Customs Trade Partnership Against Terrorism

Mutual Recognition
Frequently Asked Questions

What exactly is Mutual Recognition?

Mutual recognition are activities and processes associated with the closing of an arrangement between U.S. Customs and Border Protection (CBP) and a foreign customs administration. This allows for the exchange of membership information and recognizes the compatibility of each other's Authorized Economic Operator (AEO) program. A mutual recognition arrangement (MRA) indicates that the security requirements or standards of the foreign AEO program, as well as its verification procedures, are the same or compatible to those of the Customs Trade Partnership Against Terrorism (CTPAT) program. Mutual recognition allows the companies of one AEO security program to receive benefits comparable to those conferred to companies participating in the other AEO program.

The essential concept of mutual recognition (MR) is that CTPAT and the foreign customs administration's AEO security program have established a standard set of security requirements. It allows one AEO program to recognize the validation findings of the other program. This leads to a series of benefits to both customs administrations and their authorized economic operators.

The goal of MR is to link international AEO partnership programs to create a unified and sustainable security posture that assists in securing and facilitating global trade. MR promotes end-to-end supply chain security based on program membership.

Is MR as a concept recognized by the World Customs Organization (WCO)?

Yes. Mutual Recognition as a concept is reflected in the WCO's *Framework of Standards to Secure and Facilitate Global Trade* (SAFE Framework), a strategy designed with the support of the United States and being implemented by Customs administrations around the world. The SAFE Framework calls for Customs administrations to develop industry partnership programs which the Framework refers to as Authorized Economic Operator (AEO) programs. An AEO is defined by the Framework as "… 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".

The SAFE Framework is structured with two supporting pillars: Customs-to-Customs and Customs-to-Business. The concept of mutual recognition is reflected in the Customs-to-Customs pillar, that is, the ability of Customs administrations to work together to improve their capability to detect high-risk consignments and expedite the movement of legitimate cargo. This cooperation between Customs administrations assists the Customs-to-Business pillar by providing standardized security requirements of their AEO programs.

What countries are under a Mutual Recognition Arrangement with the United States?

CBP has signed nineteen MRAs covering 45 countries from around the world (the one with the European Union (EU) covers the EU's 27 Member States):

- **New Zealand** – June 2007 – New Zealand Customs Service's Secure Export Scheme Program
- **Canada** – June 2008 – Canada Border Services Agency's Partners in Protection Program
- **Jordan** – June 2008 – Jordan Customs Department's Golden List Program
- **Japan** – June 2009 – Japan Customs and Tariff Bureau's Authorized Economic Operator Program.
- **Korea** – June 2010 – Korean Customs Service's Authorized Economic Operator Program.
- **European Union** – May 2012 – European Union's Authorized Economic Operator Program.
- **Taiwan** – November 2012 – Directorate General of Customs, Taiwan Ministry of Finance's – Authorized Economic Operator Program*.
- **Israel** – June 2014 - Israel Tax Authority's Authorized Economic Operator Program.
- **Mexico** – October 2014 – Tax Administration Service's Authorized Economic Operator Program.
- **Singapore** – December 2014 – Singapore Customs' Secure Trade Partnership (STP) Program.
- **Dominican Republic** – December 2015 – General Customs Administration's Authorized Economic Operator Program.
- **Peru** – September 2018 – National Superintendency of Customs and Tax Administration's Authorized Economic Operator Program.
- **United Kingdom** – January 2021 – His Majesty's Revenue and Customs' Authorized Economic Operator Program.
- **India** - September 2021- Central Board of Indirect Taxes and Customs' Authorized Economic Operator Program.
- **Uruguay** - July 2022 – National Customs Directorate of the Oriental Republic of Uruguay's Qualified Economic Operator Program.
- **Brazil** - September 2022 – Special Secretariat of the Federal Revenue' Authorized Economic Operator Program.
- **Guatemala** – April 2023 – The Superintendence of Tax Administration of Guatemala's Authorized Economic Operator Program.
- **Colombia** – April 2023 – Special Administrative Unit Directorate of National Taxes and Customs' Authorized Economic Operator Program.

- South Africa – June 2025 – South African Revenue Service's Authorized Economic Operator Program.

**Note: The MRA with Taiwan was signed between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO) in the United States.*

Does CBP Plan to sign additional Mutual Recognition Arrangements?

Yes. CBP is currently working with the following Customs Administrations with the goal of reaching Mutual Recognition: Australia, El Salvador, Saudi Arabia and Malaysia.

CBP is also in the process of engaging other Customs Administrations to start negotiations towards a mutual recognition arrangement.

Have other Customs Administrations around the world signed MRA between themselves?

Yes. Customs administrations around the world have signed MRAs and/or agreements which may ultimately lead to the globalization of supply chain security and compliance standards. This is very import for those companies seeking true global supply chain security and compliance benefits. Additional information about MRAs and global AEO programs can be found on the WCO's Compendium of AEO Programs Report.

What does it take to achieve Mutual Recognition with the United States?

Many factors are considered before CBP engages with a foreign customs administration towards MR. However, there are four prerequisites that must be met before CBP begins to formally discuss MR with a foreign customs administration:

- The customs administration must have a full-fledged operational partnership program in place - - not a program in development or a pilot program.
- The AEO program must have a strong validation process built into its program.
- The AEO program must have a strong security component. AEO programs that are compliance only would not be eligible.
- The customs administration must have a Customs Mutual Assistance Agreement (CMAA) in place and in force with the United States.

What are the steps required to achieve MR with the United States?

