CTPAT Trade Compliance

Frequently Asked Questions

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What is the Customs Trade Partnership Against Terrorism (CTPAT) Trade Compliance program?

- Trade compliance is an importer's ability to meet regulatory requirements administered by CBP and other government entities.
- The CTPAT Trade Compliance program is built on the knowledge, trust, and willingness to maintain an ongoing relationship between CBP and importers that is mutually beneficial to both parties. CBP's goal is to partner with importers who can demonstrate their readiness to assume the responsibility of managing and monitoring their compliance through self-assessment.
- In March 2020, the former Importer-Self Assessment (ISA) program was integrated into CTPAT as CTPAT Trade Compliance.
- The United States Authorized Economic Operator (AEO) program now includes security and compliance.
- CTPAT updated the program's CTPAT Minimum Security Criteria and integrated CTPAT Security and CTPAT Trade Compliance to create a unified AEO program which launched in Fiscal Year 2020.

What is an AEO?

- AEO Programs create customs-to-business partnerships aimed at securing the supply chain and facilitating legitimate low-risk trade. AEO Programs have been developed by customs administrations throughout the North American region. In Canada, the program operates under the name Partners in Protection (PIP), in the U.S. it is known as CTPAT, and in Mexico the program is called AEO.

What is the difference between CTPAT Security and CTPAT Trade Compliance?

- **CTPAT Security:** A voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the principal stakeholders of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers.
    - The Security and Accountability for Every (SAFE) Port Act of 2006 provided a statutory framework for the CTPAT program and imposed strict program oversight requirements.
    - Partners must adhere to the CTPAT Minimum Security Criteria.
    - All partners have an assigned supply chain security specialist.
    - Companies must submit a security profile and a detailed account of their business operations.
    - A company must undergo a validation within a year of applying and every four years thereafter.

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- **CTPAT Trade Compliance:** A voluntary program that provides the opportunity for importers who have made a commitment of resources to assume responsibility for monitoring their own compliance in exchange for additional benefits.
    - Governed by the CTPAT Trade Compliance Handbook.
    - All partners are assigned a National Account Manager.
    - Companies must submit a questionnaire and an application.
    - A company must undergo an Application Review Meeting.

How does an importer become eligible for the CTPAT Trade Compliance Program?

- A company must:
    - Be a current tier II or III member of the CTPAT Program,
    - Be a U.S. or Canadian resident importer,
    - Have a minimum of two (2) years import experience,
    - Maintain no evidence of financial debt to CBP.

If a CTPAT member meets the above baseline eligibility requirements, that member will be notified of their potential eligibility within the CTPAT Portal.

What must an importer do to apply for CTPAT Trade Compliance?

- If determined to be potentially eligible for CTPAT Trade Compliance, a company must:
    - Complete the CTPAT Trade Compliance eligibility questions,
    - Complete the CTPAT Trade Compliance questionnaire,
    - Complete a Memorandum of Understanding (MOU).

Once submitted, the CTPAT Trade Compliance Team (representatives from the Trade Compliance Branch, Office of Trade Regulatory Audit, and the designated National Account Manager) will begin the application review process.

After an importer becomes a member, how do they maintain program membership?

- An importer must complete an Annual Notification Letter, which allows the partner to inform CBP of any business modifications that may have an impact on their customs operations and to reaffirm its commitment to the requirements listed in the Trade Compliance Memorandum of Understanding and other program documentation. This letter is submitted electronically through the CTPAT Trade Compliance portal and is due annually within 30 days of the anniversary of the program acceptance date.

When will CTPAT Trade Compliance begin processing new applicants?

- The CTPAT Trade Compliance Program has begun accepting new applications. You may access the application via your security portal.

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How do I transition from Focused Assessments (FA) to CTPAT Trade Compliance?

- The FA to CTPAT Trade Compliance transition opportunity allows acceptable importers to transition into CTPAT Trade Compliance without further CBP review within 12 months from the date of the FA Report if the Office of Trade, Regulatory Audit Division, has determined the company poses an acceptable risk to CBP. Importers seeking to transition into CTPAT through this opportunity must meet the previously mentioned eligibility requirements.

