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# Assessment of Customs-Trade Partnership Against Terrorism (CTPAT) Program

Project Report

Released May 2021

## The Borders, Trade, and Immigration Institute

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Contact
Email: bti@uh.edu
Website: www.uh.edu/bti/
Twitter: @bti_uh
LinkedIn: Borders, Trade, and Immigration

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# CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM (CTPAT)

## Program Assessment

This study was conducted by the team at CT Strategies, including Allen Gina, Andrew Farrelly, Shawn Beddows, Ronald May, Brett Laduzinsky, Maya Cotton, and Natalie Strauber. Gayle Vogel, Vice President and Senior Analyst at Edge Research, executed the survey questionnaire, aggregated, analyzed, and presented the data.

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## Consultants

The project was overseen by the team at CT Strategies. CT Strategies is a consulting firm that provides strategic services to clients seeking innovative insight, advisory services, and technology applications to address border management, supply chain, and port operation challenges in the United States and around the world. The CT Strategies team understands the interconnected security and economic needs of the public and private sector as passengers, cargo, and conveyances move throughout the world. Gayle Vogel, Vice President and Senior Analyst at Edge Research, executed the survey questionnaire, aggregated, analyzed, and presented the data in a digestible format.

## CTPAT Program Member Participants

This study was made possible thanks to the 3,279 CTPAT Members who participated in this assessment from a variety of industries. Beyond completing a lengthy survey, many made the extra effort to provide valuable additional comments and notations. All those comments were reviewed and integrated into this assessment's findings.

## BTI Institute

The Borders, Trade, and Immigration (BTI) Institute is a DHS Center for Excellence led by the University of Houston.

Inquiries may be directed to:

Kurt L. Berens, Executive Director, BTI Institute, University of Houston 4730 Calhoun Rd., Rm 385, Houston, TX 77204

Phone: 713-743-7892

Email: kberens@central.uh.edu

# EXECUTIVE SUMMARY

## Assessment Overview

This assessment of the U.S. Customs and Border Protection (CBP) Customs Trade Partnership Against Terrorism (CTPAT) Program was conducted by CT Strategies, a global border management consulting firm with significant prior experience and subject matter expertise in Authorized Economic Operator Programs including CTPAT. The University of Houston (UH) – Borders, Trade, and Immigration (BTI) Institute, a Department of Homeland Security (DHS) Center of Excellence (COE), supported the work of the CT Strategies team.

The assessment had four primary objectives:

- Obtain informational assessment of perceptions of the CTPAT Program
- Evaluate the CTPAT Program to identify challenging areas and suggestions for improvement
- Identify cost-benefit enhancements for industry members and the CTPAT Program
- Establish new or build upon existing Program performance metrics

The following data sources were leveraged in the process of pursuing these objectives:

- An online Survey of the CTPAT Program Members across all enrollment sectors
- Interviews with a sample of CTPAT Program Members
- Interviews of current CTPAT field leadership and Supply Chain Security Specialists (SCSS) across all field offices, and staff at select CBP Ports of Entry
- CTPAT Program publications, manuals, reports, and available trade data related to the Program
- Open-source literature on the CTPAT Program

## Methodology Overview

The online survey of CTPAT Members was the most substantial source of information. A professional survey research consultant was enlisted to help design, distribute, and collect responses from the survey, while CT Strategies' subject matter experts (SMEs) developed the majority of the questions. Pre-survey interviews were conducted with a sample of CTPAT Members to validate the questions. Of the more than 11,000 current Members (exact Membership numbers fluctuate due to Program process requirements), 9,907 contacts were given the opportunity to take the 70-question survey (covering issues including, but not limited to, Program history, validations, revalidations, and the impacts of COVID-19). The average time to complete the survey was 31 minutes. While membership consists of more than 11,000 companies, many of those companies are Members under different legal entities and utilize the same points of contact to manage their multiple CTPAT accounts. Therefore 9,907 points of contact represent the entirety of the CTPAT membership. Of this total, 3,279 (33%) completed the survey. Thousands of free-form responses to open-ended questions were also collected and utilized from the survey.

Additionally, the CT Strategies Project Team (the "Project Team") also interviewed 34 CTPAT field personnel, distributed in relatively even proportion across all 6 CTPAT field offices, representing 24% of the relevant CTPAT field workforce. Staff at select CBP Ports of entry were also interviewed regarding their interaction with CTPAT. All interviews were conducted virtually, totaling 28 hours of interview time.

Furthermore, various open-source literature was reviewed, such as Government Accountability Office (GAO) reports, industry publication articles, and CBP publications. The CBP CTPAT Office also furnished the Project Team with relevant, anonymous trade data.

# Introduction to CTPAT

## Program Description

The Customs Trade Partnership Against Terrorism (CTPAT) Program was established in 2001 in the wake of the 9/11 terrorist attacks. CTPAT is an integral component of U.S. Customs and Border Protection's (CBP) layered enforcement strategy, which takes a risk-based approach to supply chain security. CTPAT Program Members agree to adhere to supply chain security practices consistent with established Minimum Security Criteria (MSC), as well as grant CBP the authority to periodically validate their security practices.

CTPAT has become one of the largest public-private partnerships to enhance supply chain security in the world, with more than 11,000 Members. Current membership is comprised of long-haul Highway Carriers, Exporters, Customs Brokers, Consolidators, Highway Carriers, Importers, Rail Carriers, Air Carriers, Marine Port Authority and Terminal Operators, Sea Carriers, Third Party Logistics Providers (3PLs), and Foreign Manufacturers.

Membership in the CTPAT Program is voluntary and free, although there may be costs associated with meeting requirements for Program participation, such as making additional investments in security along the supply chain. In addition to identifying and strengthening organizational security vulnerabilities and partnering with the U.S. Government to combat terrorism, Members may enjoy a variety of advertised benefits including:

- Reduced number of CBP examinations
- Front of the line inspections
- Possible exemption from Stratified Exams
- Shorter wait times at the border
- Assignment of a CBP Supply Chain Security Specialist (SCSS) to the company
- Access to the Free and Secure Trade (FAST) Lanes at land borders
- Access to the CTPAT web-based Portal system and a library of training materials
- Possibility of enjoying additional benefits by being recognized as a trusted trade partner by foreign Customs administrations that have signed a Mutual Recognition Agreement with the United States
- Eligibility for other U.S. Government pilot programs, such as the Food and Drug Administration's Secure Supply Chain Program
- Business resumption priority following a natural disaster or terrorist attack
- Importer eligibility to participate in the CTPAT Trade Compliance Program, formerly known as the Importer Self-Assessment Program (ISA)
- Priority consideration at CBP's industry-focused Centers of Excellence and Expertise

### Minimum Security Criteria

To become an approved member of the Program, companies must meet the Minimum Security Criteria (MSC). This varies by entity type, but in general, eligible participants must be in good standing with CBP and have no outstanding violations or history of serious incidents. They must also document and show proof of MSC spanning 12 categories:

- Security Vision & Responsibility*
- Risk Assessment
- Business Partners
- Cyber Security*

- Conveyance and Instruments of International Traffic Security
- Seal Security
- Procedural Security
- Agricultural Security*
- Physical Security
- Physical Access Controls
- Personnel Security
- Education, Training, and Awareness

*New MSC as of 2020

## Certification Process

Applicants make a written declaration of how they are meeting the MSC through the completion of the security profile. Once the security profile has been approved by the SCSS, the company becomes certified, and a validation is scheduled. The validation is the process of verifying that the declarations made in the security profile are in place throughout the company's supply chain.

The findings of the validation are captured in the CTPAT validation report, which is generated through an automated process in the CTPAT Portal. The Validation Report is completed by the SCSS and documents MSC that have been either satisfied by the company or should be addressed further. The SCSS provides recommendations for addressing deficient areas. Companies receive the validation report through the Portal, where they are also required to respond to any actions required and recommendations before the company can be granted the status of being a "validated" Member.

Upon certification, CTPAT importers and exporters are granted Tier I status, and after validation, can ascend to Tier II or Tier III status based on their approach to ensuring supply chain security. The risk assessments that CTPAT Member Importers and Exporters undergo in CBP's Automated Targeting System (ATS), further decreases the likelihood that shipments will be examined upon entering U.S. ports. This benefit can only be extended to Importers and Exporters due to restrictions of the ATS system.

Although there are many benefits for Program membership, the CTPAT Program has faced criticism for lacking a means and process for collecting data in a variety of areas. There is a need to assess and better understand Member perceptions of the Program, identify tangible and intangible costs and benefits that their organizations experience because of Program membership, identify areas for improvement and obtain suggestions for improving the Program, and assess and improve upon existing Program performance metrics.

## CTPAT within the Overall CBP Organization

The Program is administered by the CTPAT office which is located within the Office of Field Operations (OFO), Cargo and Conveyance Security Directorate (CCS). The primary CTPAT workforce consists of SCSS, whose responsibility is to manage their portfolio of companies. SCSS are responsible for reviewing membership applications, vetting, reviewing/approving security profiles, conducting (re)validations, collecting evidence of implementation, identifying actions required and best practices, making recommendations, drafting reports, and serving as a liaison between Members and CBP.

While CTPAT falls under OFO, the Program operates independently from CBP Officers assigned to process trade and travel at Ports of Entry and has its own independent chain of command and management structure. There are six CTPAT field offices managed by Field Office Directors who report to the CTPAT headquarters office and the Program Director.

### Voluntary Program

The SAFE Port Act of 2006 further established protocols for and authorities of the CTPAT Program, such as those regarding the resumption of trade after a security transportation incident. However, it is important to note that the CTPAT Program remains non-regulatory, meaning it does not have the force of law. The merits of this status have been a point of debate throughout the Program's existence.

While a lack of regulations has allowed the Program to exercise flexibility and adaptability for its membership, it has also sacrificed a level of consistency in both the administration of the Program's MSC and in its validation/revalidation activities. A common critique is the Program "lacks teeth" and needs such regulations. However, the majority consensus still favors a flexible approach.

## Perception of the CTPAT Program

**Summary and Analysis of Key Survey Findings**

### Program Benefits Outweigh Costs

About half of the survey respondents reported that the benefits of participation in CTPAT outweigh the costs, while another 3 in 10 reported the costs and benefits are equal. Time and resources spent meeting CTPAT requirements are the primary "cost" cited. It is clear that some entity types in the Program realize benefits more than others and, therefore, can more easily measure costs against those benefits. Highway Carriers directly benefit from access to FAST lanes which is a valuable, direct benefit that provides predictability and improves their operational efficiency. Importers also gain from visible and tangible benefits of reduced risk in ATS, which also provides predictability in their supply chains.

Sea Carriers, most recently, benefit from having access to the Advanced Qualified Unlading Approval (AQUA) Lane which allows low risk Sea Carriers in the CTPAT Program to formally unlade their cargo prior to CBP meeting the vessel, adding predictability in their supply chain. Reduced processing time translates to cost savings for these CTPAT entity types.

### Tangible and Intangible Benefits Drive Participation in CTPAT

Several CTPAT benefits rise to the top as important drivers of joining and continuing with the Program. These include both tangible and intangible benefits.

All Member types realize the following benefits:

- Reduced disruptions in supply chain
- Potential to be received as "trusted" by foreign customs administrations
- Demonstrates good corporate citizenship
- Makes the company more competitive
- Enhances standards within the industry
- Enhances brand reputation
- Meets expectations of business partners, whether contractually obligated or not

### Different Priorities by Member Type

**Highway Carriers** assigned more value to:

- Contractual eligibility to work with Importers and other carriers via Program membership
- Access to the Free and Secure Trade lanes (FAST)

**Importers** assigned less value to intangible benefits, and more value to:

- Reduced exams
- Reduced targeting
- Front of the line privileges at U.S. Ports of Entry

It is clear that Members find many of the less quantifiable benefits to be important and a valuable aspect to their membership. If Members value these benefits, then CTPAT should find a way of measuring or at least leverage this sentiment to better drive Program marketing, communication and process change decision making. Members indicate that CTPAT membership makes their company more competitive, but how should that be measured? Can companies quantify their profitability before and after joining the Program? If so, such data would be incredibly valuable for CTPAT.

### Marketing Benefits

By focusing resources and messaging on the most important drivers of participation, CTPAT can improve the experience for Highway Carriers. Benefit areas valued most highly by Highway Carriers include access to FAST lanes and business resumption priority following a natural disaster or terrorist attack. Several areas where Highway Carriers felt the CTPAT Program was delivering on benefits included: contractual eligibility to work with Importers and other carriers via Program membership, reduces disruptions to the supply chain, makes your company more competitive, and potential to be recognized as "trusted" by foreign Customs administrations.

Historically, CTPAT has promoted its benefits in a one size fits all format. The CBP webpage for CTPAT lists the top benefit as "reduced number of CBP examinations." This benefit only directly applies to Importers. This marketing format may give potential members the wrong idea. The Project Team recommends CBP address this by recognizing that membership benefits vary significantly across entity types which should be more accurately reflected in Program promotional material and outreach.

### Member Continuity with the Program Is Strong

A large majority (83%) of current Members have not considered leaving the Program which is a testament to the value of CTPAT. Although, it is important to recognize that leaving the Program for many companies is not a reasonable option because of the collateral impact that would occur. Highway Carriers, for example, are effectively bound to their membership as many of their Importer business partners contractually require them to be CTPAT certified. A Highway Carrier that is not realizing Program-offered benefits, such as FAST lane efficiencies, may still stay in the Program to realize business benefits with Importers. Leaving CTPAT could have a catastrophic effect on their bottom line. Highway Carriers stand to lose the most business by leaving the CTPAT Program, making them the least likely to discontinue their enrollment.

### Newer Members are More Likely to Track/Measure Program Benefits

Two-thirds of surveyed companies indicate their company actively tracks the CTPAT Program's benefits to the company. This phenomenon is more common (8 in 10) among Highway Carriers, Foreign Manufacturers, and those newer to the Program (<3 years). It is likely that companies who are newer Members of the Program are more incentivized by the business case for CTPAT and therefore actively try to justify their return on investment. Early adopters of CTPAT were often motivated by patriotism and corporate citizenship, but as the events of September 11, 2001, become more distant, newer Members are focused on the Program's tangible value. Nearly two decades after the launch of CTPAT, Members are still seeking a standard set of metrics.

## Loss of Business if Companies were No Longer in CTPAT

Highway Carriers were the most likely to report that they stand to lose the most business if they were to leave the CTPAT Program. Importers were the least likely to report that they would lose substantial business if they were not in the CTPAT.

The US/Canada and US/Mexico borders and supply chains create a unique business situation which affects Highway Carriers more than any other entity type in terms of CTPAT status. Due to the automotive business primarily, Highway Carriers typically are subject to contractual requirements mandating that they are CTPAT certified Members. For the Importers involved, this level of predictability in their supply chains supports their just-in-time inventory processes. While Highway Carriers and Importers are linked, Importers do not run the same risk as Highway Carriers because they commonly leverage a multitude of individual contracts with a variety of Highway Carriers.

## CTPAT Requirements are Necessary but Present Challenges

The process from validation to ongoing compliance and revalidation is seen as necessary yet challenging. More than 70% of respondents report that the validation/revalidation is somewhat challenging, while 13% indicate that it is the single greatest challenge they face.

Physical security improvements, personnel hours, and costs associated with validation and ongoing compliance are top pain points. Twenty-five percent (25%) of surveyed companies report that physical security improvements represent "substantial costs."

## SCSS Receive High Marks

SCSS are viewed as professional, responsible, and knowledgeable. The fact that the majority of the SCSS workforce has been in place for at least a decade or more is likely a contributing factor to its positive image. Most SCSS have conducted hundreds of validations/revalidations around the globe. The current level of contact with the SCSS is "about right," as indicated by 86% of Member respondents, although open-ended comments did produce some discrepancies to this data point.

## Moderate Satisfaction with Web Portal

Most respondents are moderately satisfied with the Web Portal and find it does an acceptable job as a repository for documentation and information, and as a means to communicate with the SCSS. Moderate satisfaction should not be an acceptable level of success for the CTPAT Program. While respondents indicated that the Portal serves as a tool for communication and housing Program information, there is no alternative. The Portal is the only mechanism which supports such processes; therefore, it is incumbent upon the Program to ensure that the Portal is designed and utilized in a way which delivers maximum efficiency and functionality for both government and industry users.

## Members are Open to More Technology in the CTPAT Process

As companies have been forced to reduce travel and in-person meetings and conduct more business online, CTPAT Members see a bigger role for virtual site visits and the use of technology in the CTPAT compliance process even after the COVID-19 crisis is over. The pandemic has had a major impact on the CBP's ability to administer the CTPAT Program as it relies heavily on in-person, physical site visits to ensure companies are complying with CTPAT MSC. While Members indicate their openness to more technology, will CTPAT embrace such a change? Interviews with CTPAT field office personnel identified that the majority of SCSS believe that validations need to be conducted in-person. Even if there are effective technology solutions which could support more virtual validations, it is clear that the Program would require a complete paradigm shift in how it approaches the validation process.

# Evaluation of the CTPAT Program

## Key Findings and Recommendations Overview

While survey respondents expressed overall satisfaction with the CTPAT Program (83% indicated they will not consider leaving the Program), many improvements to various Program components were noted and should be considered.

### Improvement Highlights

- Promote unofficial benefits and individualized benefits by entity type
- Continue to improve program-wide consistency through policy, communication, and technology
- Provide increased, improved, and more frequent training/interactions for CTPAT officials, CBP stakeholders and industry partners
- Develop and collect program data to accurately evaluate the Program's progress and set a potential foundation for the development of return on investment (ROI) metrics for Members

## Program Administration

### Supply Chain Security Specialists

Supply Chain Security Specialists (SCSS) are the frontline CBP Officers of the CTPAT Program. They provide Members with a point of contact, conduct validations, review security profiles, and execute the administration of the Program in the field. There are 114 SCSS stationed across 6 field offices and a total of 153 staff when including supervisors, field office directors, and headquarters staff around the U.S. and DC headquarters.

