



Doing Business Post 9-11: Partnerships between Customs and Trade

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As a result of the tragic terrorist events in New York, Madrid and London, governments worldwide have made the fight against terrorism one of their top priorities. Until 2001, supply-chains were arguably one of the most vulnerable elements of the global commercial infrastructure. It is important to note that all three major terrorist events of the new millennium involved modes of transportation.

In the days after 9/11, the extensive delays caused by increased inspections at the US border forced Customs to realize that, short of checking inside every box that crossed the border, there was no way to single-handedly reduce the risk of terrorists subverting the global supply chain effectively.



US Customs quickly realized that the only way they could efficiently reduce the threat of terrorists subverting international supply-chains was to build partnerships with the owners of the supply-chains themselves, and encourage every firm, each representing a link in the chain, to develop concrete policies to improve security with Customs' help. With this in mind, US Customs developed the Customs-Trade Partnership Against Terrorism (C-TPAT).

Similarly, the Canada Border Services Agency (CBSA) developed its own program, known as Partners-in-Protection (PIP). PIP is similar to C-TPAT in its functioning, intent and purpose.

The key concept behind both these programs is that businesses are granted expedited clearances by Customs in exchange for securing their supply chains.

The Costs of Unrecognized Security: Uncertainty and Unpredictability

In our global economy, where lean supply-chains are the panacea of competitive advantage, the world's borders become the biggest impediment to predictability and certainty when doing business internationally. Firms must now be recognized as secure by Customs in order for their goods to cross borders quickly and efficiently, if at all. C-TPAT and PIP are two programs that allow firms to be recognized as secure corporate "good-citizens" by all those with whom they do business.

The Costs of Participation

The requirements of C-TPAT and PIP are reasonable and logical. Most companies will find that they already have most of the minimum-security requirements of these programs already in place.

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The Benefits of Participation: the FAST Lane

For participants in PIP and C-TPAT, access to the Free and Secure Trade (FAST) lanes are the reward of membership. FAST lanes are segregated lanes reserved for PIP/C-TPAT participants. These dedicated lanes allow a FAST-certified truck driver, employed by a PIP/C-TPAT certified carrier, carrying a PIP/C-TPAT certified importer's load, the ability to clear the border in an expeditious manner by simply submitting one barcodes for each of the three participants (i.e. three barcodes in all).

Participants also get reduced inspections and front-of-the-line treatment when inspections are necessary. The combination of reserved FAST lanes and reduced and expedited inspections contribute substantially to reducing the uncertainty and unpredictability associated with crossing the border.

Collateral Benefits: Secure Supply Chains are Efficient Supply Chains

The bottom line: improved supply chain security and risk management increase competitive advantage. Supply chain security should not be considered a cost center with impossible to measure ROI. The fact is that a secure supply chain is a more efficient supply chain.

In a May 2004 IDC survey, more than half of respondents cited the following as "major benefits" of good supply chain security: reduced cost, preserved brand integrity, improved supplier relationships, and increased supply chain velocity. A newly implemented security framework will increase supply chain efficiency, responsiveness, and resiliency.

To read more about the collateral benefits of Supply Chain Security, please refer to the studies linked below:

[Innovators in Supply Chain Security: Better Security Drives Business Value](#)

Stanford University Study sponsored by The Manufacturing Institute
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[Impact Des Nouvelles Procédures Douanières en Matière de Sécurité et Participation au Programme Volontaire de Lutte Contre le Terrorisme \(C-TPAT\)](#)

(Available in French only at this time)

Jolicoeur and Associés for the Quebec Minister of Economic Development, Innovation and Exportation and the Quebec Minister of Agriculture and Fisheries.
February 2006

[Global Movement Management: Securing the Global Economy](#)

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