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
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- 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
“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
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
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

C-TPAT Progress

Enrollment

Date


Jun-04  Nov-04  Apr-05  Mar-06
Concerns for Non-Participators:

- 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 Visibility – 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.
Looking west on Morrison Ave
NPCC Transload Facility and Warehouse
Services offered at NPCC

• Cross Dock Facility
• Transloading
• International and Domestic Freight Forwarding
• Warehousing
• Bulk commodity handling
• Additional services will be market driven
Questions/Comments

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