CTPAT

Exporter FAQ

Last Updated: Feb. 14, 2022

1. ***Q: Why have a CTPAT Exporter Entity?***

   A: U.S. Customs and Border Protection (CBP) listened to the recommendations made by the Commercial Customs Operations Advisory Committee (COAC), which encouraged the creation of the CTPAT Exporter Entity. CBP introduced an exporter entity to CTPAT to support export growth and increase the competitiveness of the U.S. business community, as was outlined by President Obama's National Export Initiative. CBP is also interested in providing the U.S. business community with benefits currently enjoyed by foreign importers through Mutual Recognition Arrangements (MRA), which are explained below. Finally, this is an opportunity to align with the programs of foreign Customs Administrations under the World Customs Organization's (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework).

2. ***Q: Is CTPAT accepting Exporter Entity applications?***

   A: Yes, CBP is accepting applications for the Exporter Entity

3. ***Q: Can U.S. importers who also export participate in the CTPAT Exporter entity?***

   A: CTPAT Importers who also export are eligible to receive export benefits with Japan and the European Union due to CBP's MRAs with those foreign counterparts. The CTPAT Exporter Entity was created to enable "export only" businesses to enjoy CTPAT benefits.

4. ***Q: What is a Mutual Recognition Arrangement (MRA)?***

   A: Mutual Recognition refers to an information exchange document, referred to as an "arrangement" between CBP and a foreign Customs Administration, which indicates that the security requirements and validation or audit procedures of the foreign industry partnership program are the same or similar with those of CTPAT. Compatibility permits recognition of the validation results between the two programs. This enables Customs Administrations to work together to improve their capability in detecting high-risk shipments and expediting the movement of legitimate cargo.

5. ***Q: What is an Authorized Economic Operator (AEO)?***

   A: An AEO is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs Administration as complying with WCO or equivalent supply chain security standards.

BENEFITS

6. ***Q: What benefits will CBP offer exporters who sign up for the CTPAT Export Entity agreement?***

   A: Some benefits CTPAT Export Entity partners may receive include:

   - *Mutual Recognition Arrangements: Helps reduce duplication of effort by having only one Customs Administration validate a facility (supply chain). Members may also receive trade facilitation* benefits from foreign partners that CBP has signed an MRA.
   - *Marketing:* The CTPAT membership and logo is an excellent marketing tool in the trade industry where companies are confident that their cargo is more secure than those that are not in the program.
   - *Reduced examination rates:* CTPAT exporters will receive trade facilitation including prioritized examination over non CTPAT members.
   - *Front of the line processing:* To the extent possible, CTPAT shipments are moved ahead of any non-CTPAT shipments for exams.
   - *Business resumption:* In the event of a significant disruption / delay in CBP cargo processing operations, actions are taken to maintain communication and coordination with CTPAT partners.
   - *Access to an assigned CTPAT Supply Chain Security Specialist (SCSS):* Each CTPAT Partner is assigned an SCSS who advises members regarding CBP matters. The SCSS is available to discuss security issues and review problems.
   - *Eligibility to attend CTPAT training and seminars:* Such as the annual CTPAT conference, which provides important program updates and salient training. It also provides opportunities to network with other CTPAT members.
   - *Access to the web based CTPAT Portal system:* The portal provides a means of communication with the SCSS and a way for the SCSS to easily review uploaded company information.
   - *Common Standard:* Application of a common set of security requirements facilitates international trade by ensuring that numerous international supply chains meet the same security standards.

7. ***Q: What benefits will be afforded to the exporter's customers by the destination Customs Authority, assuming the consignee/importer is an AEO member?***

   A: Benefits provided by Customs Authorities with which CBP has a signed MRA will vary based on location. Typical benefits at destination customs authorities include: priority treatment, less frequent physical inspections, and less intrusive inspections.

8. ***Q: Where goods are sold in transit, how will the foreign AEO importer receive benefits?***

A: The shipment would retain its trade facilitation benefits since those are tied to the identifiers used in CBP systems and abroad for exports, the Employer Identification Number (EIN) or Dun and Bradstreet Number (DUNS).

9. ***Q: Keeping in mind our goal is to grow exports, how does requiring the U.S. exporter to vet its customer's security procedures and its customer's supply chain service provider's security procedures facilitate growth in trade?***

   A: CTPAT Exporter Entity benefits will expedite the flow of trade out of the United States. For countries whose Customs Authorities have signed a mutual recognition arrangement with the United States, exporters who participate will receive additional facilitation benefits into foreign ports of entry. In the process of vetting their outbound supply chains, participating exporters can streamline their processes, which may lead to opportunities to save time, money, and efforts in the transportation of their cargo abroad.

PROGRAM STRUCTURE

10. ***Q: How will exporters in the CTPAT program be identified to help ensure benefits are applied?***

    A: Exporters will be identified by their EIN or DUNS number. Their information will be included in the CTPAT web portal as an exporter entity.

11. ***Q: If it is managed in the fashion described above, will CTPAT Exporters have the ability to manage their account by those identifiers (e.g. EIN, DUNS)***

    A: Yes, with their EIN or DUNS number.

