

***The Customs-Trade Partnership Against Terrorism: Government and Industry Join Forces against Common Foes***

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The Customs-Trade Partnership Against Terrorism, known as “C-T PAT,” isn’t the first time Uncle Sam has buddied up with the international trade industry toward a common goal. The erstwhile U.S. Customs Service of the Department of the Treasury, on a couple occasions sought to incentivize, or at least entice, the private sector into streamlining entry by dangling certain goodies before players’ noses.

But C-T PAT is by far the most important initiative, in terms both of purposes served and potential impact on business practices. Now reconstituted as the Customs & Border Protection agency of the U.S. Department of Homeland Security (you’ll see “CBP” sometimes, but the long-familiar “Customs” is easier), the dock feds have created an organized program designed to maximize American resources in the war on terrorism.

Largely, C-T PAT represents business and government putting aside their differences to attend to our country’s most serious threat. But let’s face it – it’s not that easy. For Uncle Sam, a program must be administrable and expressed by discernible guidelines. For industry, it must make economic sense. Virtually anyone, from ports to warehousemen, can participate (and the eligibility list is growing).

Customs defines C-T PAT as “a joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security.” You can’t just raise your hand and join; players have to become C-T PAT approved. Not a terribly difficult process, you basically fill out a questionnaire and agree to operate within C-T PAT’s guidelines. But Customs has been lagging behind its estimated 30 to 60-day turn-around time for approval. Some folks have been waiting for months.

Once consecrated, a participant is subject to periodic “validations.” It must give Customs updated security profiles based on its trade sector, enforcement history and other elements. Validations include meetings between Customs and a participant’s personnel and, where appropriate, inspection of facilities.

A triage system governs validation, taking into account “import volume, security related anomalies, strategic threat posed by geographic regions, or other risk related information.” A member’s first validation might be some three years out.

After getting a C-T PAT blessing, companies must vow to (1) undergo a comprehensive self-assessment regarding certain security points (both red and green flags); (2) fill out a security profile questionnaire; (3) draft and implement an in-house, C-T PAT compliant security enhancement program; and (4) do your best to communicate your successes,

failures and suggestions to Customs and other C-T PAT members. These concepts are a work in process, constantly being fine tuned to account for advances in technology and the membership's experience.

Why sign up? Does it make economic sense? The program isn't mandatory, and it could be a short-term pain in the assets. But there are indeed business reasons why organizations should join (in addition to the obvious: helping secure our nation!).

Non-participants' cargo will be inspected more frequently at the border, resulting in costly delays. Participants are assigned Customs account managers who are familiar with their programs. C-T PAT members get a membership list, which facilitates business connections and promote interplay between approved players. Members also are eligible for certain account-based processes for more convenient payment arrangements, as well as other contemplated programs in the future. One of the biggest benefits members will receive is a general smile of approval from Customs. It certainly beats that other demeanor many are used to – the one accompanied by Customs auditors breathing down your neck. Self-policing sure beats constant government scrutiny.

What about confidentiality of proprietary information? That's one of the biggest concerns expressed by industry. Customs promises to keep information secret, but some folks just aren't keen on the concept. But look at the stakes involved. Regardless of an entity's participation in an optional program, disclosure is going to happen in this era. Make suggestions to Customs regarding how information might be kept confidential. Otherwise, you really just have to deal with it.

Are verification gigs tantamount to the dreaded Customs audit? No, says Customs. Unlike an audit, a validation doesn't explore compliance with trade regs. Rather, it just looks at whether a company's security program is C-T PAT compliant. Also, validations won't last more than two weeks.

How much will C-T PAT security programs cost? That can't be answered in blanket fashion, because organizations differ greatly. Customs says its design isn't to make C-T PAT cost prohibitive, lest its membership suffer. But then again, what's the price tag for *not* joining? This is long-term stuff! Also, we're not talking legal liability here; a company's noncompliance with C-T PAT programs just means suspension from the program. It doesn't mean fines, seizures, etc.

C-T PAT is a carrot, not a stick. But all told, it may be such a sweet incentive, amidst enormous implied disincentives, that it essentially is mandatory. In any event, now's the time for players serious about a future in international trade to send in a C-T PAT application.

***Ref: the Customs & Border Protection agency's website at <http://www.customs.ustras.gov/>.***