Overall, SCSS were graded quite favorably by the Member survey respondents. In response to the statement "Your SCSS is responsive to your requests in a timely manner," 91% of those surveyed said that the statement describes their experience "well" or "very well." When asked if their SCSS "answers your questions to your satisfaction," again 91% answered that describes their experience "well" or "very well." When the survey asked if their SCSS was "knowledgeable about your industry," 87% that replied described their experience "well" or "very well."

Despite these generally high rankings for SCSS, there were some concerns expressed by Members about their SCSS, primarily regarding a lack of consistency in their approach to validations and a lack of knowledge about Members' industries. Though overall, SCSS are viewed as professional, responsible, and knowledgeable.

### Communication

Members value an assigned SCSS as it creates an established point of contact with not only the CTPAT Program, but more broadly with CBP and the US Government. Still, some participants commented that they would like more communication with the Program. Besides more frequent communication from the assigned SCSS, Program participants seek greater communication from CTPAT headquarters, more Program instruction materials, and additional training.

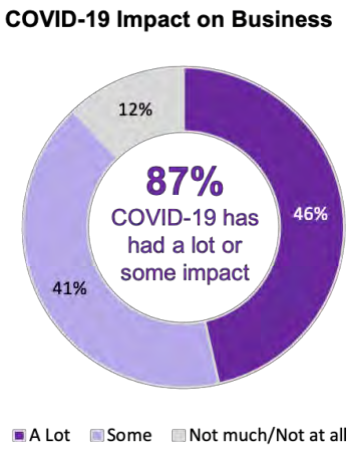
Other suggestions by Program Members for improvements in communications include an increase in seminars and webinars, additional training opportunities, the establishment of CTPAT workgroups or advisory boards to allow direct communication with specific industries, a regular newsletter from field offices or headquarters, and additional CTPAT conferences.

Many of these same issues were raised from within the Program during the field office and port interviews. Staff mentioned the need to improve communication between headquarters and the ports, indicating that there is no formal process in place to create an effective dialogue. CBP port stakeholders identified several areas where communication is far from sufficient. Most ports do not have CTPAT Program officials nearby, nor do they have a single point of contact into the Program.

### Impacts of COVID-19

Overall, 87% of survey respondents said the pandemic has had at least "some" impact on their business, with 46% saying it had "a lot" of impact. Seventy-five percent (75%) of Members surveyed foresee travel reductions over the next 12 months within their companies, which can have a negative impact on things like internal and partner audits. Forty-five percent (45%) foresee challenges to operations given reducing budgets. Concerns about continuity of business operations, retaining staff, and adopting and implementing new technology also exist amongst membership surveyed.

*Figure 1. COVID-19 Impact on Business*




The timing of the pandemic impacted perceptions of the New MSC rollout, with nearly one-third of survey respondents saying it is "Not the right time for the New MSC due to COVID-19." Some of the respondents added comments that COVID had put a strain on their resources and preparing for the New MSC was a major additional challenge.

## *Recommendations Related to Program Administration*

### *SCSS Training*

Beyond greater Program-Member communication and technology advancements, the Project Team offers recommendations regarding SCSS training and staffing. The fact that the Program is not regulatory and allows for flexibility in gauging compliance with Program requirements is largely viewed as a positive. This allows for companies of various types and sizes to be assessed case-by-case. However, it also allows individual perceptions and influences of SCSS to factor in. As SCSS are hired from different disciplines within CBP (CBP Officers, Import Specialists, headquarters positions, and even K-9 Officers), it creates diversity in experience and knowledge, but also impacts how an SCSS performs their job.

While there is some organized training at CTPAT headquarters and assignment to a more experienced SCSS for "on the job" training, there is currently no formal academy with standardized training for novice SCSS to attend. While it is important that the CTPAT Program remain flexible and responsive to the different needs of its Program membership, a more formalized training for SCSS personnel during their initial hiring and on a recurring basis would benefit the Program. Additionally, having training courses led by industry experts themselves (e.g., maritime, aviation, auto industry, retail), would provide additional expertise to the SCSS, and enhance the administration of the Program MSC and assessment of security profile compliance.

Field office and port interviews also highlighted the need for a more robust training regime. Training was identified as an area where improvement is needed. Staff did state that since the pandemic began, there has been a significant increase in training, but also HQ level training historically has been minimal. Staff indicated that more formalized training from companies could be very informative, allowing specialists to get a better picture of supply chain operations and responsibilities. There was an overwhelming indication that more awareness/training about CTPAT is needed noting that at the officer level, there is

not a high level of understanding about the Program. This does vary from port to port and with various management levels in those ports, but a need for more awareness/training was highlighted.

### *SCSS Staffing Model*

As noted above, there are currently 114 SCSS who collectively manage over 11,000 Members. While the staff remains capable and continues to meet statutory requirements for Program timeline deliverables, there are budget challenges to consider. As CTPAT membership continues to grow, there will likely come a point where the ratio of SCSS to Members becomes less manageable unless the CTPAT staff numbers increase relative to the membership.

CBP may want to consider alternative strategies which leverage CBP assets from outside the CTPAT Program. One such strategy that could augment SCSS personnel while minimizing budget impact would be to have local CBP Officers or Import Specialists from the area of a domestic validation site support CTPAT validation by serving as the second member of the validation team. This tactical approach would reduce the CTPAT validation human capital and travel expenditures by up to 50% and simultaneously add insight from the local area of operations that the SCSS may lack, while at the same time educating and creating Program awareness for other CBP stakeholders.

This same strategy could be expanded internationally by leveraging CBP's extensive Container Security Initiative (CSI) and Preclearance network of personnel to supplement CTPAT validation teams conducting foreign site visits.

### *Training Curriculum Development*

Both Program Members and SCSS cited the need for more training and information sharing, particularly in the following areas:

- Training for SCSS to provide more consistent (re)validations, *requested by both SCSS and Members*
- Industry training for SCSS to better understand the unique industries and business models of the Members they manage, *requested by both SCSS and Members*
- Standardized, academy-style training for SCSS
- Periodic training on the latest developments in security technology for SCSS
- Bidirectional training for SCSS and CBP Port staff to better understand each other's operating environments*, requested by both SCSS and Port Staff*
- Members consistently requested more information about security best practices in their industry

Further inquiry with Members and SCSS would allow CTPAT to create the foundations for training guides and curricula.

### *Remote Communications*

SCSS personnel state their workloads prevent them from contacting all of their assigned Member companies on a regular basis. Typically, extensive travel by SCSS has also been an obstacle to their ability to have greater contact with Members. However, as travel has been significantly cut back during the pandemic and supplemented by web-based video technology, it would benefit the Program and membership to continue the utilization of remote video communications and less travel in the long-term to have greater, more consistent communication while addressing the realities of resource limitations.

### *Member Transfer Meeting*

To balance annual workloads across CTPAT field offices and SCSS, it is often necessary to reassign companies to a new office or SCSS. While this practice is operationally necessary, it should be accompanied by a "transfer meeting" with the Member and previous and future SCSS to ensure greater continuity within the process. This could be supported through the use of remote video technology.

## Validations and Revalidations Survey Findings

### Language Challenges

While the CTPAT Program has worked to post its MSC in languages other than English, there are still concerns about the validation and revalidation reports and processes being conducted in other languages. Foreign site visits are often hampered by language limitations of the in-country service provider when translation is not available.

### New Minimum Security Criteria

Issuing this survey less than a year after the New MSC had gone into effect meant that not all Members had fully implemented the New MSC nor been validated against it, especially considering the pandemic. Still, 93% of respondents had an opinion on the New MSC, with most (62%) believing it was a positive development for the Program.

Amongst CTPAT Program staff interviewed, the New MSC was cited as a current challenge, and many were uncertain how it may impact Mutual Recognition Arrangements and the overall validation process. Some indicated a need for more guidance on the New MSC, stating that it is too vague in its nature and needs to be broken down in depth to show the trade community how to navigate through the new standards effectively.

**Table 1. Respondent Member Reactions to the Announcement of the New MSC**

| Total (n=3265) | |
|---|---|
| **62%** | A positive development showing the program is evolving |
| **31%** | Not the right time due to the COVID-19 crisis |
| **19%** | Unwelcome news because additional effort/resources will be needed to comply with the new MSCs |
| 6% | I was not aware of new MSCs/I need to learn more |
| 5% | Concerning due to the lack of uniformity of enforcing current MSCs by SCSS |
| 7% | No opinion |

### Virtual Validations

Given the pandemic, the prospect for virtual validations has been considered more this past year than ever before. Forty-four percent (44%) of survey respondents said "yes" when asked if the CTPAT validation process could be effectively conducted virtually using technology. Another 42% said "maybe,

depending on how it's done." When asked "If the CTPAT Program adjusted operations for COVID concerns, what would be the most effective way to manage CTPAT Members?", most Members (53%) responded they would prefer to rely more on virtual validations than would prefer to rely completely on documentation (28%) if travel by SCSS was restricted for site visits.

### Balancing Flexibility and Standardization

While the validation process received positive ratings in the Member survey with 93% saying they were at least "satisfied" with the validation process, only 45% said they were "very satisfied." Concerns about the process still exist, including a feeling by some Members, as expressed through responses to open-ended questions, that the processes for validation and revalidation are not flexible enough with respect to a company's size and operations. Other concerns exist regarding a lack of consistency in how validations and revalidations are conducted across different CTPAT field offices or SCSS.

## *Recommendations Related to Validations/Revalidations*

Based on the feedback of a significant number of Members and SCSS, the Program would benefit from providing greater clarity around the New MSC that went into effect in 2020. This could be achieved through issuing further guidance in writing and via webinars.

Greater standardized training for SCSS would assist in addressing concerns over inconsistent validations. Such training would need to address a baseline of standards for validating that all Members have satisfied the MSC, while maintaining adequate flexibility to accommodate smaller companies or those with unique operating models.

Similarly, collected feedback indicates that validation reports need to be created with enough customization and meaningful feedback to help Members enhance supply chain security, while also accounting for the SCSS overall workload. An acceptable compromise must be found between the completely freeform report of years past and the current standardized template that inhibits the sharing of deeper, valuable insight.

Virtual validations would be useful, not just in the case of a pandemic, but as a resource-saving measure for the Program. Members indicated that virtual validations would be preferable to other alternative means of validation. While SCSS had concerns regarding virtual validations for higher-risk Members' operations, the Program would be well-served to explore opportunities with virtual validations for low-risk Members.

With respect to language limitations mentioned above, greater preparation and advanced communication also need to take place among the Member company representatives and the SCSS to ensure that translation or other language assistance mechanisms are in place to complete the validation effectively.

### *Enhancing the Validation and Revalidation Processes*

Only about 45% of survey respondents were "very satisfied" with the validation and revalidation processes. Many open-ended critiques were also made on the subject, many regarding inconsistencies in administration by SCSS or a lack of clarity in the information provided. Only 62% said they use the Validation Report to make operational improvements. The CTPAT Program could make further inquiry to ascertain how to improve the "very satisfied" rating. Given Members' interest in virtual validations, the Program could also engage with industry to research and develop the most feasible processes.

### Technology

As the availability of new technologies continues to increase, many CTPAT participants want to see those new technologies made available to them to help with their participation and maintenance of the CTPAT Program. In addition to Portal upgrades, Members would like to see additional technical tools, such as automation, that can be used to assist in security assessments and creating scoring reports regarding compliance. CTPAT field staff also support the use of increased technology for greater automation in the validation process.

#### CTPAT Web Portal

The CTPAT Web Portal houses all CTPAT participant-related materials and is used as the primary communication tool between the assigned SCSS and the company. While 81% of those surveyed said they were at least "satisfied" with the system, only 2% were "very satisfied" with it. Only 22% were "very satisfied" with tech support for the Program, and only 27% were "very satisfied" with the Portal as the primary platform for communication with the SCSS. In open-ended comments, many Members noted the system was not "user-friendly" or that it was difficult to navigate. Members would like to see its technology streamlined, with greater degrees of flexibility for both communication and information storage, retrieval, and other administration.

#### Greater Customization of Reports

Other Members who provided comments noted that repetitive, boilerplate language used in (re)validation reports decrease their usefulness for Members seeking to make changes to augment their supply chain security The current (re)validation reports are completed by the assigned SCSS via a "template" system in the CTPAT Portal. While the template allows the SCSS to manage a greater workload, it also often lends itself to repetitive, sometimes very generic report language that does not account for the unique operations of a Member, especially relative to their industry.

#### *Recommendations Related to Technology*

The Program should consider how new and innovative technology solutions may be able to support some of the current program processes in a more automated fashion to increase efficiencies for both Program administrators and Members. Increasing automation in the validation process could help to improve standardization and thereby provide Members with more predictability and consistency.

## Cost-Benefit Enhancements

### Program Benefits and Costs

#### Official Tangible Program Benefits

Members derive value from the Program through its benefits, and many benefits are officially offered through the Program. These include "reduced examination rates" and the "potential to be recognized as 'trusted' by a foreign customs authority," which ranked in the survey as the most important factors by Importers and Highway Carriers respectively, as reasons for joining and continuing in CTPAT. Reduced targeting and front of the line privileges were the other most important Program-offered benefits cited by Importers.

#### Less Tangible Benefits

Other benefits, while highly valued by Members, are less tangible or not "officially offered" through the Program. These include making a company "more competitive," which ranked in the survey among the top drivers for Members joining and staying in the Program. Most Foreign Manufacturers (71%), Highway

Carriers (75%), Brokers (66%), and Non-Vessel-Operating Common Carriers (NVOCC) (64%) cited the expectations or contractual obligations of business partners as at least a "very important" reason they participate in CTPAT. Demonstrating "good corporate citizenship" and "enhancing standards within specific industries" were also ranked highly by entity types across the board as drivers of participation.

### Costs of Membership

The CTPAT Program charges no fees to Members and regards participation as completely voluntary. However, Member companies must invest resources in meeting the Program's Minimum Security Criteria (MSC). At least "moderate" costs were assessed by over half of Members in establishing physical security improvements, dedicating personnel time and training, preparing for validations or revalidations, and maintaining compliance. Ultimately, Members indicated that these are investments in the supply chain security and business interests of the company as well as the greater supply chain security of the United States.

Just over half (51%) of Member survey respondents believe the benefits of the Program outweigh the costs. This is up from 33% in a similar 2007 survey. Another 29% believe costs and benefits are about equal, while 8% believe it is too early to tell.

## *Recommendations Related to Benefits and Costs*

### *Further Embrace and Leverage Unofficial Benefits*

All types of benefits - official and unofficial, tangible, and intangible - are critical to Members and their sustained participation in the Program. Key business benefits, although not offered officially by the Program, ranked highly in the survey by Members, such as greater marketability, competitiveness, contractual eligibility, and brand reputation. Of all Members surveyed that were able to make an estimate,[1] 56% said they would lose at least 10% of their business if they were no longer in CTPAT. These proportions were even greater for Highway Carriers (79%) and Foreign Manufacturers (62%).

These unofficial benefits should be embraced and promoted by the CTPAT Program just as much as the official benefits administered by the Program. If a large Importer values CTPAT certification to the extent that it requires its business partners to join the Program, that reflects the confidence, quality, and trust of CTPAT Members, and therefore the Program should leverage the currency of those virtues.

Although CTPAT does not make endorsements or weigh in on private business matters, it should freely tout the credibility it has achieved as such a meaningful certification within the trade community. Particularly, as quantifying official Program benefits has historically been such a challenge, the CTPAT Program should point to private industry's requirement and utilization of the Program as a primary and valuable indicator of its success.

### *Promote Benefits by Entity Type*

Although the Program maintains different enrollment sectors and specific Minimum Security Criteria for each of them, the Program still generally advertises one uniform set of benefits to the public-at-large. For example, reduced cargo examinations, while highly marketed and of great value to Importers, might be of less benefit to Brokers, NVOCC's, Rail Carriers, and others. Conversely, there are benefits with broad appeal, such as greater marketability and contractual eligibility, that are not currently advertised but should be promoted as widely as any other benefit.

[1] 25% of respondents answered "Not Sure" to the question regarding lost business if a company left CTPAT.

### *Leveraging the Unofficial Benefits to CTPAT's Advantage*

Importers cite the more official, tangible Program benefits as being most important to them, such as "reduced examinations," but most of the rest of the CTPAT community (Carriers, Foreign Manufacturers, Brokers) cite the more intangible, unofficial Program benefits, such as "more competitive business" and "enhanced brand reputation" as being most important.

Further inquiry could be made with those who favor "unofficial" benefits about how the Program can best meet their needs. If brand strengthening and business competitiveness are enough for many Members, this could reduce the burden on CTPAT of trying to deliver multiple benefits to diverse entities. This refined focus on more targeted benefits can also be used as a marketing tool for the industry.

## Program Performance Metrics

### Challenges in Data Gathering

While survey results show a general satisfaction with CTPAT Program benefits, many participants also commented on a lack of statistical evidence supporting benefit realization from CTPAT. Over half said that demonstrating return on investment (ROI) to their executive leadership was a significant challenge.

U.S. Government Accountability Office (GAO) reports in 2008 and 2017, as well as the 2019 CTPAT Reauthorization legislation; all noted a lack of definitive metrics needed to accurately measure benefits. While the survey data yields insights on Members' perceptions of their benefits, overall, there is still not sufficient data available currently to measure key benefits such as "reduced examinations" or "front of the line privileges," or to define an ROI of Program membership.

