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Federal Regulatory Applications as to Supply Chain Management

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Will the current U.S. government import/export regulations or their possible changes impact your 2018 business operations? Does any portion of the supply chain that supports your acquisitions of commercial or operational inventories involve importers, cargo carriers, consolidators, custom brokers or manufactures? Could your supply chain or those of your suppliers benefit from participation in the government's Customs Trade Partnership Against Terrorism (C-TPAT) program? If your answer to any of these questions is yes, maybe or I don't know, an understanding of the U.S. Customs and Border Protection Agency's (CBP) import/export security programs is essential in assessing the impact on your business operations.

CBP's principal border security requirements are set forth in their C-TPAT criteria, a multi-layer cargo security program established shortly after the 9/11 attacks to make more secure the international supply chain that delivers to the U.S. markets. C-TPAT as a voluntary public-private partnership program focuses on protecting commercial supply chains to the U.S., identifying security gaps in a business's (or supplier's) transfer of goods and material into or out of the country and implementing, by a business, "best practices" in security measures with the goal to protect the security of private sector business operations in the U.S. and cooperating countries.

The current C-TPAT categories that CBP assesses for their private sector business partners are:

- Validations of the business's supply chain security programs
- Conveyance Security - container and transportation venue security
- Physical Access Controls - as to the products/materials points of origin through the supply chain to the final destination
- Personnel Security - identity verification
- Procedural Security - seals, manifests, documentation, etc. the US distribution locations
- Physical Security - Site security from point of origin to the US distribution locations
- Security Training/Threat Awareness - for members and their business partners
- Information Technology Security - intrusion prevention and mitigation

Advantages accruing to businesses that become C-TPAT members are:

- FAST lane processing at U.S. land borders resulting in shorter border wait times
- Reduced number of CBP examinations with priority processing (front-of-line) if selected for inspection
- Availability of examination exemptions from Stratified Exams (SEs)
- Eligibility for participation in U.S. Food and Drug Administration supply chain security programs

- Recognition benefits of already being supply chain security compliant by foreign customs administrations that have Mutual Recognition Agreements (MRA) with the U.S. To date MRAs include the UK, EU, Canada, Mexico, Japan, Korea and Israel

The comprehensive evaluation and updating of C-TPAT that CBP began in 2017 should conclude by this summer with an anticipated expansion of categories covered and an increase in the types of business operations that qualify for C-TPAT coverage. It remains to be seen which of the additional topics under current discussions will be considered by the C-TPAT program. The current Administration's emphasis on trade coupled with supply chain and border security should be sufficient emphasis for any government changes in the areas of supply chain security for imports/exports programs to be fully implemented this fall.

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