12. ***Q: Will there be a tiered process in the CTPAT Exporter Entity program?***
    A: Yes. A tiered identification process has been added into our export systems and export priority will be administered based on those tier levels.

SECURITY CRITERIA

13. ***Q: What benefits will CBP offer exporters who sign up for the CTPAT Export Entity?***

    A: CTPAT is not departing from CBPs original security mandate. There are regulatory requirements that must be verified and complied with to be eligible for the program and remain in good standing. In the process of implementing the CTPAT Exporter Entity, CBP may assist those exporters who are compliant with export regulations and with CTPAT program security requirements.

14. ***Q: Please clarify eligibility and application of the Security Criteria for the following scenarios:***

    a) When the exporter is responsible for arranging the freight for the entire shipment;

    A: An exporter who is responsible for the entire shipment of goods in a container/trailer, would be eligible to receive trade facilitation benefits from CBP and from foreign customs officials, assuming there is an applicable mutual recognition arrangement in place.

    b) When the exporter is responsible for freight for some or part of the shipment;

    A: Exporters would be eligible for the program due to their exportation of cargo, but they would not receive trade facilitation if they are only responsible for a portion of the freight (such as in a consolidated shipment) and if the other shippers with commodities in that container are not validated CTPAT Partners.

15. ***Q: An export shipment may involve several domestic truck movements before export. Would the criteria be required for all movements or commence with the final movement into the port or across the U.S. border?***

    A: The exporter criteria would commence at the final point of loading after the trailer/container has been sealed. Every move after that point must be covered via the criteria in order to be eligible for CTPAT Exporter Entity benefits.

16. ***Q: The seller delivers the goods by placing them on a buyer designated vessel at a buyer designated port, and the seller is responsible to file the Electronic Export Information (EEI). Is the seller responsible for the CTPAT security requirements?***

    A: If they are a CTPAT Exporter, yes. The seller's responsibility is to file EEI using their EIN. CTPAT will use the EIN to apply cargo benefits and as a result, for CTPAT purposes, it is the responsible party.

17. ***Q: Please identify the responsible party in the following scenarios:***

    a. A sale is made to a third party for export. The seller is the U.S. Principal Party in Interest (USPPI) as part of a routed export transaction (where likely the seller does not control the freight). Who is responsible for the CTPAT security requirements?

    A: The holder of the EIN or DUNS, the exporter, is the responsible party. It is the entity whose EIN or DUNS will be used to apply benefits in CBP systems, if it is a CTPAT member.

b. The term of sale is Free Carrier (delivery to buyer at U.S. location). The buyer arranges to pick up merchandise at the seller's facility in the United States, and the seller is responsible for filing the EEI. Would the seller be responsible for the CTPAT security requirements?

A: Yes. The seller (if a CTPAT member) would be responsible for ensuring the outbound cargo is secure because, as stated, the seller is using its EIN or DUNS, and for CTPAT purposes, that is the identifier that CBP uses to apply benefits, which is tied to the seller in this case.

18. ***Q: We understand the responsibility that exporters have as trade initiators; however, there are concerns regarding the extent of the liability to which exporters would be subject if they are made ultimately responsible in certain situations (e.g. routed export transactions) in which the purchaser selects the transportation service provider and pays for the transportation, since these types of situations allow for minimal control, visibility, and/or constantly challenged authority. For these reasons, the assignment of liability is undesirable beyond that set forth in applicable export control regulations such as the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR"). How will CBP address this issue?***

A: CTPAT asks that partners in the CTPAT program do their part in securing the supply chain in exchange for benefits. CTPAT partners are required to demonstrate due diligence in protecting the security of their supply chains especially when in the cargo is transported by their business partners.

19. ***Q: What is expected of the exporter regarding "Internal requirements, such as financial soundness, capability of meeting contractual security requirements, and the ability to identify and correct security deficiencies as needed," and how should this be addressed by the exporter?***

A: CTPAT Exporter partners are encouraged to verify the soundness, stability, and ability of their business partners to take corrective action, as needed.

20. ***Q: In addition to an exporter's ability to adhere to the exporter security criteria, what other factors will CBP consider in determining continued exporter eligibility?***

A: CBP will utilize its systems to check for outbound compliance violations and review the frequency of cargo being shipped outbound to ensure the company is an active exporter. CTPAT Supply Chain Security Specialists conduct on-site validations/visits to verify the company's compliance with the criteria and that its security profile and risk assessment have been updated annually.

21. ***Q: What version of container seals should be used on exports?***

    A: Container seals must meet or exceed the high security standards of ISO 17712.

22. ***Q: The sealing of export containers, to include continuous seal integrity, are crucial elements of a secure supply chain, and remains a critical part of an exporter's commitment to CTPAT. What does "continuous seal integrity" mean?***

    A: Seals must be placed on exported containers after being loaded. The seal must be checked at each stage of the supply chain to ensure seal integrity, and a seal must be intact until the container reaches its final destination.

    Note: Nothing in the information provided above restricts CBP's legal authority and discretion to take any action(s) it deems necessary to administer and enforce laws within CBP's jurisdiction.
    For more information on the CTPAT program, please visit:
    CTPAT: Customs Trade Partnership Against Terrorism | U.S. Customs and Border Protection (cbp.gov)

CBP.GOV/CTPAT
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