Overall, the process of tracking benefit-related statistics by CBP Field Operations teams at Ports of Entry and sharing them with the CTPAT Program for analysis is not consistent enough to make meaningful determinations regarding the quantification of benefits or an overall ROI. Further communication challenges between CTPAT, the CBP Office of Trade, and the CBP Office of Information Technology hamper data gathering by the Program.

### Industry's Measurement of Performance Metrics

A positive finding of the survey was that 68% of survey respondents say they are measuring benefits themselves in some form. The top benefits they reported measuring were reduced exams, reduced security incidents, faster crossing times, and use of FAST lanes. However, each of them do it specifically for their company and industry. This further complicates an ability by the Program to create one, standard formula to "prove" ROI.

### ***Recommendations Related to Performance Metrics***

It is in the interest of both the Program and the Members to have an agreed upon set of metrics that define the realization of benefits and overall ROI of Program membership. Given the importance of reduced examinations as a benefit, it is critical that CBP find a way to work across operational and support components to accurately measure this key performance metric. When the Project Team attempted to obtain related data, CBP was unable to provide it. To identify these metrics and achieve this goal, a concerted and coordinated effort by multiple offices in CBP will be needed to obtain the desired flow of usable data.

### *Collaborating with Industry*

It would benefit the CTPAT Program to leverage their partnership with industry Members in setting a path forward on defining and gathering key performance metrics. The Commercial Operations Advisory

Committee (COAC) could be engaged to help organize a pilot and identify how to proliferate best practices in data gathering with Member companies.

Furthermore, embracing and seeking to quantify the unofficial, indirect benefits of the Program cited by Members, such as greater marketability, brand equity, business opportunities, and contractual eligibility may be less challenging than measuring reduced exam rates or front of the line privileges. To the extent that Member companies are willing to share these business benefits, CTPAT can use them to market the Program more effectively.

### *Quality over Quantity in Membership*

The Program has typically measured its success by the number of Members enrolled. Growth to over 11,000 Members in the first decade and a half of the Program's existence is an undeniable indicator of success. However, if the trend of plateaued enrollment over the last few years continues in the coming years, it should not create a misperception that the Program has stalled or stagnated. On the contrary, the Program can continue to thrive and innovate without escalating totals of Program membership.

Instead of an overemphasis on how many Members are in the Program, additional success metrics should be demonstrated, such as a lower number of supply chain disruptions and incidents experienced by current CTPAT Members or individual success stories from industry membership. The idea of embracing quality over quantity should be a stronger consideration, especially as the Program is striving to strengthen current membership through the New MSC and elevate their status as "trusted traders."

## Additional Findings from CTPAT Personnel Interviews

Interviews with nearly one-quarter of CTPAT field office staff were conducted in the Fall of 2020. Many took place individually, though some were in a group setting. One recommendation was that a rotation program that allowed field staff to work at headquarters would be useful in providing a broader perspective on the Program and on how policies and decisions are made and articulated to the field. This would also help field staff to establish relationships and networks with more decision makers. As noted, the New MSC was viewed by staff as a significant challenge.

A need for greater communication with the ports and headquarters, along with a more formal process to create an effective dialogue, was also a commonly mentioned challenge. A move to virtual validations was also regarded as a challenge by field staff, as some noted that virtual validations conducted during a pilot period "did not go well." It was noted that budget reductions had also impacted the validation workflow and load. Concerns also existed regarding the Program management structure in the field and at headquarters.

Training was identified as an area where improvement is needed. Regular training related to different industries and modern technologies would make SCSS more effective at their jobs. Bidirectional training with CBP Officers at the ports as well as foreign customs officers with programs that have MRAs with CTPAT would also help to build capacity. There is also concern among SCSS regarding limitations to their mobility and advancement opportunities with CBP.

### Port Personnel Interviews

Interviews with CBP staff at the ports indicated variances in the relationships that ports had with their nearest CTPAT field office, as some communicated much more frequently than others. Generally, awareness of the CTPAT Program was not great among CBP port personnel. Some ports said they wanted to support the facilitation and reporting of CTPAT benefits but did not always have the resources to do so. Greater awareness, communication, and training would benefit both port and CTPAT staff.

### *Recommendations for Further Assessment*

While the survey, SCSS interviews, and other data sources yielded valuable findings, the Project Team has identified areas of the Program that should be further studied.

#### *Survey Follow-Up Requests*

Out of 3,279 survey respondents, nearly 1,400 responded that they would like the opportunity to provide further feedback. While the Project Team is bound by a confidentiality agreement not to share information of the 1,400 who would like to provide more feedback, their input would be valuable to the Program in a number of areas.

# METHODS, DATA, AND FINDINGS

## Survey of CTPAT Program Members

### Comparison to Previous CTPAT Surveys

Surveys of CTPAT Program participants were previously performed in 2007 and 2010. Like this 2020 survey, those surveys tracked Member perceptions, experiences, and needs pertinent to the CTPAT Program. All three surveys also touch on Program benefits and the validation process. Some common data points between those surveys and the 2020 survey are tracked for comparison in this report.

However, the 2020 survey is more comprehensive in several ways. As the original survey was performed in 2007 when the Program was relatively new, executing an updated survey in 2020 provides a greater level of insight and commentary from a more experienced membership base, with many exceeding 5 or 10 years in the Program.

This latest survey was also created with significant input from former CTPAT Officials and subject matter experts, something the 2007 and 2010 surveys did not have. This allows the survey to include greater context and appropriate reference to historically important topics. It also adds greater context to the analysis of the results. The Project Team also conducted a round of pre-survey interviews with 25 CTPAT Members to vet questions for appropriate relevance and context.

While the 2020 survey itself focused exclusively on Program participants, unlike the previous surveys, it was also complemented by input from CTPAT Program personnel and CBP personnel at the Ports of Entry obtained through a series of interviews. This provides a more comprehensive perspective of the overall Program.

### 2020 Survey Overview

The survey was designed to assess Member perceptions, experiences, and needs pertinent to the CTPAT Program, and asked several foundational questions (Why did you join the Program? Are you happy with the Program benefits?), as well as questions regarding Program specifics such as the security profile, validation and revalidation processes and report, and available supporting materials. The survey also asked for input on Program improvements. The following is a summary of survey content areas:

- The overall performance and satisfaction with the CTPAT Program by the membership and the Program administrators such as the SCSS and CBP Ports of Entry
- Identifying what factors drive industry Members to participate in the CTPAT Program
- How the CTPAT Program is performing in key areas such as benefit realization, validation and revalidation processes and procedures, and overall Program maintenance
- Qualifying satisfaction through the CTPAT life cycle to include the initial filing of a Program application, the creation and submission of a security profile, through the validation and revalidation process as well as the requirements for maintaining Program membership
- Challenges that currently exist for the Program, as well as opportunities that may exist to improve the Program
- To gather data and commentary on how the current pandemic (COVID-19) has and will continue to impact Program participants across all enrollment sectors, and how changes to current business practices (e.g., restricted travel), may also influence the future operations of the CTPAT Program
- Identify the needs of each CTPAT enrollment sector and better address specific issues and concerns of each as they may relate to their unique business needs, logistics, locations, or

resource allocations

- Examine ways to create statistical evidence of return on investment (ROI) to quantify benefits realized not only by Program membership, but that have been successfully applied by the CTPAT Program and CBP
- Gather open commentary from survey participants on numerous CTPAT Program elements to ensure survey data is fully supported

Of the 9,907 CTPAT companies that were invited to take the online survey, a total of 3,279 completed the survey meaning the response rate was just over 33%; while in comparison, the response rate to the 2007 study was 29.3%. Some of the reasons for such a strong response rate included the CTPAT Program sending regular reminders to invited participants to take the survey. All survey responses are presented in aggregate format and were kept anonymous with no identifying information collected which helped to promote a more honest and open atmosphere for respondents. The survey also included 9 "open comment" questions which allowed additional opportunities for respondents to provide open-ended comments on identified topics. Where possible, results were tracked to the Customs-Trade Partnership Against Terrorism Cost/Benefit Survey (2007), UVA Center for Survey Research and Weldon Cooper Center for Public Service.

## Survey Participant Characteristics

### CTPAT Enrollment by Category

The majority of respondents were Importers (1,216), followed by Highway Carriers (916), and Foreign Manufacturers (743). A total of 359 respondents indicated they represented "other" categories, including Rail Carriers and 3PL.

**Table 2. CTPAT Enrollment by Category**

| Category | Number of Respondents |
|---|---|
| Importer | 1,216 |
| Highway Carrier | 916 |
| Foreign Manufacturer | 743 |
| Licensed U.S. Customs Broker | 282 |
| Operating Common Carrier (NVOCC) | 153 |
| Sea Carrier or Marine Port | 70 |
| Other (e.g., Rail Carrier, 3PL) | 359 |
| Total | 3,739* |

**Multiple categories could be selected by individual survey respondents.*

### CTPAT Enrollment by Category

The largest percentage of respondents (37%) indicated that their enrollment category was U.S. Importer of Record, followed by Foreign Manufacturers (23%), U.S./Canada Highway Carriers (14%), and U.S./Mexico Highway Carriers (14%). Significantly fewer U.S. Importers of Record participated in the Survey in 2020 than 2007, and a significantly greater number of Foreign Manufacturers and U.S./Mexico Highway Carriers participated in the survey in 2020 than in 2007.

**Table 3. CTPAT Enrollment by Category, 2020 and 2007**

| Category | 2020 | 2007 |
|---|---|---|
| | (n=3265) | (n=1756) |
| U.S. Importer of Record | 37%↓ | 54% |
| Foreign Manufacturer | 23%↑ | 7% |
| U.S./Canada Highway Carrier | 14% | 15% |
| U.S./Mexico Highway Carrier | 14%↑ | 3% |
| Licensed U.S. Customs Broker | 9% | 9% |
| Operating Common Carrier (NVOCC)* | 5% | - |
| U.S. Air Freight Consolidator, Ocean TransportationIntermediary, or Non-Vessel* | 4% | 8% |
| Third party Logistics (3PL) | 3% | n/a |
| U.S. Marine Port Authority/Terminal Operator | 1% | 1% |
| Rail Carrier | 1% | 0% |
| Sea Carrier | 1% | 2% |
| Air Carrier | 1% | 1% |
| Other | 3% | n/a |

**2007: One option for "U.S. Air Freight Consolidator, Ocean Transportation, or NVOCC." ↑↓ indicate significant differences between subgroups at the 95% confidence level.*

## Country

More than 50% of 2020 survey participants were from the United States, 23% from Mexico, 18% from Canada, and 7% from "other." A smaller percentage of survey participants from the United States and Canada completed the survey in 2020 than in 2007, and a greater percentage of participants from Mexico completed the survey in 2020 than in 2007. This reflects the significant rise in Program membership from Mexican based industry.

**Table 4. Participant Country**

| Country | 2020 | 2007 |
|---|---|---|
| | (n=3265) | (n=1756) |
| United States | 51%↓ | 62% |
| Canada | 18%↓ | 25% |
| Mexico | 23%↑ | 3% |

*↑↓ indicate significant differences between subgroups at the 95% confidence level.*

## Length of CTPAT Certification

Nearly half of all respondents (46%), indicated that the company they were representing has been CTPAT certified for 11 or more years. This is a crucial differentiating factor of the 2020 survey as the 2007 survey data was gathered from a Program membership that had only been participating in the CTPAT Program for a few years and not had the opportunity to experience all the Program benefits and processes (revalidations especially). Thus, a more seasoned CTPAT membership should provide more descriptive and experienced responses to the survey questions. The significant number of CTPAT Members who have

been in the Program for such a long period also provides immediate commentary on the overall satisfaction that Program Members have with CTPAT.

**Table 5. Length of CTPAT Certification**

| Length of CTPAT Certification | 2020 | 2007 |
|---|---|---|
| | (n=3253) | (n=1751) |
| Not yet CTPAT certified | 0% | -- |
| Less than a year | 2%↓ | 8% |
| 1 to 2 years | 6%↓ | 37% |
| 3 to 5 years | 15%↓ | 56% |
| 6 to 10 years | 29%↑ | -- |
| 11 or more years | 46%↑ | -- |
| Not sure | 1% | -- |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

## Current CTPAT Status

The majority of participants (69%) identified as "certified, validated," which for Importers qualifies as Tier II (or Tier III for those who have achieved this designation). A greater percentage of participants indicated that their company was "certified, validated in 2020 compared to 2007, and a smaller percentage of companies reported that they were only certified or Tier I status for Importers in 2020 compared to 2007. This is obviously because so much of the CTPAT membership has been with the Program for over 11 years (see Table 5), which allows for certification, validation, and revalidations to have occurred. Additionally, the membership level nearly doubled from 6,000 in 2007 to over 11,000 currently. A specific breakdown of Importer status within the CTPAT Program can be seen in Table 6.

**Table 6. Current CTPAT Status**

| Current CTPAT Status (Base: Importer Only) | 2020 | 2007 |
|---|---|---|
| | (n=1216) | (n=953) |
| Tier I (certified only) | 12%↓ | 38% |
| Tier II (certified and validated) | 69%↑ | 48% |
| Tier III (certified, validated, and designated) | 18%↑ | 13% |
| None of these | 1% | -- |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

## Major Types of Goods Companies Import and Transport

Importers indicated that the most common goods handled by their companies were Automobiles/auto parts (14%), electronic equipment/components (14%), apparel/accessories (14%), and foods/beverages/agricultural products (13%).

The most common major types of cargo transported by Highway Carriers were general merchandise (43%), automobiles/Auto parts (35%), and foods/beverages/agricultural products (28%). See Table 7.

**Table 7. Major Goods Imported and Transported by Importers and Highway Carriers**

| | Importers | | Highway Carriers | |
|---|---|---|---|---|
| **Goods Imported** | **2020** | **2007** | **2020** | **2007** |
| | (n=1216) | (n=897) | (n=916) | (n=340) |
| Automobiles/auto parts | 14%↑ | 10% | 35%↓ | 45% |
| Electronic equipment/components | 14% | 14% | 12%↓ | 28% |
| Apparel/accessories | 14% | 16% | 7%↓ | 26% |
| Foods/beverages/agricultural products | 13%↓ | 16% | 28%↓ | 45% |
| General merchandise | 9% | 7% | 43%↓ | 59% |
| Chemicals | 7% | 7% | 7%↓ | 28% |
| Textiles/linens | 6% | 7% | 6%↓ | 26% |
| Building materials/hardware | 5% | 5% | 16% | 44% |
| Consumer electronics/appliances | 5% | 7% | 9%↓ | 29% |
| Metals/mining materials | 4% | 4% | 9%↓ | 25% |
| Heavy machinery | 3% | 5% | 8%↓ | 26% |
| Computer hardware/software | 3% | 4% | 6%↓ | 23% |
| Toys/games | 3%↓ | 7% | 5%↓ | 23% |
| Sporting goods/equipment | 3% | 4% | 3%↓ | 22% |
| Petroleum or petroleum products | 1% | 2% | 3%↓ | 15% |
| Home furnishings | n/a | 8% | n/a | 28% |
| Other | 30% | 28% | 14% | 17% |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

Importers and Highway Carriers were also asked about the primary points of origin for the goods their company imports or transports. The largest percentage of Importers indicated that their primary points of origin were China (55%), Mexico (30%), and the European Union (30%). The most common primary points of origin for Highway Carriers were Mexico (52%) and Canada (47%). See Table 8.

**Table 8. Primary Points of Origin for Importers and Highway Carriers**

| Primary Points of Origin | Importers | | Highway Carriers | |
|---|---|---|---|---|
| | 2020 | 2007 | 2020 | 2007 |
| | (n=1216) | (n=897) | (n=916) | (n=337) |
| China | 55% | 59% | 5%↓ | 11% |
| Taiwan | 16%↓ | 25% | 2%↓ | 6% |
| Japan | 13%↓ | 19% | 2%↓ | 9% |
| Malaysia | 10%↓ | 13% | 1%↓ | 6% |
| Hong Kong | 7%↓ | 27% | 1%↓ | 7% |
| Philippines | 6%↓ | 11% | 1%↓ | 6% |
| Other Asia | 19% | 18% | 1%↓ | 7% |
| Mexico | 30%↑ | 25% | 52%↑ | 24% |
| Canada | 22%↓ | 33% | 47%↓ | 78% |
| **Other Central America** | 5% | 6% | 1%↓ | 5% |
| Brazil | 8%↓ | 14% | 1%↓ | 5% |
| Colombia | 3% | 3% | 0%↓ | 5% |
| Chile | 2% | 4% | 1%↓ | 4% |
| Argentina | 2%↓ | 5% | 0%↓ | 5% |
| Venezuela | 0% | 2% | 0%↓ | 5% |
| **Other South America** | 4% | 5% | 1%↓ | 4% |
| India | 15% | 18% | 1%↓ | 6% |
| Turkey | 4%↓ | 7% | 0%↓ | 5% |
| Pakistan | 3%↓ | 6% | 0%↓ | 5% |
| Africa | 2% | 4% | 0%↓ | 4% |
| Israel | 2%↓ | 6% | 0%↓ | 4% |
| **Other Middle East** | 2% | 3% | 0% | 4% |
| European Union | 30% | 31% | 3%↓ | 10% |
| UK/Ireland | 7%↓ | 12% | 1%↓ | 7% |
| Australia | 2%↓ | 5% | 1%↓ | 3% |
| New Zealand | 1% | 2% | 0%↓ | 3% |
| **Other** | 14% | 13% | 9% | 13% |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

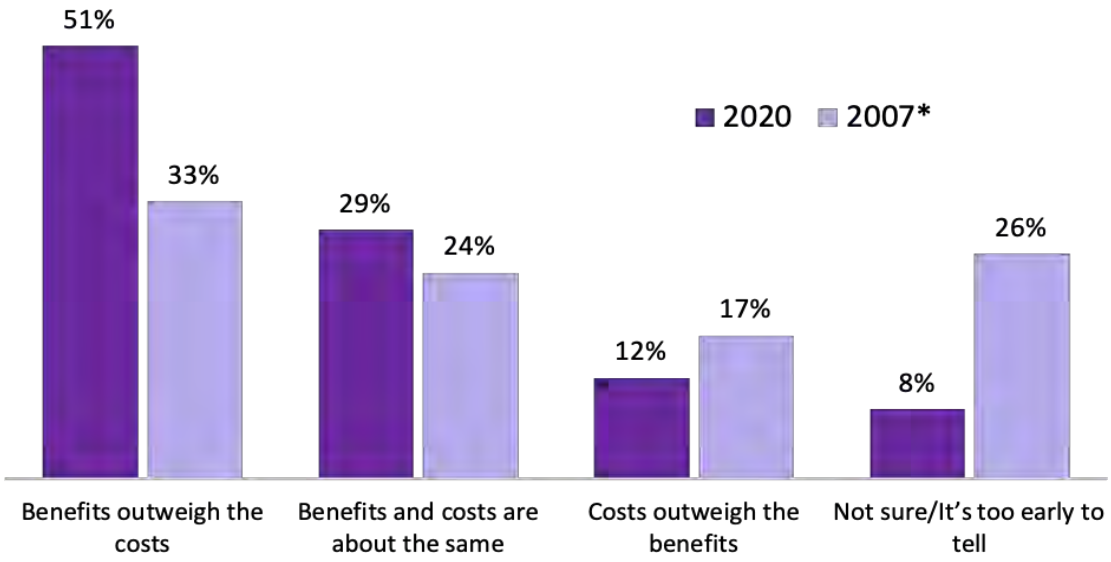
# SURVEY FINDINGS

## SURVEY SECTION 1: OVERALL CTPAT EXPERIENCE

### Overall Experience: Cost vs. Benefit

Survey participants were asked to describe their company's overall experience with CTPAT. About half of CTPAT participants indicated that the benefits of CTPAT membership outweigh the costs. This is a more positive assessment of the Program compared to 2007, when many Members were new to the Program and still evaluating the costs and benefits of membership. Foreign Manufacturers and Sea Carrier/Marine Port enrollees were more likely to report a positive net benefit from the Program compared to the U.S. Customs Brokers and NVOCC's. See Figure 2 below.