CTPAT pursues MR in multiple stages:

1. Evaluation – In addition to meeting the four prerequisites, CBP evaluates additional factors before engaging another customs administration in MR. This would include, but not limited to: import/export volume of trade, maturity of the AEO program, political will, risk, etc. Information may be requested to help evaluate the necessary steps towards starting a joint work plan.

2. Joint work plan (JWP) - A JWP is a document that lays out the path towards MR between the two customs administration's AEO programs. A JWP shows commitment from both programs, requires high level support, and lays out detailed steps towards MRA. At the completion of a JWP, CBP will determine if an MRA is feasible and should be pursued.

3. Identification of Benefits - Potential MRA partners should think about what benefits an MRA would provide. For the United States, those benefits have included but are not limited to:

    - Reduced costs to government and to business due to fewer validations in partner countries.

    - Efficiencies to companies by reducing "ship-to-shelf" times through more timely customs release.

    - More efficient solutions of issues through increased contact with CBP's supply chain security specialists.

4. Program and Criteria Comparison – A side-by-side comparison of program security requirements and overall processes and procedures. This determines if the programs align on basic principles. During this stage, CBP also requests data from the AEO program – such as eligibility requirements; statistics; trade participation; number of program personnel; and any other data that may help CTPAT understand the other program better to determine if the AEO program is compatible. Also, CBP will compare the minimum-security criteria requirements for membership.

5. Validation Observations – Potential MRA partners must observe each other's validation processes to ensure compatibility. This ensures there's an approach to validations and that the security criteria are being reviewed. These observations are not to evaluate the companies but to evaluate the AEO programs. There are no set number of observations that will occur but they should include different business entities that belong to the program, including, importers; consolidators; transportation sectors, etc. A complete understanding of the appropriate criteria for each business sector must be observed.

6. Formalization & Negotiation – After the JWP is complete, and both customs administrations determine that a MRA would be helpful, the formal MRA process begins.

    - One MRA partner sends a proposed text and the other responds with detailed comments, noting areas of consensus and those that need to be resolved.

    - The MRA partners will then meet or have conference calls to resolve differences until a draft is achieved.

    - Internal reviews of the draft are conducted to ensure consistency with legal and policy obligations of each partner.

7. Signing the MRA - An MRA that recognizes the compatibility between CTPAT and the foreign partnership program is signed by the senior leaders of each customs administration.

8. Implementation - The programs develop operational procedures for information sharing. This includes how data flows securely between CTPAT and the foreign participating AEO MR partner through secured official channels.

9. Maintenance - The final step in the MRA process is continual engagement. The partners must be vigilant to ensure that the MRA and accompanying procedures remain relevant. This requires periodic review, consisting of meetings to discuss program updates, validation observations, etc.

Does Mutual Recognition recognize both security and Customs compliance issues?

Currently, MR is based solely on security. Specifically, it is based on the foreign customs partnership programs having similar security criteria/standards and verification procedures as the CTPAT program; however, members must comply. CTPAT members engaged in fraud or have had serious penalties for customs issues (undervaluation, incorrectly declaring goods, classification issues, etc.) can and have been suspended and/or removed from CTPAT.

Why is it called an "arrangement"?

The precedent that U.S. Customs and Border Protection has established as the proper legal mechanism to achieve MR is though an "arrangement" that falls under the umbrella of existing Customs Mutual Assistance Agreements. Arrangements are non-binding documents which allow for flexibility; furthermore, they take less time to process and sign into action.

Are companies doing business in a country that has Mutual Recognition with the United States exempt from filing the 24-hour advanced cargo declaration with CBP or the importer security filing data commonly referred to as 10+2?

Mutual Recognition does not exempt any partner, whether domestic or foreign, from complying with other CBP mandated requirements. By the same token, mutual recognition does not replace any of CBP's cargo enforcement strategies. Importers, for instance, still need to comply with the importer security filing requirements; they are still required to submit to CBP electronically and 24 hours prior to lading the 10 trade data elements required under this mandate.

What are the benefits of Mutual Recognition?

Both Customs Administrations and the private sector reap benefits out of a mutual recognition arrangement, including:

- **Efficiency**: CTPAT may not have to expend resources to send staff overseas to validate a facility that has been certified by a foreign partnership program.

- **Risk Assessment Tool**: The status of the foreign partnership program participant is recognized by CTPAT and used to assess risk.

- **Less Redundancy/Duplication of Efforts**: Foreign companies will see reduced multiple/separate validation visits. The initial validation conducted by the local customs administration as the company is certified by its business partnership program can be recognized as a CTPAT validation if a MRA is in place. Companies will more than likely only have to go through one site visit for

future revalidations. There will be occasions where a validation visit will take place, even if an MRA has been signed.

- **Common Standard/Trade Facilitation**: Since MR is based on having equally stringent minimum-security criteria, a CTPAT company essentially complies with the security criteria of those countries the U.S. has achieved this MRA with. Common program standards will also aid companies in conducting and documenting their security self-assessments.

- **Transparency**: Closer collaboration among and between customs administrations and their partnership program companies will lead to more transparency in international commerce. Information exchanged between these partners expedites and facilitates the movement of commerce across nations.

CBP is always open to suggestions of potential benefits and welcomes feedback from our members, the trade community, and members of other supply chain security programs.

Will I be subject to less validation visits if my supplier is a member of a foreign partnership program that the US has mutual recognition with?

Most likely, yes. You and/or your supplier will probably be visited less by CTPAT. However, CBP does reserve the right to visit their members and/or foreign suppliers who have been certified by foreign partnership programs that CBP has signed MR.

Periodically, foreign customs administrations will be invited to participate in CTPAT validation site visits. This provides the opportunity to exchange best practices and review new procedures or guidelines that may have a direct impact on how the programs operate.

Publication Number: 5069-0625