C-TPAT Best Practices

Balancing Supply Chain Security and Economic Efficiency

Best Practices Workshop 2010

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Best Practices Overview

- Best Practices Defined
- The Role of Best Practices in the C-TPAT Program
- Resources available to C-TPAT Partners
- Tier Status
- Examples of Current Best Practices
- Questions/Discussion

C-TPAT Best Practices Defined

- Innovative security measures that exceed the C-TPAT minimum security criteria and industry standards
- Include a high level of management support system of checks and balances, written and verifiable policies and procedures
- Incorporate technology, efficiency, effectiveness
- Serve to enhance the overall security of the international supply chain

Role Best Practices Play

- Method by which C-TPAT partners can gauge the effectiveness of their security programs
- Sharing of best practices allows companies to see how they "measure up" to peers
- Lead to setting new standards and "raising the bar"
- Enhance the security of international supply chains
- A contributing factor in determining Tier status and related benefits (currently in place for importers and moving towards implementation for non-importers)

C-TPAT Best Practices Resources

- 2006 Supply Chain Security Best Practices Catalog
  - Best practices gathered since program's inception until 2006
  - Identified before the implementation of minimum security criteria
- 2009 Best Practices Pamphlet
  - Outstanding examples of best practices identified from 2006 to 2009
- 2009 Best Practices Addendum
  - Collection of new and updated best practices from 2006 to 2009
- 2010 Best Practices Handout
  - Examples of best practices for non-importers identified in 2009

Importer Tier Status

- Company has been successfully vetted
- Partner provided with targeting score reductions resulting in fewer discretionary cargo examinations – score reduction dependent on current Tier status
- Expedited cargo processing at the border and/or port
- Currently have 3 Tier levels for importers
  - Tier I = certified – application reviewed and approved
  - Tier II = certified, validated – company visited, confirmed meeting MSC
  - Tier III = certified, exceeding – company above MSC standards

Importer Tier III Status

- Tier III achieved if going above minimum security criteria with minimal to zero recommendations and many best practices
- Continually developing new benefits for Tier III importers – moving towards revalidations every 4 years in 2010
- Tier III is evaluated during each validation – need to maintain Tier III throughout all supply chains – may be reduced back to Tier II if not maintaining uniform standard
- In addition a company may also upgrade on a revalidation – always have ability to reach Tier III

Development Tier Status

Non-Importer entities

- Currently only provide Tier levels for importers
- Moving towards developing Tier level system for non-importer entities
- Future meeting with trade community to discuss best practices for each entity/industry
- Once define a base standard and best practices for going above the industry standard then will develop Tier III level for the non-importer environment
- Possible development of benefits for the non-importer environment

Best Practices
Importer

- Risk assessments done by an internal/external party – unbiased and robust
- Bi-annual visits to and yearly audits of all business partners – partner must be meeting MSC standards and if deficiency found must submit action plan for correction – follow up on actions plan/site visit
- Security expert based in all countries import from to ensure all partners in compliance with security and company policies

Best Practices –
Foreign Manufacturer

- Unannounced security audits of highway carriers
- Random/unannounced escort of shipment from point of stuffing to final destination
- Clean desk policy – 2 daily patrols by security to ensure all documents, computers, keys, cell phones secured

Best Practices –
Canadian Highway Carrier

- Wireless panic button in conveyance
- Training exercises – hiding fake bundles/contraband inside conveyance/container to ensure inspection completed
- Site visits – yearly mandatory documented site visits to all business partners to ensure following security procedures/trailer inspection procedures etc.

Best Practices –
Mexican Highway Carrier

- Use of range finder or other measuring tools to help perform conveyance inspections
- Highway carrier has ability to shut off engine remotely in event of route deviation/lost contact with driver
- Warning report – driver may fill out and give to CBP Officer if believe something wrong with shipment, or company may fill it out and fax to CBP before shipment arrival at border

Best Practices –
Long Haul Carrier

- Designated time spots – driver must report back time at each specific area along route
- Random inspections – upon exiting facility with load will pick a colored ball – if pull red ball go through intensive exam of conveyance, personal belongings, documentation and saliva test for drugs/alcohol
- Risk assessment – ask drivers to take part in determining risk in supply chain based on their route – ideas to achieve greater security

Best Practices –
Air Carrier

- Use of color coded seals to assist in integrity of shipments
- Rotation of security guards monitoring CCTVs – prevent eye fatigue, internal conspiracy
- Hotline available 24/7 for incidents, suspicious activity, anonymous

Best Practices –
Rail Carrier

- Jump teams/mobile response coordinated to ride with train in “high risk zones”. If train is to sit then will set up perimeter around train
- Fusion center to handle daily Intel/risk analysis for train routes – base heightened security on threat level in region
- Mobile training team to train police (Mexican or Canadian) – perform roving patrols throughout Mexico/Canada

Best Practices –
Sea Carrier

- Utilize a CO^2 detector to detect human smuggling in containers
- Utilize Optimum Routing Guide (ORG) system – selects best routing for shipment – if shipper requesting different route the system alarms and referred to management
- Use of divers to search bottom of ship in anchorage before in port and after leave port

Best Practices –
Port Terminal

- Hydraulic barrier – hydraulic barrier engaged during heightened alert at port – 3’ high spikes to prevent entry/exit from port
- Terminal Operating System – checker inputs container/seal numbers during offloading which in real time verifies against manifest – any discrepancy noted and investigated immediately
- All containers go through x-ray and radiation portal during offloading of ships

Best Practices –
Broker

- Monthly newsletter – sent to business partners with updates on C-TPAT and security incidents around world
- Webinar training for partner on C-TPAT updates, conveyance inspections, security
- In depth business partner screening – need IRS number, complete C-TPAT security questionnaire, credit references, site visits, all information completed and verified at least three months prior to conducting business

Best Practices –
Consolidator

- Photos of containers being loaded kept for two months on hard drive – then transferred to disc for infinite amount of time in case of investigation
- Weekly audit of all cargo in facility with cross reference against all documentation
- Visitor/vendor information entered into an electronic system with index fingerprint

Best Practices –
Third Party Logistics Provider – 3PL

- Biometric hand reader for employee access
- Maintain own inspections - where assets are rented/leased/contracted maintain own audits/inspections of buildings and conveyances etc.
- Require business partner to supply security information on partners the 3PL not in direct contact with – ensure supply chain secure – meeting C-TPAT criteria

In Summary…

- Continually evolving dependent on terrorist risk, current industry standards and latest available security technology
- Assist other companies in securing the global supply chains against potential compromise
- Catalogs and related publications allow for sharing of information within C-TPAT community, leads to benchmarking/performance measurements process
- C-TPAT remains dedicated to working with business sectors to continually identify and update the best practices and develop Tier system for all entities

2010

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