*Figure 2. Perceptions of Costs and Benefits by Enrollment Category*




**Source: CTPAT Cost/Benefit Survey, 2007, UVA Center for Survey Research and Weldon Cooper Center for Public Service.*

**Table 9. Perceptions of Costs and Benefits by Enrollment Category**

| | Benefits outweigh the costs | Benefits and costs are about the same | Costs outweigh the benefits | Not sure/It's too early to tell |
|---|---|---|---|---|
| Importer | 46% | 33% | 13% | 8% |
| Highway Carrier | 54% | 29% | 9% | 8% |
| Foreign Manufacturer | 64% | 23% | 6% | 7% |
| U.S. Customs Broker | 35% | 29% | 29% | 6% |
| NVOCC | 34% | 31% | 22% | 13% |
| Sea Carrier/Marine Port | 63% | 23% | 7% | 7% |

## Cost-Benefit Experience by Number of Years Certified

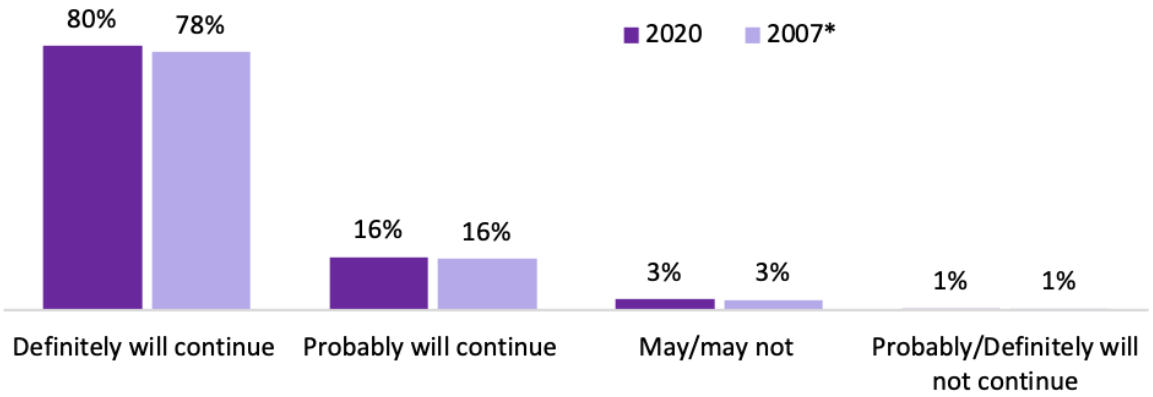
Members enrolled between 3 and 10 years were the most likely to report that the benefits of Program membership outweighed the costs. Almost 30% of those that were certified in the past three years reported that they were still evaluating the cost-benefit of the Program for their business. See Table 10 below.

**Table 10. Cost-Benefit Experience by Number of Years Certified**

| Response | < 3 yrs. | 3-10 yrs. | 11+ |
|---|---|---|---|
| | (n=286) | (n=1446) | (n=1481) |
| Benefits outweigh the costs | 45% | 55%↑ | 48% |
| Benefits and costs are about the same | 21% | 27% | 33%↑ |
| Costs outweigh the benefits | 6% | 10% | 15%↑ |
| Not sure/It's too early to tell | 29%↑ | 8% | 4% |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

Figure 3. Member Continuity in CTPAT by Enrollment Category




**Source: CTPAT Cost/Benefit Survey, 2007, UVA Center for Survey Research and Weldon Cooper Center for Public Service.*

**Table 11. Member Continuity in CTPAT by Enrollment Category**

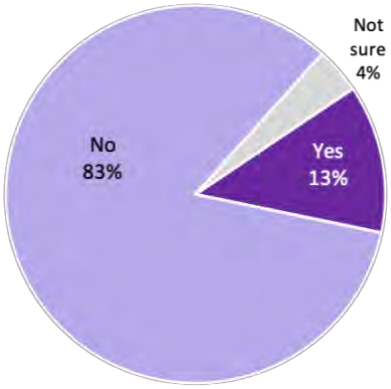
| | Definitely will continue | Probably will continue | May/may not | Probably/Definitely will not continue |
|---|---|---|---|---|
| Importer | 72% | 23% | 4% | 1% |
| Highway Carrier | **87%** | 11% | 1% | 0% |
| Foreign Manufacturer | **90%** | 9% | 1% | 0% |
| U.S. Customs Broker | 70% | 21% | 7% | 1% |
| NVOCC | 71% | 23% | 3% | 1% |
| Sea Carrier/Marine Port | **83%** | 14% | 3% | 0% |

Additional findings revealed that there was a strong relationship between Member reports of plans to continue in the CTPAT Program and the percentage of business that could be lost if not enrolled in the Program. Loyalty to the Program was found to be higher among those companies that have more business tied to CTPAT.

## Considered Leaving CTPAT

Members were asked if their company has ever considered leaving the CTPAT Program. Most Members (83%) reported that their company has never considered leaving the Program; Foreign Manufacturers, Highway Carriers, and Sea Carriers/Marine Ports were less likely to report that they have considered leaving the Program. U.S. Customs Brokers and Importers were more likely to have considered leaving the Program than other types of participants. See Figure 4.

*Figure 4. Considered Leaving CTPAT*




Twenty-three percent (23%) of U.S. Customs Brokers, 19% of Importers, 12% of NVOCC, and 8% of Highway Carriers reported that they have considered leaving the Program. Among those that have considered leaving, the primary reason identified was the increase in resources spent to meet Program requirements (87%), followed by Third-party issues/costs (21%), and lack of foreign suppliers willing to participate (21%). See Table 12.

**Table 12. Reasons for Considering Leaving CTPAT**

| Reasons for Considering Leaving | 2020 | 2007 |
|---|---|---|
| Base: Considered Leaving | (n=429) | (n=97) |
| Increase in requirements/costs/workload | 87% | 88% |
| Third-party issues/costs | 21%↓ | 38% |
| Lack of foreign suppliers willing to participate | 21%↓ | 40% |
| Lack of harmonization among Programs (e.g., if you have to apply for validation in each country you deal with) | 12%↓ | 35% |
| Increase in liability | 10%↓ | 24% |
| Competing Program(s) in a key source country or within federal government | 4% | 9% |
| Major security breach | 2% | 2% |
| Lack of value/No clear benefit/ROI* | 10% | -- |
| Other | 11% | 29% |

**Write in response in 2020. ↑↓ indicate significant differences between subgroups at the 95% confidence level.*

The Project Team determined that the bulk of Program requirements are common business processes that companies typically already have in place to successfully operate. Companies of reasonable size must invest in security to protect their facilities, employees, and supply chains from nefarious activity. In most cases, CTPAT membership does not significantly increase these costs.

## Metrics for Tracking the Benefits of CTPAT

Respondents were asked which of the following metrics their company tracks to measure the benefits of the CTPAT Program. Categories included 1) reduced examinations or inspections, 2) reduced security incidents, 3) front of the line privileges/faster crossing time, 4) use of FAST lanes, and 5) other. The most used metrics for tracking CTPAT benefits included: 1) Reduced examinations or inspections (38%) and 2) Reduced security incidents (38%). Highway Carriers and Foreign Manufacturers were more likely to track the benefits of the CTPAT Program using reduced security incidents as a metric (48%), while 45% of Foreign Manufacturers and 33% of Highway Carriers reported using reduced examinations or inspections as a metric.

Table 13 provides a summary of the use of metrics for tracking the benefits of CTPAT by enrollment category while illustrating the finding that companies newer to the Program are more likely to track the benefits of CTPAT participation.

**Table 13. Metrics for Tracking the Benefits of CTPAT by Enrollment Category**

| | | | | | | | | Number of Years Certified | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Importer | Highway Carrier | Foreign Manufacturer | U.S. Custom Broker | NVOCC | Sea Carrier/ Marine Port | < 3 yrs | 3-10 yrs | 11+ |
| | (n=3265) | (n=1216) | (n=916) | (n=743) | (n=282) | (n=153) | (n=70) | (n=286) | (n=1446) | (n=1481) |
| Use metrics to track CTPAT benefit to company (net) | 68% | 62%↑ | **77%↑** | **80%↑** | 43%↓ | 52%↑ | 59%↑ | **77%↑** | 72%↑ | 62% |
| Reduced examinations or inspections | 38% | **44%↑** | **33%↑** | **45%↑** | 23%↓ | **35%↑** | 33% | 35% | 38% | 38% |
| Reduced security incidents | 38% | 28%↓ | **48%↑** | **48%↑** | 23%↓ | 27%↓ | 43%↑ | 42%↑ | 43%↑ | 33%↓ |
| Front of line privileges/ faster crossing time | 24% | **23%↑** | **28%↑** | **36%↑** | 10%↓ | 11%↓ | 13% | 26% | 24% | 23% |
| Use of FAST lanes | 23% | 15%↓ | **35%↑** | **37%↑** | 8%↓ | 11%↓ | 16% | 27% | 24% | 21% |
| Other | 3% | 3% | 1% | 2% | 6% | 3% | 7% | 1% | 2% | 4% |
| None/We don't track metrics related to CTPAT | 32% | **38%↑** | 23%↓ | 20%↓ | **57%↑** | **48%↑** | **41%↑** | 23%↓ | 28%↑ | 38%↑ |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

### *Analysis on CTPAT's Challenges in Tracking and Quantifying Benefit Metrics*

While it is encouraging to see several Members tracking their own benefits, many would like to see the Program issue a more official, comprehensive set of benefit metrics that Members can use to quantify a return on investment (ROI) for being in the Program. Past GAO reports from 2008 and 2017 have recognized that the CTPAT Program is challenged in its ability to provide such metrics. The findings of the Project Team confirm these challenges.

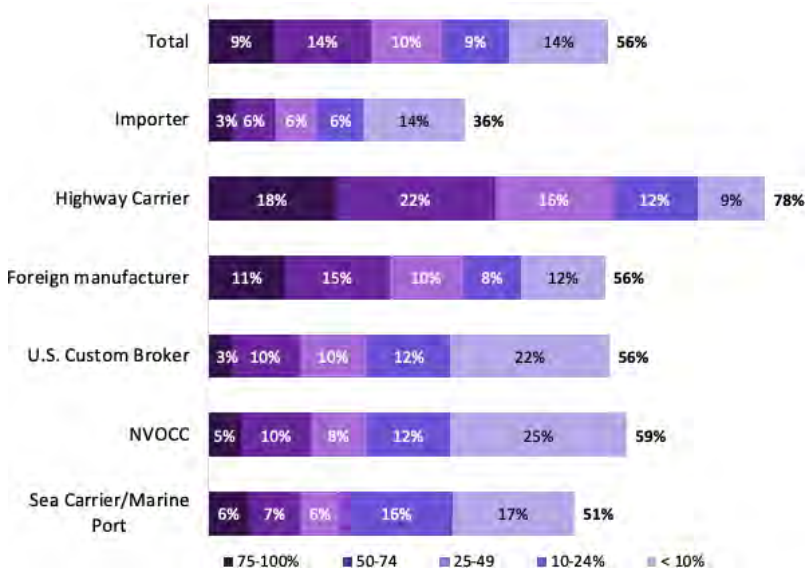
The lack of statistical documentation which would allow for a better understanding of Member benefit realization appears to be an internal CBP issue. There exists a general lack of communication and cooperation between CTPAT and other CBP components such as the Office of Trade (OT), Office of Information Technology (OIT), and other CBP Office of Field Operations (OFO) entities at headquarters and at Ports of Entry.

For the CTPAT Program to properly quantify benefits, such as examination relief, for example, OIT needs to provide the Program with statistical evidence from automated cargo processing systems such as the Automated Commercial Environment (ACE), and Importer Security Filing (ISF). The examination of data from various processing platforms would allow the Program to factually quantify any statement of reduced examination benefits or expedited border processing for a CTPAT Member. Additionally, CBP leadership at Ports of Entry should provide individual data on cargo processing and examination rates to assist the CTPAT Program in demonstrating benefits.

## Estimated Business that would be Lost if not in CTPAT

Respondents were asked to estimate how much of their business, if any, would be lost if their company left the CTPAT Program. Highway Carriers reported that they stand to lose the most business if they were to leave the CTPAT Program, as 18% reported they could lose 75-100% of business, and 22% reported that they could lose 50-74% of their business if their company left the CTPAT Program. Importers were the least likely to report that they would lose substantial business if they were not in the CTPAT Program. See Figure 5.

*Figure 5. Estimated Business Lost*



## SURVEY SECTION 2: DRIVERS OF PARTICIPATION AND CTPAT PERFORMANCE

Several survey questions were asked to help assess two key factors with the CTPAT Program:

- What factors influenced Member company decisions to join CTPAT
- Overall CTPAT Program performance

Members were asked how important each of the following Program benefits were in their company's decision to join CTPAT (see lists below) on a scale where 1=Not Important and 5= Single Most Important. Members were also asked to rate the CTPAT Program on meeting/delivering each of the benefits of participation on a scale where 1= Poor and 4= Excellent.

**List of General Program Benefits:**

- Obtain CTPAT Program benefits
- Fulfills a contractual requirement or expectation from business partners
- Meets expectations of business partners, though not contractually obligated
- Reduces disruptions in your supply chain
- Cost savings/mitigation of penalties
- Establishes a process to review your supply chain operations
- Enhances brand reputation
- Makes your company more competitive
- Demonstrates good corporate citizenship
- Enhances standards within your industry
- Possible exemption from Stratified Exams
- Assignment of a Supply Chain Security Specialist
- Access to the CTPAT Portal and library of training materials
- Potential to be recognized as "trusted" by foreign Customs administrations that have mutual recognition with the U.S.
- Eligibility for other U.S. Government pilot Programs
- Business resumption priority following a natural disaster or terrorist attack
- Priority consideration at CBP's Centers of Excellence and Expertise

**List of Benefits for Importers Only:**

- Reduced targeting for your shipments
- Reduced exams for your shipments
- Front of the line privileges at U.S. Ports of Entry
- Increased supply chain visibility and lead time predictability
- Importer eligibility to participate in the CTPAT Trade Compliance Program, formerly known as the Importer Self-Assessment Program (ISA)

**List of Benefits for Highway Carriers Only:**

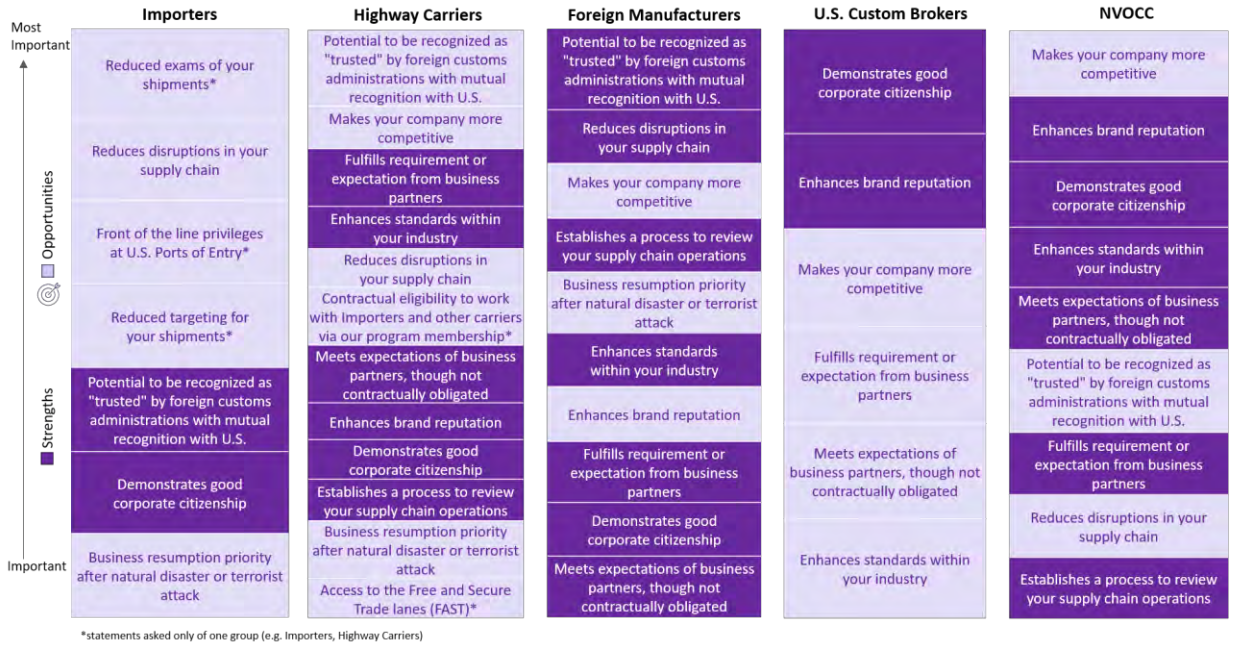
- Reduced targeting for your shipments
- Reduced exams for your shipments
- Front of the line privileges at U.S. Ports of Entry
- Increased supply chain visibility and lead time predictability

**List of Benefits for Sea Carrier/Marine Ports Only:**

- Access to the CBP AQUA Lane Program

The importance of the decision to join or continue membership in the Program was tracked alongside CTPAT's performance in delivering for members in those areas to allow the Program to understand and focus resources and messaging in the most important areas where there are gaps. Program changes that bring CTPAT into alignment on the most important aspects of the Program will improve the overall experience. The areas to focus vary by participant type: Importers, Highway Carriers, Foreign Manufacturers, U.S. Customs Brokers, and NVOCC. The opportunity areas for the Program to better focus resources and communications are shown in lighter purple. Strengths to continue to build upon are shown in dark purple within Figure 6 below.