Why should an importer consider joining the CTPAT Trade Compliance Program?
The CTPAT Trade Compliance program provides opportunities for importers who demonstrate a commitment to compliance to receive related benefits that are meaningful, measurable, and reportable. The program offers benefits to importers who demonstrate a commitment to ensuring compliant import transactions. Below is an overview of the benefit categories one can expect to receive:

- **National Account Manager (NAM):** Access to an assigned NAM, who acts as an advisor and liaison among CBP Headquarters and the CTPAT Trade Compliance partner**.** The NAM is embedded within a Center of Excellence and Expertise. The NAMs have extensive pre- and post-entry knowledge and are the primary points of contact for non-security related concerns. They can help assist companies with questions and issues, providing personalized assistance that non-partners do not have access to. All security issues should always be immediately communicated to your assigned Supply Chain Security Specialist and appropriate Port of Entry.

- **CTPAT Trade Compliance Portal:** Access to the CTPAT Trade Compliance section of the CTPAT Portal for managing the account and documents.

- **Enhanced Importer Trade Activity (ITRAC) Data Access and Automation**: U.S. Importer partners will have access to their ITRAC data directly from the CTPAT Trade Compliance Portal.

- **Expedited Rulings:** Rulings and Internal Requests that are being adjudicated by the National Commodities Division will have priority and be placed at the front of the queue for processing within 20 days.

- **Multiple Business Units:** Opportunity to apply for coverage of multiple Importer of Record (IOR) numbers.

- **Disclosure Benefit**: If CBP becomes aware of errors indicating a possible violation of 19 U.S.C. 1592 or 1593a, CBP will communicate with the partner regarding such errors and allow 30 days from the date of the communication for the partner to perform a self-

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assessment and submit a written disclosure of the relevant facts to CBP. This benefit does not apply if the matter is already a subject of an ongoing CBP investigation or if fraud is involved.

- **Removal from Focused Assessments (FA):** Partners will be exempt from FA performed by Office of Trade Regulatory Audit and Agency Advisory Services (RAAAS). However, importers may be subject to a single-issue audit to address a specific concern. An importer must complete an Annual Notification Letter (ANL), which allows the partner to inform CBP of any business modifications that may have an impact on their customs operations and to reaffirm its commitment to the requirements listed in the CTPAT Trade Compliance MOU and other program documentation. This letter is submitted electronically through the CTPAT Trade Compliance portal.

Updated Forced Labor Benefits: These benefits are provided in exchange for compliance with the recently updated Trade Compliance program forced labor requirements. CBP will provide the new forced labor benefits to the greatest extent possible and practical.

- **Front of the Line Admissibility Review**: CTPAT Trade Compliance partners who have shipments detained due to forced labor will have their admissibility packages prioritized for review by the appropriate Center of Excellence and Expertise (Center). The importer must assert that they are an active Trade Compliance partner and request prioritized review at the time that supporting documentation is submitted to CBP. Upon this declaration, the Center should prioritize the processing of the package above other non-CTPAT Trade Compliance partner packages received within the Center Team or Division, to the best of their ability.

- **Redelivery Hold**: CTPAT Trade Compliance partners who have shipments arrive at their facility and held for forced labor issues may hold their shipments intact at their facility until CBP resolves the issue. This benefit is the alternative to redelivering the goods to CBP until physical inspection and admissibility determination is made.
  Any importer seeking to move detained merchandise into a bonded facility must work directly with the port to request the movement. The Port Director has the authority and discretion to allow or deny the request.

- **Preliminary Notification of a UFLPA Hold**: The CTPAT Trade Compliance program will provide, to the best of the program's ability, advanced notice of a possible hold, detention, exclusion, and/or seizure of merchandise after the entry is filed for cargo arriving in the United States and subject to the Uyghur Forced Labor Prevention Act (UFLPA or "the Act"). The notification does not denote any final decision made by CBP but may be used by the importer to prepare for a possible shipment hold, detention, exclusion, and/or seizure.

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*** **UPDATED BENEFIT - Expansion of benefit:** The preliminary notification benefit is being expanded to include Withhold Release Orders and Findings of Forced Labor. Preliminary notifications will be provided by the CTPAT Trade Compliance inbox to the points of contact within the CTPAT Trade Compliance account who have the "email notification" box marked to receive notifications. The notification will include the entry number and associated lines that may be subject to a detention, exclusion, and/or seizure due to an active Withhold Release Order or Finding of Forced Labor pursuant to 19 U.S.C. § 1307.

FORCED LABOR

What are the Forced Labor Requirements for Trade Compliance?

