ❖ **Work together to ensure your suppliers are security compliant and aware of your company's expectations.**
- ❖ **Report any suspicious activities.**
- ❖ **Make C-TPAT a continually growing program within your organization.**

C-TPAT is a Viable Program



Concerns for Non-Participants:

- ❖ Harder to determine the direction and intensity of the program.
- ❖ More susceptible to container inspections.
- ❖ Unable to do business with companies that are C-TPAT certified.

“Securing the Supply Chain” Realities

- ❖ It's not just “what business you do, but *how* you do your business.”
- ❖ One must have documentation to prove and validate your processes.
- ❖ Customs is more zealous in obtaining shipment information.
- ❖ Logistics takes a higher profile as focus on the security of the supply chain increases.
- ❖ Increasing standards for regulatory compliance and cargo security.
- ❖ Every carrier entering the U.S. is subject to inspection of both cargo and crew.

Study Measures Benefits of SCM Security Investments

- Product Safety -38% reduction in theft/loss/pilferage
- Inventory Management – 14% reduction in excess inventory and 12% increase in on-time delivery
- Supply Chain Visability – 50% increase in SC data access

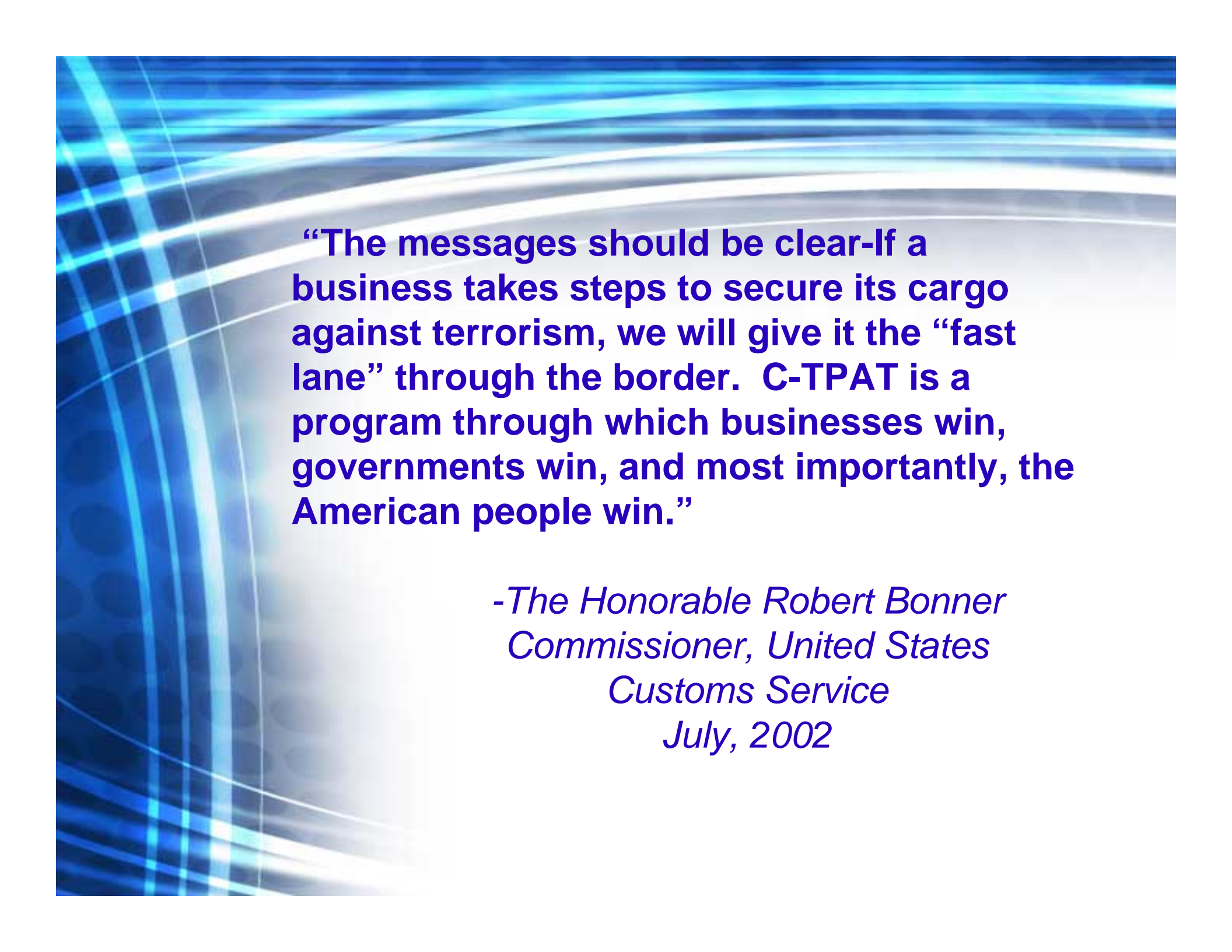
Study Measures Benefits of SCM Security Investments (cont'd)

- Product handling- 43% increase in automated handling of goods
- Process improvements- 30% reduction in process deviations
- Customs clearance- 49% reduction in cargo delays, 48% reduction in cargo inspections/exams
- Speed- 29% reduction in transit time
- Resilience- 30% reduction in time to identify, respond to, and resolve problems



Study Measures Benefits of SCM Security Investments (cont'd)

- The findings of this study clearly indicate that significant value accrues from supply chain security investments



“The messages should be clear-If a business takes steps to secure its cargo against terrorism, we will give it the “fast lane” through the border. C-TPAT is a program through which businesses win, governments win, and most importantly, the American people win.”