*Figure 6. CTPAT Strengths and Opportunities by Enrollment Category*




*statements asked only of one group (e.g. Importers, Highway Carriers)

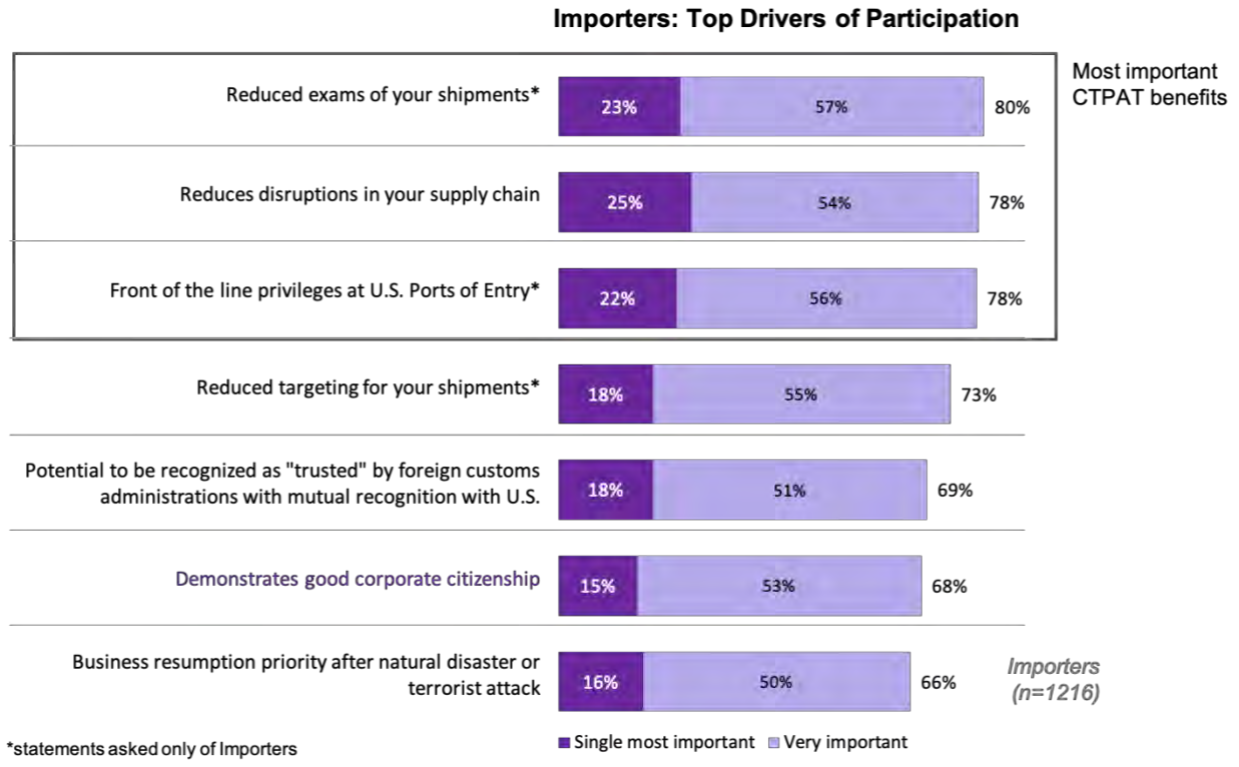
## Importers: CTPAT Participation Drivers, Strengths and Opportunities

The most common benefits/drivers of CTPAT participation reported by Importers included:

- Reduced exams of shipments (23% rated as the single most important benefit/driver; 80% ranked single most important or very important)
- Reduced disruptions in supply chain (25% ranked as single most important benefit/driver; 78% ranked as single most important or very important)
- Front of the line privileges at U.S. Ports of Entry (22% ranked this as the single most important benefit/driver; 78% ranked as single most important or very important)

Additional important benefits/drivers identified by Importers included reduced targeting for shipments (18% single most important; 73% single or very important), potential to be recognized as "trusted" by foreign customs administrations with mutual recognition with the U.S. (18% single most important; 69% single most important or very important), demonstrates good corporate citizenship (15% single most important; 68% single most important or very important), and business resumption priority after a natural disaster or terrorist attack (16% single most important; 66% single most important or very important). It was determined that less tangible, unstated benefits of CTPAT are lower drivers of CTPAT participation among Importers. Those drivers are highlighted in bold within Table 14 below.

*Figure 7. Importers: Top Drivers of Participation*



## Note Regarding Reduced Targeting

Concerns have been occasionally raised that the reduced targeting benefit for CTPAT Importers could actually lead to an increased security risk as those Importers' shipments, particularly Tier III Members, could become greater targets for smuggling as they would face less scrutiny by CBP at Ports of Entry.[2] It is important to note that all shipments are subject to inspection, regardless of CTPAT status and that every shipment that is imported into the United States undergoes review and analysis in some form, whether it is technical review of documentation or actual physical examination of the goods.

**Table 14. Importers: Items Rated Lower in Importance**

| Item | Rate |
|---|---|
| Increased supply chain visibility and lead time predictability* | 58% |
| **Establishes a process to review your supply chain operations** | 58% |
| Cost savings/mitigation of penalties | 57% |
| **Meets expectations of business partners, though not contractually obligated** | 57% |
| **Enhances brand reputation** | 55% |
| Possible exemption from Stratified Exams | 55% |
| **Makes your company more competitive** | 54% |
| **Enhances standards within your industry** | 54% |
| Priority consideration at CBP's Centers of Excellence and Expertise | 50% |
| Fulfills requirement or expectation from business partners | 50% |
| Assignment of a Supply Chain Security Specialist | 45% |
| Importer eligibility to participate in the CTPAT Trade Compliance Program, formerly known as the Importer Self-Assessment Program (ISA)* | 44% |
| Access to the CTPAT Portal and library of training materials | 42% |
| Eligibility for other U.S. Government pilot Programs | 35% |

**Statements asked only of importers.*

[2] 2009 Journal of Transportation Article: "CTPAT: Major Challenges," O'Connell of the Thunderbird School of Global Management.

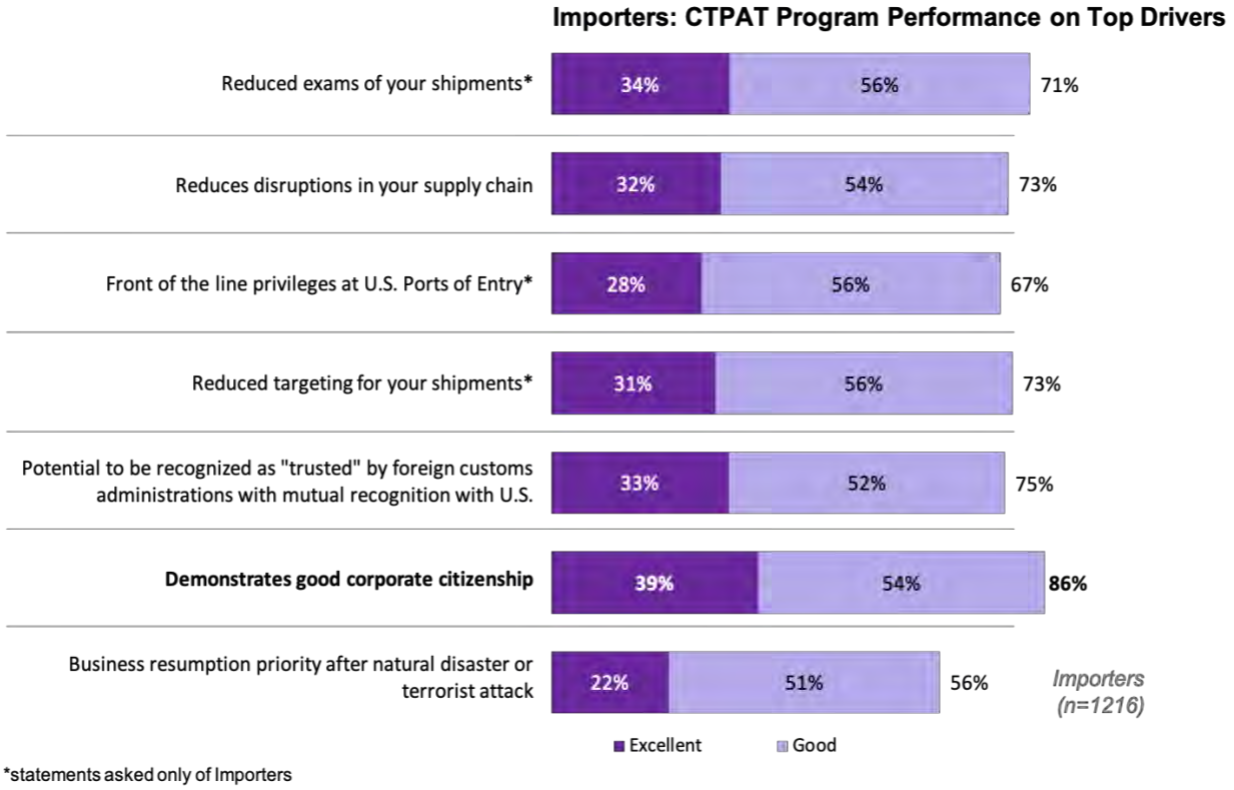
## Importers: CTPAT Performance

Importers were also asked to rate the CTPAT Program's ability to meet/deliver each of the benefits of participation. CTPAT Program performance on the most important drivers revealed that:

- 71% of Importers rated CTPAT as "excellent or good" regarding CTPAT performance on reduced exams of shipments
- 73% of Importers rated CTPAT as "excellent or good" regarding CTPAT performance in reducing disruptions in the supply chain
- 67% of Importers rated CTPAT as "excellent or good" regarding front of line privileges at U.S. Ports of Entry

See Figure 8 for a complete list of Member ratings of CTPAT Program performance on top drivers.

*Figure 8. Importers: Perceptions of Performance*




*statements asked only of Importers

## Importers: CTPAT Performance on Performance Drivers

Member perceptions of CTPAT performance on drivers of participation were also mapped/plotted within four quadrants to identify areas of strength and opportunity, maintenance, and monitoring. Findings concluded that a primary strength of the CTPAT Program is that it demonstrates good corporate citizenship. CTPAT can improve its position by focusing on areas where the Program is falling short, including: reducing disruptions in supply chains, reducing exams of shipments, providing front of the line privileges at U.S. Ports of Entry, and business resumption priority following a natural disaster or terrorist attack for Importers. See Figure A1 in Appendix B.

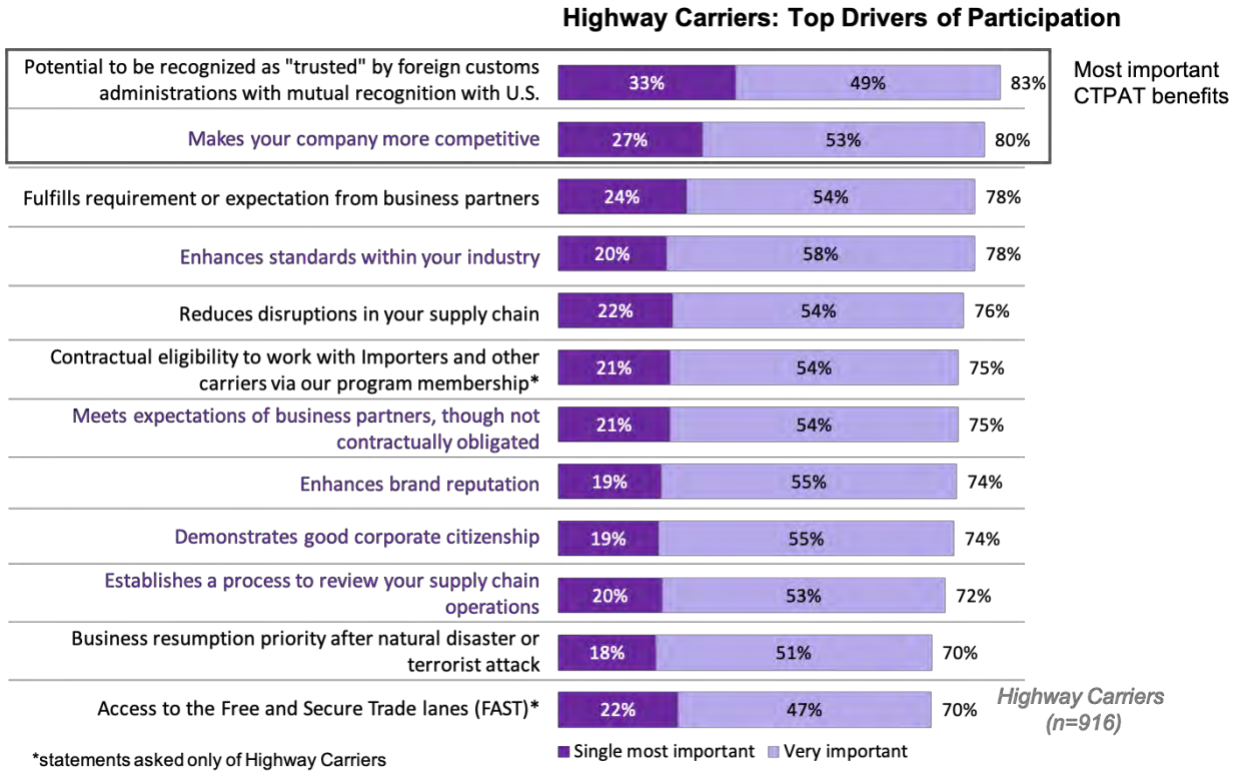
## Highway Carriers: CTPAT Participation Drivers, Strengths and Opportunities

Highway Carriers indicated that the most important benefits/drivers of CTPAT participation include:

- Potential to be recognized as "trusted" by foreign customs administrations with mutual recognition with the U.S. (33% single most important benefit/driver, 83% single most important or very important)
- Makes company more competitive (27% single most important benefit/driver, 80% single most important or very important)

It was evident that less tangible, unstated benefits of CTPAT are among the most important drivers of participation for Highway Carriers (those in purple within Figure 9).