- The CTPAT Trade Compliance program division worked with the Commercial Customs Operations Advisory Committee (COAC) for more than three years to fully implement the CTPAT Trade Compliance component of the CTPAT program as well as create and define the CTPAT Trade Compliance requirements for the prevention of forced labor.

- CTPAT Trade Compliance requirements expand upon CTPAT's Forced Labor Requirements, which are located in the U.S. Importers MSC 2021 Section 3.9.

- In addition to maintaining the required social compliance program, CTPAT Trade Compliance partners must comply with the six (6) program requirements:
  - **Risk Based Business Mapping:** Conduct risk-based analysis of supply chain partners that outlines the supply chains in their entirety and to include regions, suppliers, and other factors that the importer feels poses the most risk for forced labor to ensure the supply chain is free from the use of forced labor. Importers are required to determine within their organization what imports are considered high risk to their business model but should take into consideration information that CBP provides publicly on CBP.gov. A commitment to business mapping should be included in the Code of Conduct demonstrating support of efforts to end the use of forced labor.
    - **Documentation must be made available:** While no attachments are required for the application, CBP may request unredacted proof of supply chain mapping regarding a particular supply chain, if at any time CBP determines the information is needed.

  - **Code of Conduct:** Partners must create a code of conduct statement that represents their position against the use of forced labor within any part of their supply chain. Partners must have policies and procedures in place that operationalize the code of conduct, as well as evidence of those policies' implementation. The code of conduct statement must be included in the company's social compliance program that focuses on forced labor, as outlined in the CTPAT Security MSC.

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  - **Provide required documentation:** The code of conduct statement must be uploaded to the CTPAT Trade Compliance online portal and published on the partner's external (public facing) website.

- **Evidence of Implementation:** Partners must provide CBP with evidence of implementation of their social compliance program (as required by CTPAT Security MSC). As part of the social compliance program, partners must be able to identify the parts of its supply chain most at risk and provide CBP with this information, if requested.
  - **Provide required documentation:** Evidence of implementation of the social compliance program must be provided. Examples of evidence include (but are not limited to) unredacted audits of high-risk supply chains related to forced labor, internal training programs for employees on identifying signs of forced labor, and mechanisms taken to show the supply chain is completely free of the use of forced labor.

- **Due Diligence and Training:** Partners must provide training about the social compliance program requirements to their suppliers that identifies the specific risks and helps identify and prevent forced labor in the supply chain. The training should exemplify the company's position against forced labor as stated in their code of conduct. Training requirements are determined by the partner but must ensure that the suppliers business model and code of conduct represent they will not partner with business that use forced labor.
  - **Documentation must be made available**: Proof of training must be available to CBP upon request.

- **Remediation Plan:** Partners must maintain a remediation plan for their organization, in the event forced labor is identified in their supply chains and provide this information to CBP upon request. This plan must include the process for disclosing the identification to CBP and outline the necessary steps for the organization's employees and suppliers to correct the issue.
  - **Documentation must be made available:** Must be available to CBP upon request.

- **Shared Best Practices and Path Forward**: Partners will share best practices with the CTPAT Trade Compliance program, as appropriate, to help mitigate the risk of forced labor.

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When do CTPAT's forced labor requirements go into effect?

- CTPAT's Trade Compliance forced labor requirements went into effect starting August 1, 2022.
- CTPAT Security adjusted the MSC requirements from a "should" to a "must" in January 2023.
- CTPAT Trade Compliance Forced Labor requirements become mandatory for existing partners August 1, 2023.
- New CTPAT Trade Compliance applicants will need to submit their documents at the time of application.

Where can I get more information about forced labor?

- CTPAT Trade Compliance's Forced Labor Frequently Asked Questions addresses frequent issues.
- DHS, CBP, and other government agencies maintain extensive updates:
  - DHS Forced Labor Enforcement Task Force
  - CBP Forced Labor Division
  - CBP Forced Labor Frequently Asked Questions

Where can I find more information and how to apply?

- You can contact the branch at ctpattradecompliance@cbp.dhs.gov
- Visit our website at: CTPAT Trade Compliance.

Other CBP Resources:

- CTPAT: Customs Trade Partnership Against Terrorism
- CTPAT's Trade Compliance Handbook includes the updated forced labor requirements.
- Automated Commercial Environment (ACE) Training and Reference Guides page for the ACE Portal, manifest, and reports
- CBP's Cargo Systems Messaging Service (CSMS) page provides communications for trade partner news and updates on automated systems.
- Centers of Excellence and Expertise Directory

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