TRADE COMPLIANCE 101

WHAT IS TRADE COMPLIANCE?

The Trade Compliance Program is an evolution of the former Importer Self-Assessment program. The goal of the program is to increase importer compliance. In exchange for compliance with regulatory trade requirements imposed by U.S. Customs and Border Protection (CBP) and other government entities, the Trade Compliance Program offers meaningful benefits to the trade.

Since its inception in 2002, Trade Compliance has grown to nearly 300 partners. These partners agree to comply with all applicable CBP laws and regulations, and to develop, update, and maintain an internal control system that is designed to provide reasonable assurance of compliance with CBP laws and regulations.

HOW DOES TRADE COMPLIANCE WORK?

Application Received

An importer applies to join Trade Compliance and submits its documented internal control procedures over the trade risk areas on the CBP Form 7501, or entry summary. CBP reviews the application to ensure the prerequisite requirements are met.

Application Reviewed

The importer's application is forwarded to Trade Regulatory Audit for a review of the importer's internal control procedures.

Importer Accepted

The importer is accepted if its internal control procedures are adequate. If internal controls procedures are not adequate, CBP will request a follow-up meeting once the applicant has undertaken corrective action.

Annual Requirement

The partner submits an Annual Notification Letter summarizing changes and self-testing results in accordance with the Trade Compliance Handbook

HOW DO PARTNERS BENEFIT?

The Trade Compliance Program offers enhanced benefits to importers who demonstrate a commitment to ensuring compliant import transactions.

Trade Compliance partners receive 15+ trade benefits

Exemption from Focused Assessment Audits	Partners are exempt from Focused Assessments performed by CBP's Trade Regulatory Audit. However, partners may be subject to a single-issue audit to address a specific concern.
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.
Penalties	If civil penalties or liquidated damages are assessed against a partner, the partner's participation in Trade Compliance may be considered as a mitigating factor in the disposition of the case.
Front of the Line Admissibility Review	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.
Access to National Account Manager	The National Account Manager (NAM) becomes the partner's primary point of contact for CBP. The NAM is responsible for providing oversight for the Trade Compliance Program and for providing guidance and assistance to our partners on both general and technical issues.

TRADE COMPLIANCE 101

WHAT ARE THE KEY DIFFERENCES BETWEEN CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM (CTPAT) & TRADE COMPLIANCE?

KEY AREA	CTPAT	TRADE COMPLIANCE
Program Focus	Cargo Security, including corporate security, transportation security, and people and physical security	Trade Risk Areas, including valuation, classification, country of origin, antidumping/countervailing duties, intellectual property rights, quantity, drawback, trade agreements, foreign trade zone, etc.
Who's Eligible?	Importers, Highway Carriers, Foreign Manufacturers, Air Carriers, Customs Brokers, Exporters, Long Haul Highway Carriers in Mexico, Marine Port Authority and Terminal Operators, Rail Carriers, Sea Carriers, Third Party Logistics Providers, and Consolidators	CTPAT Validated Importers
Application Review Process	Supply Chain Security Specialist initially reviews Security Profile responses against Minimum Security Criteria and then validates Security Profile responses within 1 year	Auditors review internal control manual and self-testing plan over trade risk areas and meet with applicant to discuss processes in detail
Primary Contact within CBP after Acceptance	Supply Chain Security Specialist	National Account Manager
Annual Requirements after Acceptance	Update Security Profile	Submit Annual Notification Letter summarizing changes and self-testing results

One key area that CTPAT and Trade Compliance have in common is forced labor. Both programs address CBP's commitment to preventing forced labor in the supply chain.

WHAT ARE THE PREREQUISITE REQUIREMENTS FOR TRADE COMPLIANCE?

- Be a United States importer, or a non-resident Canadian importer, who maintains an importer of record (IOR) number(s) located and physically managed in the United States.
- Be a Tier II (validated) or Tier III (exceeding) partner of the CTPAT Security Program and in good standing.
- Have an active import history of 2 years or longer for all IOR numbers applying to the program.
- Have a compliance department that oversees CBP compliance with federal regulatory laws, regulations, and policy/guidelines.
- Maintain evidence of no financial debt to CBP (for which the party has exhausted all administrative and judicial remedies for relief, a final judgment or administrative disposition has been rendered, and the final bill or debt remains unpaid at the time of initial application or annual renewal).
- Meet the eligibility requirements laid out in the Trade Compliance Eligibility Questions (see Appendix A of the Trade Compliance Handbook).