*Figure 9. Highway Carriers: Top Drivers of Participation*



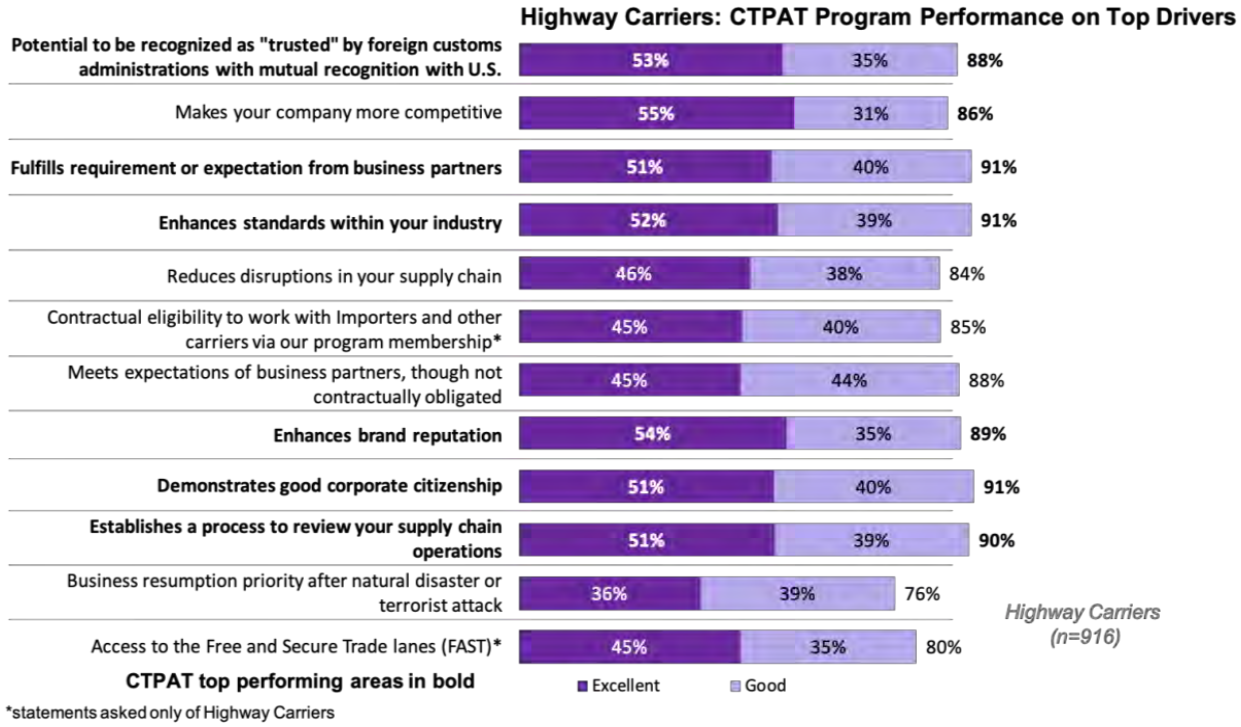
## Highway Carriers: CTPAT Performance

CTPAT Program performance on the most important drivers of participation revealed that:

- 88% of Highway Carriers rated CTPAT as "excellent or good" regarding potential to be recognized as "trusted" by foreign customs administrations with mutual recognition with U.S.
- 86% of Highway Carriers rated CTPAT as "excellent or good" as membership makes your company more competitive
- 91% of Highway Carriers rated CTPAT as "excellent or good" at fulfilling requirements or expectations from business partners
- 91% of Highway Carriers rated CTPAT as "excellent or good" at enhancing standards within your industry (See Figure 10)

Note that CTPAT top performing areas are highlighted in bold.

*Figure 10. Highway Carriers: CTPAT Performance*



## Highway Carriers: CTPAT Performance on Participation Drivers

By focusing resources and messaging on the most important drivers of participation, CTPAT can improve the experience for Highway Carriers. Areas with opportunities to increase performance in high importance areas included: access to FAST lanes; business resumption priority following a natural disaster or terrorist attack; contractual eligibility to work with Importers and other carriers via Program membership; reduced disruption in supply chain; meeting expectations of business partners; though not contractually obligated, makes your company more competitive; and potential to be recognized as "trusted" by foreign Customs administrations. A key strength identified as meeting standards of high importance and high performance was enhancing standards within Member industries. See Figure A2 in Appendix B.

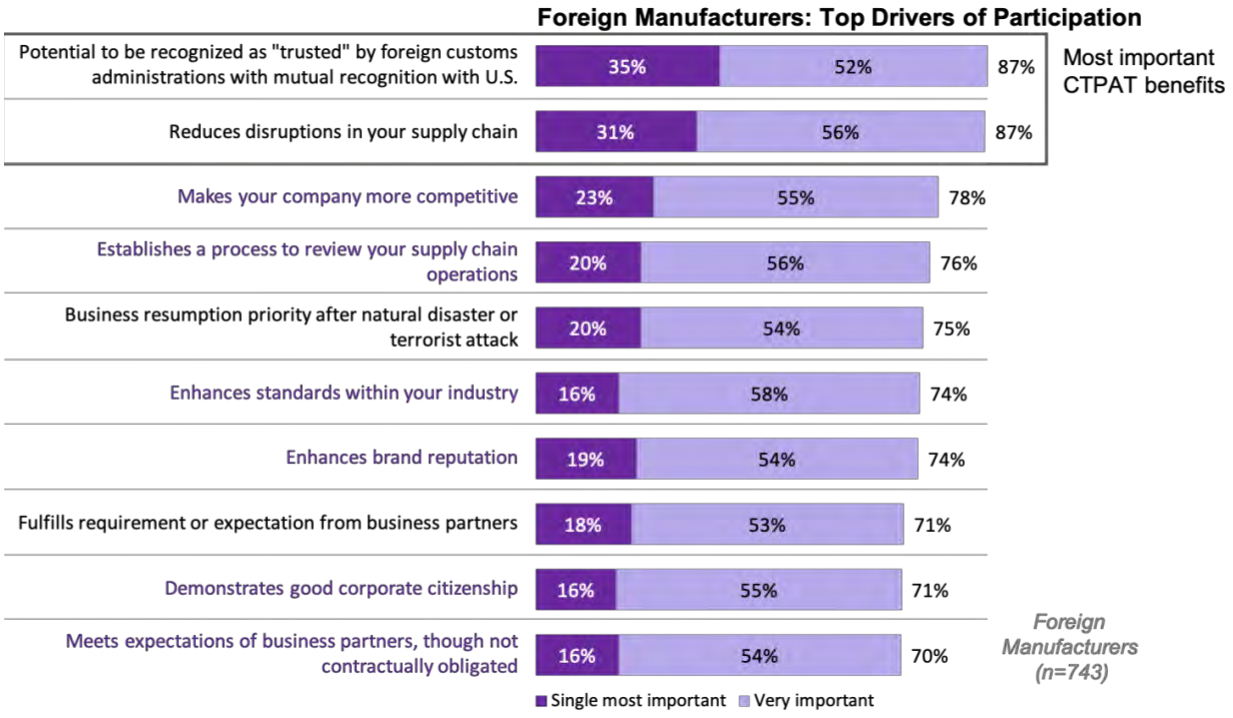
## Foreign Manufacturers: CTPAT Participation Drivers, Strengths and Opportunities

Foreign Manufacturers reported that the most important CTPAT benefits were:

- Potential to be recognized as "trusted" by foreign customs administrations with mutual recognition with the U.S. (35% single most important benefit/driver; 87% single or very important)
- Reduces disruption in the supply chain (31% single most important benefit/driver; 87% single or very important)

Less tangible, unstated benefits of CTPAT are among the most important benefits/drivers of CTPAT participation for Foreign Manufacturers (those highlighted in purple). See Figure 11.

*Figure 11. Foreign Manufactures: Top Drivers of Participation*

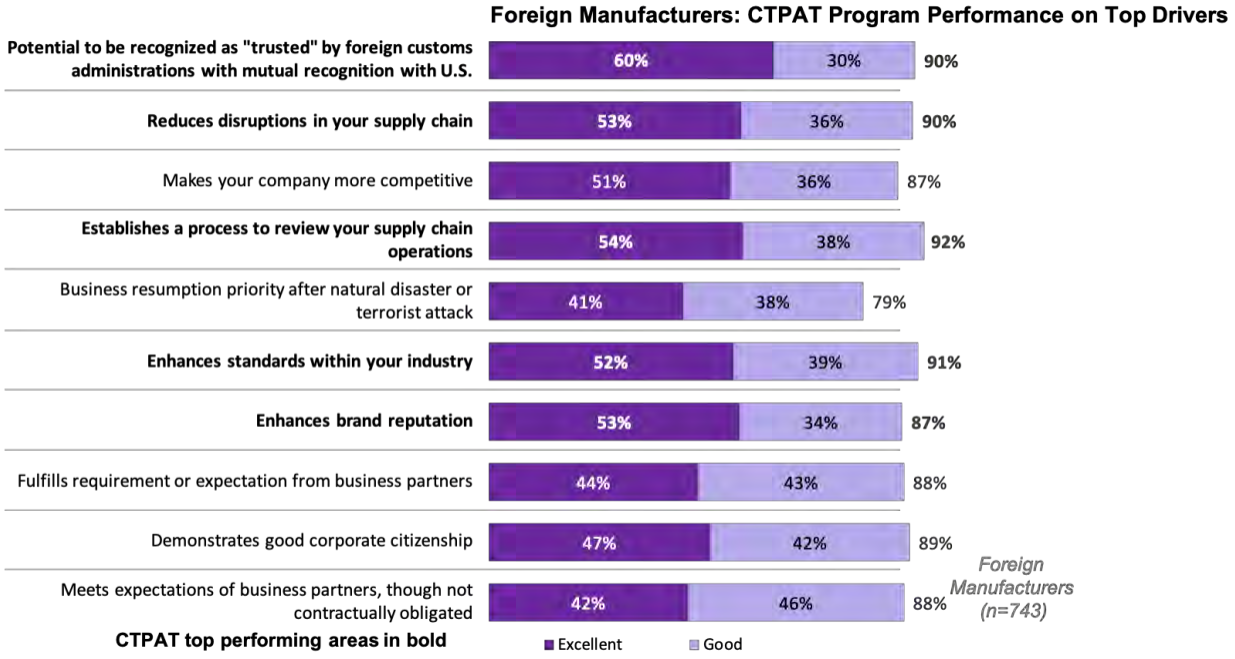


## Foreign Manufactures: CTPAT Performance

CTPAT Program performance on the most important drivers revealed that:

- 90% of Foreign Manufacturers rated CTPAT as "excellent or good" regarding potential to be recognized as "trusted" by foreign customs administrations with mutual recognition with the U.S.
- 90% of Foreign Manufacturers rated CTPAT as "excellent or good" at reducing disruptions in your supply chain
- 87% of Foreign Manufacturers rated CTPAT as "excellent or good" making companies more competitive
- 92% of Foreign Manufacturers rated CTPAT as "excellent or good" at establishing a process to review supply chain operations (See Figure 12)

*Figure 12. Foreign Manufacturers: CTPAT Performance*




## Foreign Manufacturers: CTPAT Performance on Participation Drivers

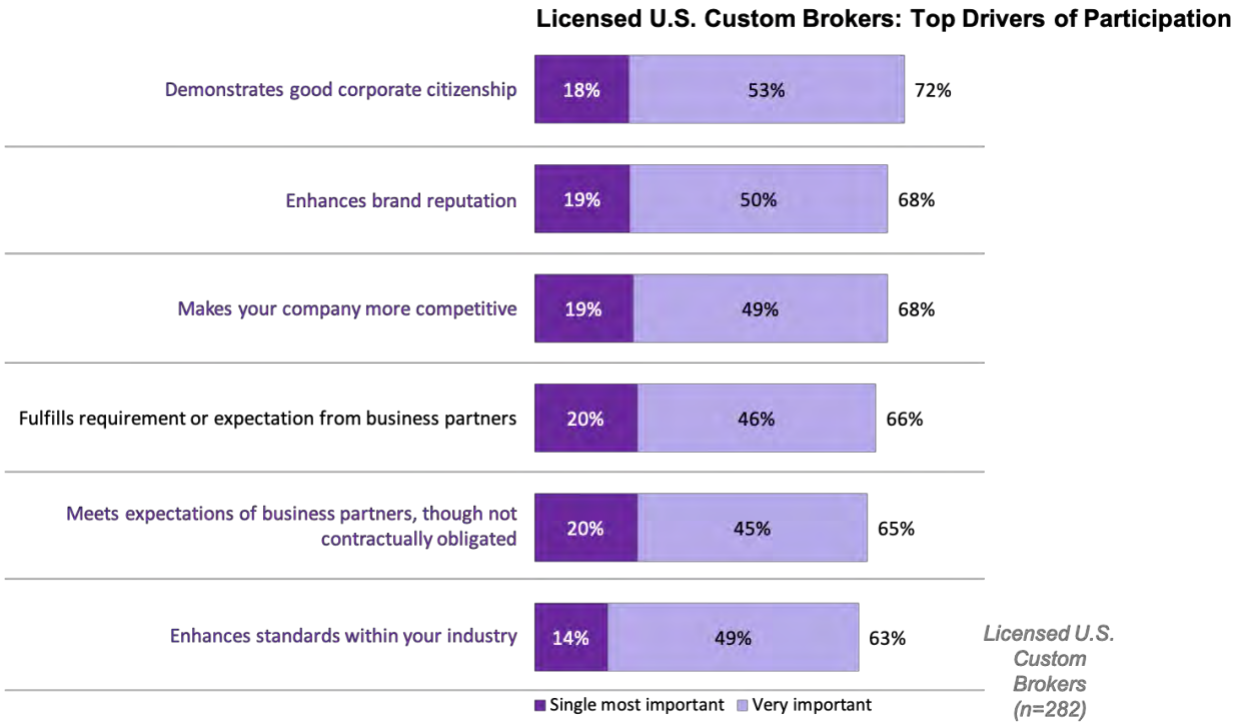
Member perceptions of CTPAT performance on drivers of participation were also mapped/plotted within four quadrants to assist with identifying areas of strength and opportunity, maintenance, and monitoring. Findings concluded that Foreign Manufacturers join and stay with CTPAT to be recognized as "trusted," to reduce disruptions to their supply chain, and to make their company more competitive. Areas identified as opportunities for focus and improvement will help attract and retain Foreign Manufacturers to CTPAT. See Figure A3 in Appendix B.

## Licensed U.S. Customs Brokers: CTPAT Participation Drivers, Strengths and Opportunities

The most commonly reported drivers of participation by Licensed U.S. Customs Brokers included:

- Demonstrates good corporate citizenship (18% single most important, 72% single most important or very important)
- Enhances brand reputation (19% single most important, 68% single most important or very important)
- Makes your company more competitive (19% single most important, 68% single most important or very important)
- Fulfills requirement or expectation from business partners (20% single most important, 66% single most important or very important)
- Meets expectations of business partners, though not contractually obligated (20% single most important, 65% single most important or very important)
- Enhances standards within your industry (14% single most important, 63% single most important or very important). Less tangible, unstated benefits of CTPAT were among the most important drivers of participation (highlighted in purple in Figure 13)

*Figure 13. Licensed U.S. Customs Brokers: Top Drivers of Participation*

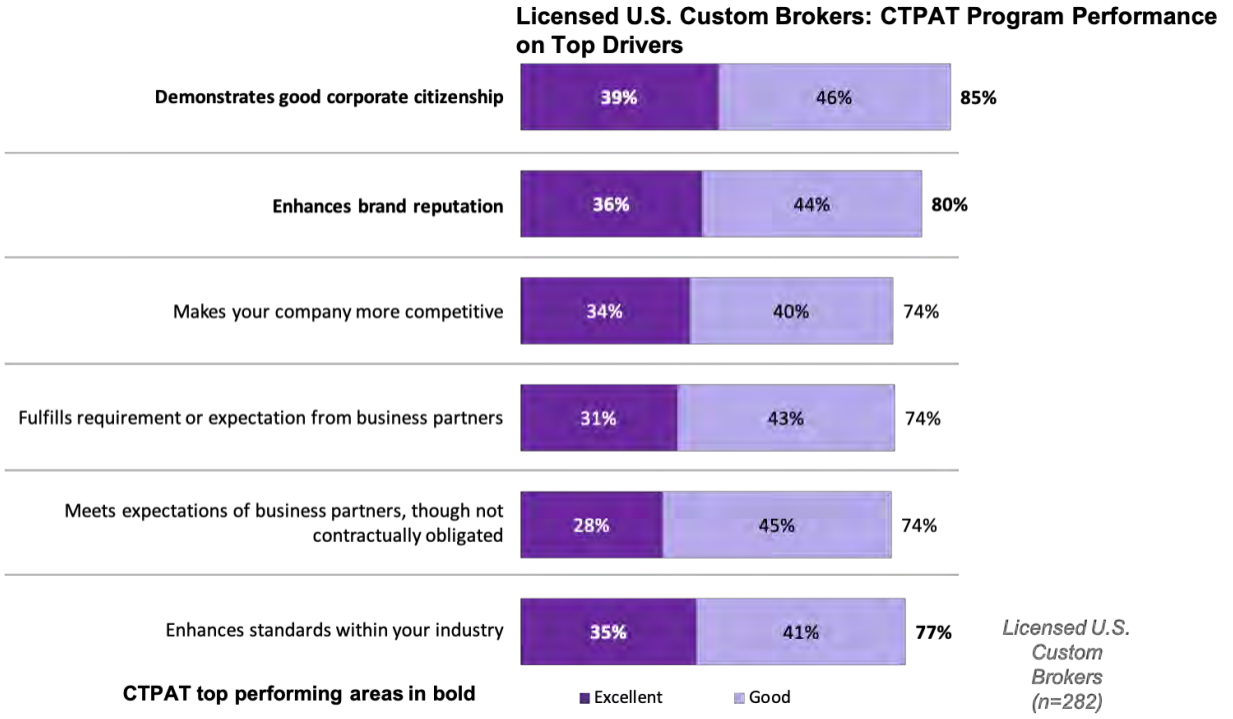


## Licensed U.S. Customs Brokers: CTPAT Performance

CTPAT Program performance on the most important drivers of participation revealed that:

- 85% of Licensed U.S. Customs Brokers rated CTPAT as "excellent or good" at demonstrating good corporate citizenship
- 80% of Licensed U.S. Customs Brokers rated CTPAT as "excellent or good" at enhancing brand reputation (See Figure 14; Note that CTPAT top performing areas are highlighted in bold)

*Figure 14. Licensed U.S. Customs Brokers: CTPAT Performance*



## Licensed U.S. Customs Brokers: CTPAT Performance on Participation Drivers

Customs Brokers serve an integral role in the importation process, and thus their membership in CTPAT is important. Creating a competitive advantage is arguably the biggest benefit for Brokers, yet its impact is intangible. Logically, a CTPAT Importer would prefer to use a CTPAT Broker because that would provide the Importer with a level of confidence in the Broker's processes and procedures. The accuracy by which a Broker submits required clearance documentation to CBP impacts the speed with which the Importer's shipments are cleared.