*-The Honorable Robert Bonner
Commissioner, United States
Customs Service
July, 2002*



Mallory Alexander International Logistics

- C-TPAT certified since Feb 2003
- Consulting group have aided 20 importers with their C-TPAT certification
- As Operator of the NPCC, Mallory Alexander will include the NPCC intermodal operation and the warehouse in their certification ?

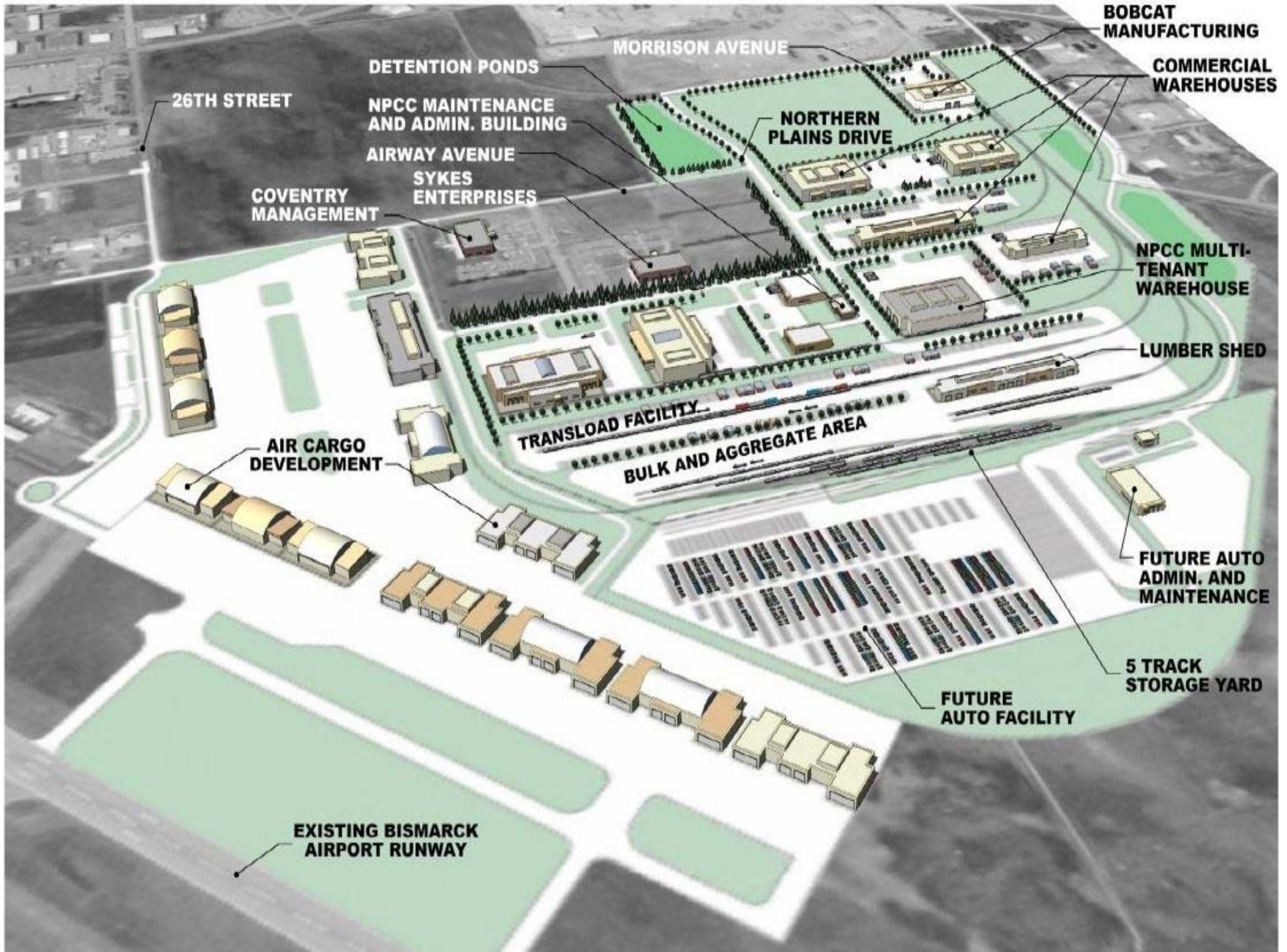


Northern Plains Commerce Centre

- Phase 1 completion scheduled for fall of 2006
- Phase II will include:
 - Rail into the transload/intermodal site
 - Rail to new tenant facility
 - Closure of a portion of Airway Ave.
 - Construction of the transload/warehouse facility

Vision timeline

- **2006**
 - Develop transload and cross dock services a 3PL
 - Limited intermodal service for anchor tenant
 - Marketing center to attract private enterprise
 - Manufacturing
 - Warehousing
 - Transload and Intermodal Services
 - Agricultural Services
- **2007 - 2008**
 - Construct transload ramp and facility
 - Phase II rail construction into the transload facility
 - Full intermodal service offered
 - Second anchor tenant becomes operational
 - Continue to develop services according to market demand
- **2016**
 - City would maintain ownership of the infrastructure only (roads, sewer and water, and the rail)





Airway Ave. –installation of water and sewer – July 2006

Airway Ave. will eventually be closed when Northern Plains Dr. and Morrison are open to the public.



**Main Rail and Spur
July 2006**



Looking west on Morrison Ave

NPCC Transload Facility and Warehouse





Services offered at NPCCC

- Cross Dock Facility
- Transloading
- International and Domestic Freight Forwarding
- Warehousing
- Bulk commodity handling
- Additional services will be market driven

Questions/Comments

Mallory Alexander International Logistics

Cathy Spencer

221 N. 5th Ave.

Bismarck, ND 58501

PH: 701-255-6700

Email: cathys@mallorygroup.com