



## **MASTER CUSTOMS SPECIALIST (MCS) COURSE**

### **Part 8: Management | Module 24: Trusting Trader/Security**

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#### **INTRODUCTION**

The Customs Trade Partnership Against Terrorism (CTPAT) is a joint U.S. government-business initiative to build cooperative relationships that strengthen overall supply chain and border security. CTPAT recognizes CBP can provide the highest level of security only through close cooperation with the ultimate owners of the supply chain, importers, carriers, brokers, warehouse operators and manufacturers. Through this initiative, CBP asks businesses to ensure the integrity of their security practices and communicate their security guidelines to all business partners within their supply chain.

In CBP's "Trusted Trader Framework Strategy," we learn that, "The strategy for a Trusted Trader framework is based on a continuum of activity providing a consistent level of engagement between the trade and regulatory government partners that demonstrates the highest level of commitment in practice to security, compliance, and partnership within the global supply chain. This is a trusted relationship that is articulated with trading and/or facilitative benefits, streamlining the global trading process, allowing focus and global attention on those that pose the highest risk."

Trusted Trader is an integration of the CTPAT and ISA programs into a consolidated program that includes supply chain security and trade compliance.

#### **Lesson 1: Goals**

The Trusted Trader program has the following goals:

- Streamline the process through which importers can establish that they strive to secure their supply chains and strengthen their internal controls for compliance with the laws and regulations administered or enforced by CBP.



- Encourage entities to take such actions through incentives not currently available to CTPAT and ISA participants.
- Strengthen security, identify low-risk trade entities and increase overall efficiency of trade by segmenting risk and processing by account.
- Leverage the Centers of Excellence and Expertise to manage trusted trader accounts from an industry perspective.
- Move toward a whole of government approach to supply chain security and trade compliance by strengthening collaboration between CBP and FDA and between CBP and CPSC.
- Align with authorized economic operator programs that focus on a combined trade and security compliance model implemented by other countries around the world.

## **Lesson 2: Trusted Trader Benefits**

Eight program benefits have been prioritized:

- 1) CTPAT portal development for Trade Compliance
- 2) For Reconciliation Participants – authorization to flag and unflag entries for reconciliation retroactively after the entry summary is filed up to 60 days prior to the date for which liquidation of the underlying entry summary has been set.
- 3) Penalty Mitigation/Offset (part of a CBP penalty mitigation decision)
- 4) Expedited Rulings
- 5) Release of Goods/Post Release Exams
- 6) CTPAT Defender (Identify Theft Program)
- 7) Exemption from random Non-Intrusive Inspections (NIIs)
- 8) Automation of Confidential Manifest Requests

Additional benefits include:

- (For FDA Importers) – Reduced FDA targeting/examination risk score
- CBP will reduce the number of Foreign Trade Zone (FTZ) on-site inspections.
- (For Drawback claimants) – exempt from on-site visits from Drawback Specialists, full desk reviews will be limited to no more than one per year
- Where a Chemical Abstracts Service (CAS) number is required for a chemical compound classified in chapters 27, 28, and 29 of the HTSUS, CBP will allow a quarterly submission of the CAS number, the use, and the description for the chemical compound in advance of the calendar year quarter.
- CBP will process Post-Summary Corrections (PSC) on unliquidated entries within a ninety-day timeframe.
- Ability to choose an exam location, other than the port of arrival



- If you file an entry in ACE for merchandise arriving by vessel in multiple containers and a portion but not all of the merchandise covered by that entry is selected for examination, you will receive a release message and will be allowed to take possession of all merchandise except the merchandise subject to further examination.

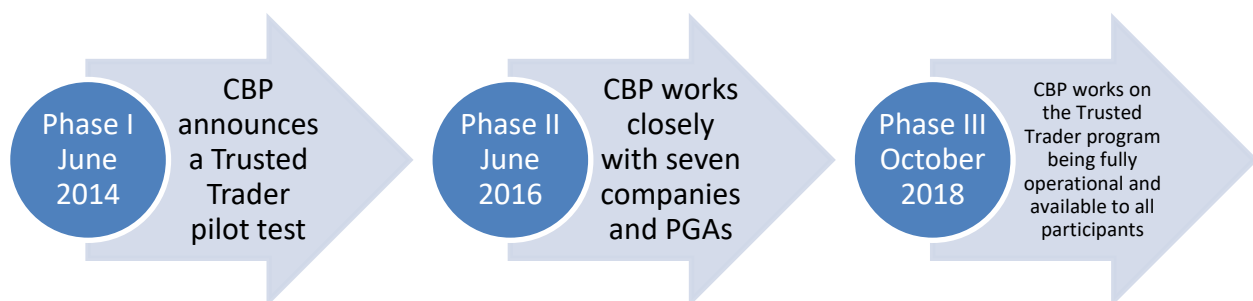
### Lesson 3: Implementation Phases

In CBP's Government Issue Paper about Trusted Trader released in February 2019, it was noted that, "**Phase I** (June 2014-June 2016) entailed the development of internal guidance, vetting and validation of the nine pilot participants, and concluded with the issuance of the Trusted Trader Validation Report and formal acceptance of seven pilot participants as Trusted Traders."

"**Phase II** of the pilot launched in June 2016. The focuses of this phase were to evaluate the current incentives with pilot partners to complete the development of the CTPAT Portal to accommodate Trade Compliance in addition to supply chain security."

"Currently in **Phase III**, the pilot participants began testing the trade compliance portal October 1, 2018. CBP operationalized Trade Compliance and began the transition of the seven Trusted Trader Pilot members. Current ISA members will be transitioned into Trade Compliance and the trade compliance portal once the program and portal are operational."

### Lesson 4: Timeline





## Lesson 5: Joining the Program

Once the Trusted Trader program is open to all companies who wish to apply, each company should consider the following:

- Enforcement risks
- Compliance history
- Prior audits
- Documented system of internal controls
- Financial reviews
- Corporate history, structure, and ownership

Current CTPAT/ISA participants will eventually be automatically transferred into the new program.

Current CTPAT participants (non-ISA) will be given the option to join the Trusted Trader program including the compliance portion or to remain CTPAT only.

If a company is neither a CTPAT nor ISA participant, it will be given the option to fully join the Trusted Trader program, to join CTPAT only, or to remain a non-participant.