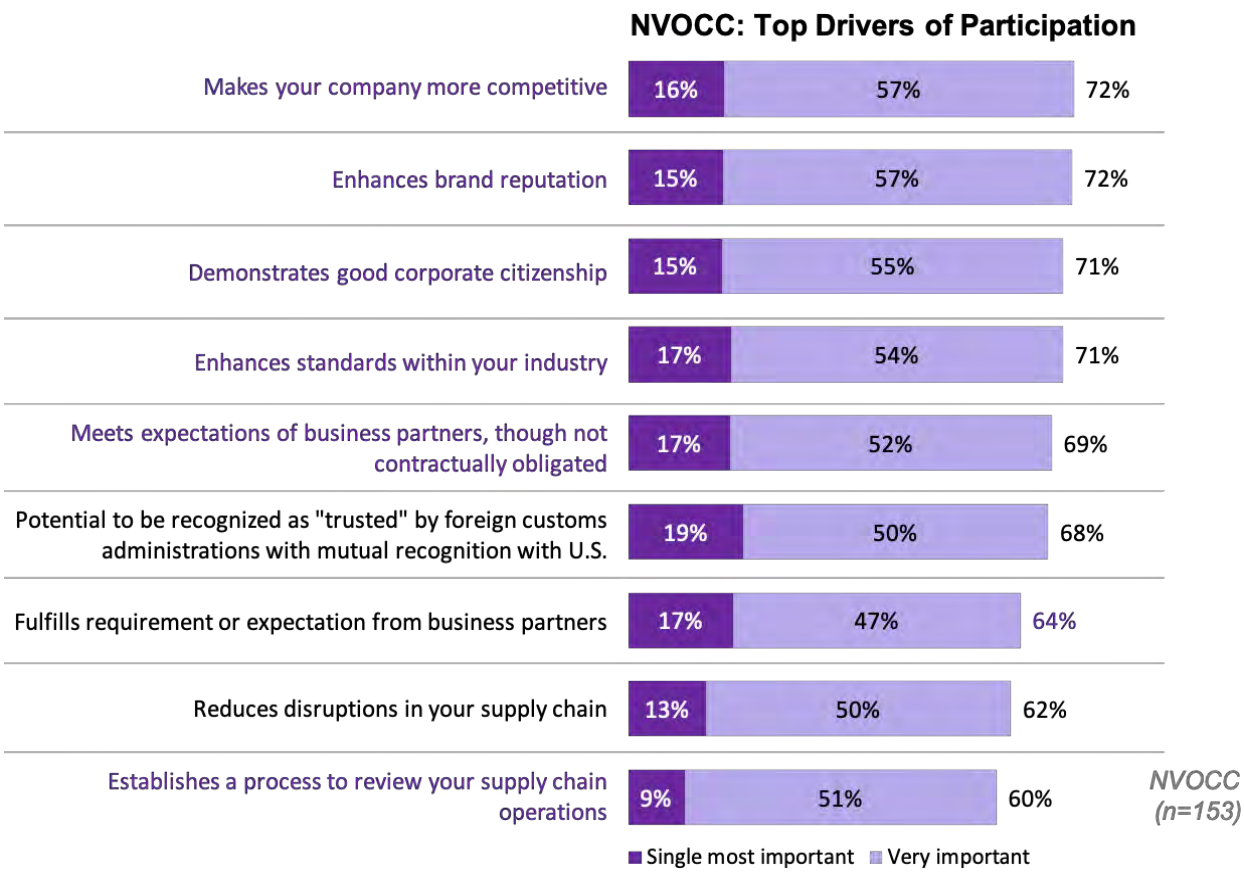
By focusing resources and messaging on the most important drivers of participation, CTPAT can improve the experience for Licensed U.S. Customs Brokers. Opportunities to increase performance in high importance areas for Licensed U.S. Brokers include: Makes company more competitive, fulfills requirement or expectation from business partners, enhances standards within your industry, and meets expectations of business partners, though not contractually obligated. See Figure A4 in Appendix B.

## NVOCC: CTPAT Participation Drivers, Strengths, and Opportunities

The most commonly reported drivers of participation by NVOCC's included:

- Makes company more competitive (16% single most important, 72% single most important or very important)
- Enhances brand reputation (15% single most important; 72% single most important or very important)
- Demonstrates good corporate citizenship (15% single most important; 71% single most Important or very important)
- Enhances standards within your industry (17% single most important; 71% single most important or very important)
- Meets expectations of business partners, though not contractually obligated (17% single most important, 69% single most important or very important
- Potential to be recognized as "trusted" by foreign customs administrations with mutual recognition with U.S. (19% single most important, 68% single most important or very important). Less tangible, unstated benefits of CTPAT are among the most important to NVOCC's (See Figure 15)

*Figure 15. NVOCC Top Drivers of Participation*

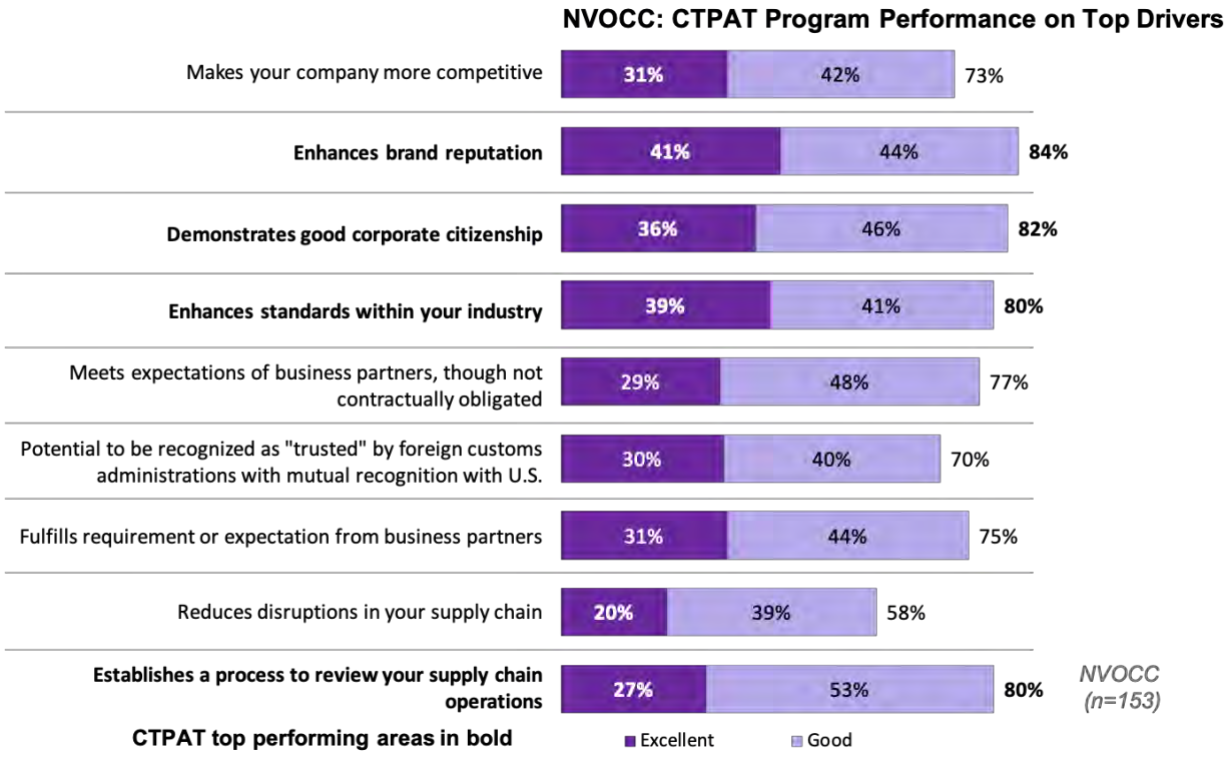


## NVOCC: CTPAT Performance on Participation Drivers

CTPAT Program performance on the most important drivers of participation revealed that:

- 73% of NVOCCs rated CTPAT as "excellent or good" at making your company more competitive
- 84% of NVOCCs rated CTPAT as "excellent or good" at enhancing brand reputation
- 82% of NVOCC's indicated the Program is "excellent or good" at demonstrating good corporate citizenship
- 80% of NVOCC's rated the Program as "very good or good" at enhancing standards within your industry. Note that CTPAT top performing areas are highlighted in bold (See Figure 16)

*Figure 16. NVOCC Perceptions of Performance*




## NVOCC: CTPAT Performance on Participation Drivers

By focusing resources and messaging on the most important drivers of participation, CTPAT can improve the experience for NVOCC Members. Areas identified as opportunities to increase performance in high importance areas included: Makes company more competitive, potential to be recognized as "trusted" by foreign Customs administrators and reduces disruptions in your supply chain. See Figure A5 in Appendix B.

## Additional Analysis on Factors for Members Joining and Continuing Enrollment

In addition to analyzing the primary survey response data, the Project Team also reviewed open-ended comments left by respondents. This section on "factors for joining and continuing in the Program," included 713 open-ended comments, which showed a wide range of responses. A summary and analysis of those comments are included below.

### Facilitation Benefits

One of the more consistent reasons given for joining the CTPAT Program was to obtain Program benefits, such as FAST lane access, reduced examinations, front of the line privileges for inspections, and mutual recognition from other countries' Programs. While the Program has strong support from industry for a variety of reasons, Program-offered benefits are still critical to participants.

### Contractual Obligations/Business Requirements

A major driver of Program participation was the requirement by business partners or customers to be CTPAT certified. This is especially true with the Highway Carrier community as contractual obligations for CTPAT certification must be met before some are eligible to haul cargo for CTPAT Importers. This is to ensure strong security procedures and practices are in place by the service providers. In the case of the Highway Carrier community, it is also to ensure that an Importer is contracting with a Highway Carrier that is eligible to use the FAST lanes when they move their goods across the border. Others cited the parent company requiring CTPAT certification for all its subsidiaries as part of the company's overall approach to security.

### Marketability

Marketability was also a prominently cited reason for joining the CTPAT Program as many stated they were trying to "get more clients." Many in the transportation business consider CTPAT certification as a positive in selecting a business partner or even a best practice. More than one respondent felt that CTPAT certification should be a major element of a company's decision in selecting its business partners, as Program membership confirms a higher level of overall security has been attained in the judgment of the US Government through the CTPAT Program.

### Enhanced Status within Industry

Many respondents noted that their membership in the CTPAT Program was a way to elevate or improve their status within their industry. Many consider CTPAT certification to be a demonstration of meeting a higher standard or being more dependable than those without the certification.

Some respondents noted a reason for membership as a method to show their company was trustworthy and ethical, which would not only strengthen their image within the industry, but also help to attract quality employees. Others felt that being in the Program elevated their reputation stating, "The best companies are part of CTPAT." This was especially strong with Highway Carrier respondents who noted a desire to attract high quality drivers to operate their trucks.

Numerous respondents said they were trying to create a stronger culture of safety and security within the company. CTPAT certification is seen by many as a benchmark for quality and security that can enhance a participant's reputation, not only externally, but internally as well.

## Enhanced Brand Reputation

One of the primary concerns of any business is the protection of their corporate image or company name, thus a consistent reason cited for joining the Program was protecting brand equity. CTPAT certification and Program participation elevate the reputation and status of a company, promoting a stronger brand.

## Assignment of a Supply Chain Security Specialist

Many stated that joining the CTPAT Program was an effort to establish a stronger or "better" relationship with CBP. Numerous responses noted that having an assigned contact within the CTPAT Program (SCSS) created a feeling of having a direct line of communication with CBP, with many specifically noting that this relationship could help prevent smuggling from occurring within their supply chain operations.

Others also noted that they hoped to receive additional training opportunities and be "privy" to notifications and announcements before non-members in the industry. A couple of participants noted that they wanted to be eligible to attend the annual CTPAT conference as a primary driver.

## Mutual Recognition

The Authorized Economic Operator (AEO) concept, of which CTPAT is the U.S. version, is now globalized through the World Customs Organization's (WCO) SAFE Framework of Standards. "Mutual Recognition (MR) is a broad concept embodied within SAFE, whereby two countries close an agreement or arrangement to mutually recognize AEO authorizations that has been properly granted by one Customs administration. Under SAFE, Customs Administrations are encouraged to develop partnerships with business and between each other to secure and facilitate trade. Further, it calls upon Customs Administrations to work together to develop processes for MR of AEO validations and authorizations, Customs security control standards and control results to eliminate or reduce duplication of effort."[3]

Many respondents stated the importance of being eligible for benefits with other national AEO Programs with specific mention of Canada's Partners in Protection (PIP) Program administered by the Canada Border Services Agency (CBSA) and Mexico's OEA Program administered by Mexico Servício de Administración Tributaria (SAT). With the globalization of the AEO concept, CTPAT certification is not only improving a company's industry status within the United States or North America, but also on a worldwide scale.

## Negative Feedback

Some Members did respond negatively in this section within the free text box option. With comments such as, "Government promised less exams and better transparency. We find this not to be true" and "No real benefit or reason to join other than required by some shippers," and "We have not seen any benefits to being part of the CTPAT Program during our many years." These are indicators that there remains some dissatisfaction from Program participants regarding benefit realization.

## Patriotism

As CTPAT was created in the aftermath of the 9/11 attacks, many in the 2007 survey noted "Patriotism" as a significant reason for joining. While the 2020 survey did not specifically ask about patriotism as a factor in joining, some listed that or a similar sentiment in the open-ended comments section. Noting it as their "patriotic duty" or "part to combat terrorism," a way to help "keep the country safe," or simply "the right thing to do."

[3] WCO Strategy Guide for AEO Mutual Recognition June 2018.

### CTPAT Program Benefits Not Yet Realized

Participants were asked to comment on benefits that their company has not realized from CTPAT where they thought it would. Nearly every survey participant (98.4%) wrote something in the text box, even if it was only "None," "NA," or "Satisfied." Many respondents indicated they were receiving all benefits or that the Program had met all their expectations. However, some identified areas where the Program had not met their expectations.

### Lack of Examination Relief

A consistent comment was that there was no decrease in inspections or examinations. This included export exams and examinations from other government agencies (OGA). This demonstrates the expectation for examination/inspection relief associated with Program membership.

### Lack of Border Wait Time Reductions

Many noted that they had not seen a reduction in wait time at the border or that they expected greater reductions in border wait times. Some noted that more "Front of the Line" benefit exemptions were needed.

### Supply Chain Interruptions

Some respondents noted that they had expected an "Improved flow from ports inland," meaning there would be less interruption in supply chain movements by service provider components inland.

### FAST Lane Congestion or Restricted Access

A number of respondents, especially those from the Highway Carrier industry, noted issues with access to the FAST lanes. Complaints ranged from non-CTPAT customers being mixed in the FAST lane, backups and delays due to congestion limiting FAST access, and general infrastructure limitations preventing the proper use of the FAST lane benefit.

There were numerous comments regarding infrastructure limitations impacting benefits, especially regarding FAST lanes. One company gave a detailed account* of extensive measures and costs they took to prepare for a new FAST lane in Blaine, WA, only to find that the lane began just 750 meters from the border crossing and would therefore still create significant wait times.

### Lack of Quantifiable Benefits or ROI

Many respondents were concerned that no real statistics have been provided by CBP to industry to quantify or measure benefit realization. Numerous respondents specifically stated difficulties with proving ROI to their corporate leadership and have not had data available to prove that benefit realization was being achieved in areas like inspections, exams, and FAST lane usage. This was cited as a considerable issue in securing Program commitment from corporate levels of CTPAT Members. Some respondents said they simply had seen "no economic" benefit or reduction in costs from Program membership.

### Slow Resolution of Disputes and Penalties

Some respondents noted they were not realizing quick resolution or accelerated dispute processes. There was also an expectation that simply being a CTPAT Member should count during any penalty mitigation discussions.

### Lack of Access to SCSS

Many respondents expressed a desire for more interaction with their assigned SCSS and were under the impression that contact with them would be much more frequent and ongoing. Some noted difficulties in reaching their SCSS or significant delays in having their calls returned. Generally, the attitude seemed to be that respondents were content with the conversations they had with their SCSS but were frustrated these contacts did not happen more frequently. One respondent said, "I never hear from my SCSS unless it is time for the Portal review."

### Lack of Value in Validation Report

There were respondents that expressed disappointment with the validation process and stated they had expected a more dynamic "learning process from validation audits." The validation report was sometimes critiqued for not providing enough supporting information from the site visit(s) or related to work that had been done for Program compliance.

### Lack of Training

A substantial number of respondents asked for more training materials and opportunities. Numerous comments stated disappointment with CTPAT only holding one annual conference and requested more seminars and opportunities for "Q&A," even in virtual formats.

### Shortage of Communication from Program

Many respondents noted the disappointment with levels of communication from the CTPAT Program. More communication from the Program would be helpful in the form of newsletters and updates. A more robust and descriptive effort to share industry best practices would also be helpful, including photographic evidence of best practices. Others noted a desire to get more information from CTPAT, such as the "sharing of intelligence related to known risks and issues in the supply chain."

### Lack of Global Recognition/MRA Realization

There were some respondents who expressed disappointment in not receiving more global recognition through the Mutual Recognition Arrangement (MRA) process.

## SURVEY SECTION 3: CTPAT IMPLEMENTATION

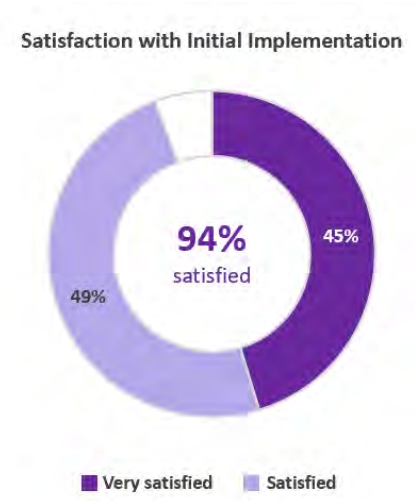
Members were asked to report their satisfaction with initial CTPAT Program implementation, ease of Program implementation, implementation challenges, and costs.

