

## C-TPAT Off the Rails

By Michael Laden

For those of you who know me, I was *once* one of the staunchest supporters and a cheerleader for the Customs-Trade Partnership Against Terrorism (C-TPAT) program. In fact, under the guise of the Commercial Operations Advisory Committee (COAC) and my former position at Target Corporation; I was one of the original architects of the program immediately following the attacks on September 11, 2001. But, as C-TPAT has graduated from adolescence into its teen years, the program has run astray and is in serious jeopardy of completely losing its way. Once hailed as one of the most successful private and public partnerships ever created, the word “partnership” has been blurred by U.S. Customs and Border Protection (CBP) and has lost its meaning. If an importer or exporter agrees to participate in the program, the “partnership” terminates there, right at that point. The rest has now become CBP dictating requirements and criteria that are in some cases absurd and completely over the top. This is especially true for the sector defined as small and medium sized enterprises (SME’s).



Which is a nice segue into my first critical point, CBP has done a horrible job of making C-TPAT accessible to the SME’s engaged in global commerce. Largely viewed as a program for the “big boys” C-TPAT is basically just that. Additionally, as C-TPAT has matured over time, CBP has raised the bar so high and the program has become so invasive and time consuming, that an average company simply cannot afford to participate. CBP needs to think more creatively about the SME’s and develop a more user-friendly throttled down version of C-TPAT that better fits the SME business model. CBP also needs to do a much better job of reaching out to and communicating with the SME community, not just about C-TPAT but in general.

And that brings me to my second point, limiting the number of attendees at a CBP C-TPAT Conference. Why would you do that? Any time that you have the ability to spread the word, interact with and entice companies into the program, why would you turn them away? Makes no sense at all! The same actually holds true for CBP’s very popular and always at capacity Trade Symposiums. As long as it’s a “break-even” for the government who cares how many people attend? Heck if necessary and the demand is there, events like this should be held at Staples Center in Los Angeles, or Madison Square Garden in New York; or in repetitive sessions at smaller venues. If you have a trade community that’s thirsty for knowledge, CBP should be capitalizing on this versus turning people away.

Perhaps this is one reason that C-TPAT new membership applications have become stagnant and membership growth has flat-lined or is declining. In fact, I am told but cannot confirm, that companies are resigning or turning away from the program in record numbers. In various “chat rooms” that I subscribe to, I see people all the time asking how they go about resigning from C-TPAT. Of course, they are concerned about retribution or the ramifications of such a decision; but increasingly there is evidence that senior management is becoming less tolerant of CBP’s wild demands.

The wild demands are primarily coming from the Supply Chain Security Specialists (SCSS), as they continually are pushing the criteria and requirements way beyond the limits. Early on in the design of the program, CBP was told that a “one size fits all mentality” simply won’t work and they wholeheartedly agreed. Yet today, many SCSS are literally trying to force the same exact set of criteria and requirements onto all companies, of all sizes. We see uniformity issues all the time in what the SCSS is requesting. In many cases when the request has seemed unreasonable I’ve told our clients to “push back”. The clients took our advice and CBP subsequently stood down, which tells me that they *knew* they were overextending. For example, one SCSS demanded the full names, home addresses, social security numbers and dates/places of birth for all officers of a privately held company. That’s not an eligibility requirement and after being challenged the SCSS withdrew his request. But the more important point here is that he *would* have collected this sensitive and private information (which then becomes somewhat of a liability for CBP) had the importer not questioned it. In another case that demonstrates they are not only overreaching, but still don’t understand the way business really works; a SCSS wanted to see a members escalation procedures for receiving shipments with anomalies. The importer produced a definitive and well-written escalation procedure that outlined the steps to be taken when issues are identified. The last step of course, was to escalate the matter to a company Senior Vice President (SVP). The SCSS then wanted to see the SVP’s escalation procedures. It was comical! SVP’s don’t have escalation procedures, that’s why they’re SVP’s! It sure seems much to the detriment of the program, that they’re just making it up as they go.

The bottom line is that SCSS’ are running amuck because they are poorly trained and no one seems to be monitoring their requests for legitimacy and uniformity. Furthermore, I can’t tell you how many reports I get from importers and exporters about unanswered e-mails and phone calls to their SCSS. I have great disdain for people who are placed in “account management” positions and exhibit poor communication skills. Not returning a legitimate call or e-mail is both disrespectful and inconsiderate; and it certainly is not indicative or demonstrative of a partnership.

And speaking about the void of partnership, let’s talk about C-TPAT Portal 2.0. What a train wreck it has been. What do you mean that all of the profile information contained in Portal 1.0 *cannot* be migrated into Portal 2.0? That’s a complete disservice to the trade community. How dare CBP just sit back and expect the C-TPAT members to completely reload the new system from scratch? Now that smacks of partnership, doesn’t it? How very inconsiderate of our precious time and precious resources.

The other area that CBP has languished on is developing some real tangible “meat-on-the-bone” benefits for the C-TPAT program. Not only to incentivize potential new applicants, but to reward continued membership. Congress is just as much to blame here too and over the years a number of suggestions have been put forward by the likes of COAC, major trade associations and the importing public at large. Yet despite these ideas and suggestions, few if any have come to fruition. At the end of the day it is CBP who should be driving those ideas forward.

At the risk of a self-serving comment, CBP really needs a good consultant to help them think out of the box and to really build C-TPAT into the credible and meaningful program it should be. In some circles, I have been previously referred to as the “Father of C-TPAT”. Well, if that really were true, at this juncture I’d be putting this child up for adoption!

Let’s face it, C-TPAT and the other supply chain security regimens developed and administered by other customs agencies around the world have been a huge boon for those customs agencies; not so much for the private sector or trade community. Today, as a direct result of these programs customs agencies, and

most notably CBP, enjoy much better visibility, control and insight into today's modern supply chain. In CBP's case though, scope creep has resulted in C-TPAT becoming just as draconian and dogmatic as many other CBP programs. The requirements have simply become a significant burden and the word "partnership" has long been forgotten; and that's really too bad.