### Satisfaction with Initial Implementation

While overall satisfaction is high, the intensity of satisfaction varies by CTPAT entity; Highway Carriers and Foreign Manufacturers are the most satisfied (very), while other groups of participants are just moderately satisfied. Highway Carriers (52%) and Foreign Manufacturers (54%) were the most likely to report that they have been very satisfied with CTPAT since initial certification. Thirty-eight percent (38%) of Importers, Sea Carrier/Marine Port companies, 36% of NVOCC companies, and 32% of U.S. Customs Brokers reported that they are very satisfied with the Program.

*Analysis*: Importers and Highway Carriers receive the most tangible benefits through reduced examinations and access to FAST lanes, respectively. Other entities indicate a lower degree of satisfaction as they will likely see a lower level of direct and immediate benefits after implementation.

*Figure 17. Satisfaction with Initial Implementation*




### Ease of Implementation

Just over half reported that implementation was easy; however, 4 in 10 report the implementation was difficult for their company. Sea Carrier or Marine Port agencies were the most likely to report that the ease of implementation was very easy or easy (64%) followed by Highway Carriers (60%), Licensed U.S. Customs Brokers (55%), Importers (53%), and NVOCC agencies (46%).

*Analysis:* The positive response rate for the ease of implementation supports the argument that most companies operating in the international supply chain already have implemented significant security procedures which meet CTPAT MSC.

*Figure 18. Ease of Implementation*

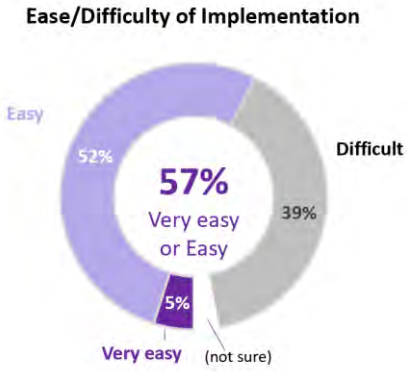


Table 15 presents CTPAT Program criteria already implemented prior to joining CTPAT. It is clear that Importers started out with a slight disadvantage—fewer reported having significant Program criteria already in place.

**Table 15. CTPAT Program Criteria Already Implemented Prior to Joining CTPAT**

| | Total | Importer | Highway Carrier | Foreign Manufacturer | U.S. Custom Broker | NVOCC | Sea Carrier/ Marine Port |
|---|---|---|---|---|---|---|---|
| | (n=1819) | (n=582) | (n=563) | (n=380) | (n=198) | (n=84) | (n=31)** **Small Base Size |
| **All or most of the CTPAT Program criteria (net)** | **53%** | **48%↓** | **55%↑** | **54%↑** | **52%** | **58%↑** | **58%↑** |
| All or nearly all | 15% | 10% | 16% | 18% | 13% | 12% | 23% |
| Most | 38% | 38% | 39% | 36% | 39% | 46% | 35% |
| Half of the CTPAT Program criteria | 27% | 26% | 27% | 27% | 29% | 24% | 26% |
| Less than half of the CTPAT Program criteria | 15% | 17% | 15% | 16% | 14% | 12% | 10% |
| None of the CTPAT Program criteria | 3% | 5% | 2% | 3% | 3% | 4% | 3% |
| Not sure | 2% | 4% | 2% | 1% | 2% | 2% | 3% |

↑↓ *indicate significant differences between subgroups at the 95% confidence level.*

## CTPAT Implementation Challenges

Obtaining information from supply chain service providers about their compliance with Program criteria was identified as the single greatest challenge for Members (14%) and preparing for validation was listed as the second single greatest CTPAT implementation challenge for Members (11%). Additional areas which were identified as the single greatest challenge by Members included:

- Creating the security profile in the CTPAT Portal (9%)
- Demonstrating value (ROI) to executive level leadership (9%)
- Costs associated with implementing required physical security upgrades (8%)
- Understanding Program requirements (6%)

See Figure A6 in Appendix B for which presents these findings by membership type.

*Analysis:* The CTPAT concept leverages business relationships to improve security levels throughout the international supply chain, yet gathering and sharing of information between node stakeholders is a challenge influenced by cultural, language, and legal differences. For example, as it relates to personnel security, while a U.S. Importer domestically may easily conduct background investigations on employees, their business partner in another country may not be able to legally do so as this could be considered a breach of personal privacy protections.

## CTPAT Implementation Costs

Physical security improvements create the most substantial costs during implementation. Physical security improvements were identified by 29% of respondents as a "substantial cost," and 43% of respondents as a "moderate cost" associated with implementation. Additional implementation-related costs for Members included: personnel hours spent on CTPAT (not including training and education), Program related activities and events such as validation, revalidation, and/or conference attendance, personnel education and training about CTPAT, and travel and outreach to supply chain providers to obtain or verify security information. Highway Carriers have higher costs associated with all aspects of bringing their company into compliance than do other types of Members. See Figure A7 in Appendix B which presents these specific findings by membership type.

*Additional Comments*: The CTPAT Program is designed to be flexible for Members considering the incredible diversity of operations. While physical security solutions are often realized through brick-and-mortar investments along with technology improvements, SCSS are trained to work with companies, who may have limited resources, to find practical and creative security solutions which satisfy the CTPAT MSC while minimizing the financial burden to companies.

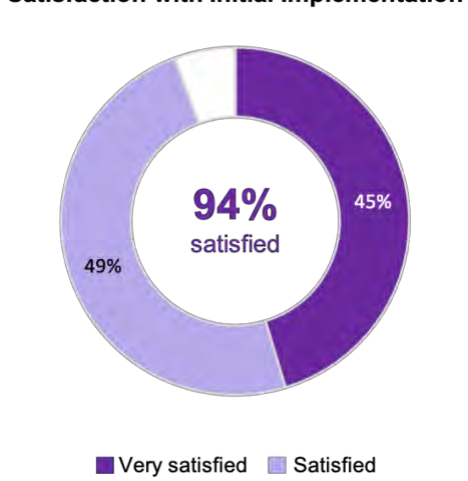
## SURVEY SECTION 4: VALIDATION

CTPAT Members were asked several questions about their experiences and satisfaction with validation, the validation process, the validation report, and to identify areas for improvement in this area.

### Satisfaction with Validation

Fifty-four percent (54%) of Foreign Manufacturers, 48% of Highway Carriers, 40% of Importers, 39% of U.S. Customs Brokers and NVOCC companies, and 31% of Sea Carriers/Marine Ports indicated that they were "very satisfied" with the validation process. Although many are "satisfied," there is room for CTPAT to improve the validation experience, especially for Importers, Customs Brokers, NVOCCs, and Sea Carrier/Marine Port entities.

*Figure 19. Validation Satisfaction*




### Validation Process

The validation process gets the overall highest marks from Highway Carriers and Foreign Manufacturers. U.S. Customs Brokers consistently rate aspects of the validation process lower than other CTPAT entities. See Figure A8 in Appendix B.

### Suggestions for Improving Validation Process

Respondents were asked in an open-ended question to provide suggestions for improving the CTPAT validation process. They were also separately asked for suggestions on improving the revalidation process. As many of the 2,000+ comments to these two questions overlap, summaries of them have been merged and included in Survey Section 6 on Revalidation.

### The Validation Report

Findings revealed that the validation report seems to be meeting needs in terms of being detailed, clear, and providing actionable guidance and suggestions to improve security and meet the MSC. Eighty-nine percent (89%) of respondents indicated that the validation report was extensive and detailed, 88% indicated that it was clear about required action/next steps, and 88% felt it clearly documented compliance with Minimum Security Criteria (MSCs). See Figure A9 in Appendix B.

### Validation Report Use

Just over 60% of CTPAT Members reported that they provide the validation report to executive leadership and use it to make improvements to operational security. Importers and Foreign Manufacturers are even more likely to share the report with executive leadership. Respondents indicated that the most helpful parts of the validation report are:

- Actions required (53%)
- Best practices (40%)
- Sections confirming compliance with Minimum Security Criteria (MSCs) (34%)
- Review of what the Partnership Validation Team (PVT) saw during the site visits (19%)
- Not sure (8%) (See Figure A10 in Appendix B)

### Comments on Validation Report

Survey respondents were invited to provide open-ended comments on the Validation Report. A summary of requests and suggestions for improvements is provided here:

Additional Information

- Provide more options to fulfill the requirement
- Include greater detailed feedback and benchmarks
- More specifics would be helpful rather than boilerplate language
- Include current best practices from other Members and CBP

Supplemental Elements

- Provide a certification of completion to validate the time spent preparing
- Using a "CTPAT Member scorecard" to gauge performance within industry would help
- Incorporating Key Performance Indicators (KPIs) related to the supply chain would help
- Including photos of any issues or findings would help

Greater Clarity

- Include greater precision regarding the actions required
- Certain portions are confusing, especially when the template is not aligned with our business

Formatting/Technical Improvements

- Provide a more user-friendly format to share the report within the company
- Retrieving the report from the Portal is difficult
- Don't duplicate or copy information from prior reports as it may be out date

### *Analysis and Recommendation on Validation Reports*

CTPAT validations have served as a crucial tool in increasing the consciousness of security concerns for CTPAT Members. However, CTPAT Members often claim validation reports are bland, lack adequate information, and are diminishing in value. Members cite the way in which SCSS use the same performance metrics on subsequent revalidations of the same sites.

Members often use validation reports as a means of justifying the expenses, man hours, and preparation which are required for site visits. However, Members have complained that the expense of being validated often is not met with equivalent value in the validation report. Many of these criticisms stem from the web-based template which allows SCSS to easily import data and create automatically generated validation reports, which makes the process faster, but often sacrifices thoroughness in the report. Prior to the introduction of this template, validation reports were written completely freeform, allowing for greater detail and tailored insight, but also contributing to inconsistencies in report length and quality.

The current validation reports, which SCSS produce through the web-based template, at times leave much to be desired for CTPAT Members, as they often merely state that the Member has met the MSC. Additionally, the validation process may lack credibility among certain Members as many SCSS struggle to answer industry specific questions.

For the CTPAT Program to restore the credibility and value of the validation process, the Program should implement changes, including establishing a database for information on revalidation as well as increasing the diversity and knowledge base of the teams sent to perform validations. Additionally, the introduction of the New MSC provides an opportunity to improve the quality of validation reports. Validations must be relevant to Members' needs and ensure they are adequately met.

## SURVEY SECTION 5: ONGOING PARTICIPATION AND COMPLIANCE

### Ongoing Compliance Costs

Physical security improvements continue to be the most substantial costs to maintain compliance, followed by personnel costs and Program related activities. Seventy-three percent (73%) of respondents indicated that there are substantial or moderate costs associated with physical security improvements, while 68% of respondents indicated that there are substantial or moderate costs associated with personnel hours spent on CTPAT (not including training and education). Another 58% of respondents indicated that there are substantial or moderate costs associated with Program related activities and events such as validation, revalidation, and/or conference attendance. See Figure A11 in Appendix B.

It has always been a challenge to differentiate between organic security investments that a company would make as a course of running their business versus those made specifically to meet CTPAT standards. The flexibility that CTPAT provides companies typically does not require significant additional investments for physical security upgrades, particularly for smaller enterprises. However, it is clear that CTPAT Members must dedicate additional personnel hours toward achieving and maintaining certification.

### Ongoing Compliance Challenges

Preparing for validations and maintaining the security profile for the annual review were identified as the top challenges associated with ongoing Program participation. Sixteen percent (16%) of respondents identified maintaining their security profile and completing their annual review in the CTPAT Portal, and 13% of respondents identified participating in/preparing for validations and revalidations as the single greatest challenge for ongoing compliance. This challenge can impact smaller companies who do not have the resources to dedicate employees to managing CTPAT administrative requirements. Consequently, when CTPAT suspends a company, it is often due to missing administrative deadlines or fulfilling administrative requirements. See Figure A12 in Appendix B.

### New MSCs Announced by CTPAT

Most Members (62%) perceived the New MSC announced by CTPAT to be a positive development. U.S. Customs Brokers and NVOCCs are less likely to welcome this news due to the additional resources required to meet the New MSCs or due to bad timing with the COVID-19 crisis. While the timing of the release of the New MSC may have been unfortunate because of the pandemic, updating the criteria was a multi-year venture by the Program and the first time the criteria had been overhauled since the Program's inception. See Figure A13 in Appendix B.

### In Their Words: Ongoing Participation Areas for Improvement

Members surveyed were asked, in an open-ended question: "What, if anything, can CBP/CTPAT do to support you/your company in the ongoing management and implementation of the CTPAT Program?"

Below is a summary of the hundreds of responses received:

<u>Communication, Consistency, Sharing Expectations</u>

- Guidance regarding industry standards for staffing and expected workload for managing CTPAT relative to company size
- Greater consistency and uniformity in administration by SCSS and field offices
- Certification to provide other countries' Programs

Quantified Benefits/ROI Metrics

- Reminder of benefits being provided, including through metrics, in order to demonstrate ROI of the Program to executive leadership

Sharing Best Practices and Methods

- More training and communication from CTPAT on how to improve
- Share more best practices
- Recommend vetted security technology companies

Assistance in Dealing with Partners

- Assistance mitigating risk with downstream providers that are not eligible for CTPAT
- Reaching cooperation with foreign business partners who don't feel the Program is necessary

Portal/Profile Assistance

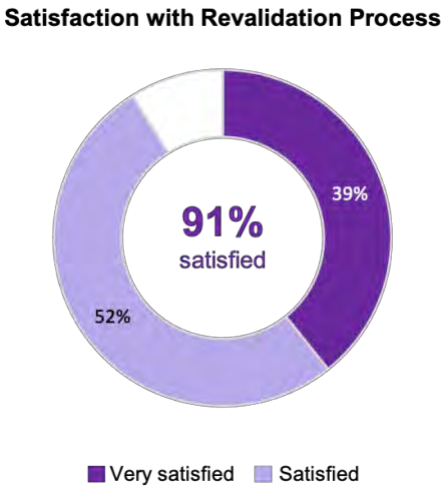
- Don't wipe the entire Portal clean every time new requirements are added (it is very time consuming to repopulate)
- The Annual Security Profile is lengthy and burdensome
- Allow extensions on the New MSC due to COVID-19 and the Portal outage

## SURVEY SECTION 6: REVALIDATION

Survey participants were asked about their satisfaction with revalidation, the revalidation process, and to identify areas for improving the revalidation process.

While overall satisfaction with revalidation is high, there is a notable differentiation when drilling down into the data for those entities which reported being "very satisfied" versus being "satisfied." While 52% of Foreign Manufacturers and 50% of Highway Carriers reported that they were "very satisfied" with the revalidation process, only 35% of Sea Carriers/Marine Ports, 31% of Importers, 30% of U.S. Customs Brokers, and 23% of NVOCC's reported that they were "very satisfied" with this process.

*Figure 20. Satisfaction with Revalidation*




The revalidation process varies from company to company and these variations are influenced by factors like company size and entity type. For revalidation of large Importers, CTPAT strives to visit different global sites and nodes based on risk. In some ways, the revalidation experience can more closely mimic the initial validation experience for companies which fall into this category. Conversely, a small Customs Broker who operates out of a single office will experience a more repetitive process.

Members' opinions of revalidation vary as one company could weigh a short, repetitive process positively because it is predictable and less resource intensive, while another company may view the same experience as lacking value because it does not offer anything new. For longstanding CTPAT companies that have experienced three or more revalidations, the process may become repetitive. A revision could include SCSS identifying training needs for the company and incorporating them into revalidation site visits.

### The Revalidation Process

Those that have participated in a revalidation rate their SCSS highly for being professional and knowledgeable. The majority agree that the process is thorough, clear, and necessary, while few feel the process is repetitive and of low value (See Figure A14 in Appendix B). A review of the open-ended commentary of the survey highlights some of the issues and concerns at the operational level.

### In Their Words: Validation/Revalidation Areas for Improvement

Surveyed Members were asked, in open-ended questions, "What, if anything, can be improved about the CTPAT validation process and about the revalidation process?" A summary of over 2,000 Member comments is below. Responses to the two questions are combined as they largely overlapped.

<u>SCSS/Field Office Engagement</u>

- A lack of consistency with the validation process
- Problems caused by the changing of assigned SCSS or CTPAT field office
- A need for greater standardization in the process

- Addressing restrictions regarding security concerns in no-travel areas or high threat areas ("In my case, my SCSS told me they cannot go to Mexico because of government safety requirements, but I needed to go and make inspections")
- More coordination with the SCSS regarding foreign entities

Greater Training and Information-Sharing

- More training being made available from CTPAT and/or the SCSS, especially webinars or "web-based" programs
- Greater detail in advance regarding what is required for the validation process, such as needs for conference rooms, plant tours, lunch, or availability of certain personnel
- More advance notice about dates and locations to better plan for travel and operational needs
- Sharing the "checklist" in advance to help companies prepare
- Broader language capabilities or translation assistance (particularly Spanish and French)

Greater Sensitivity to the Uniqueness of Companies

- Some validation questions were too repetitive or not relevant to their business
- Greater sensitivity to companies with less resources
- The process should be more individualized with considerations for their specific business sector or company size; CTPAT is not understanding Members' industries

Revalidation/Profile Review Intervals – Risk Based Approach

- Shifting the annual review of the security profile requirement to every other year
- Alternate validation schedule for low-risk Members
    - Tier III exemption from both a foreign and domestic site visit
    - Longer revalidation intervals for Tier III Members
    - Easing of foreign requirements for longtime, Tier III Members who are low risk
- Some want to see revalidations scheduled every two years, as they are helpful

Challenges with the New MSC

- Numerous comments that the New MSC are overly difficult, too complex and being applied at the wrong time (mainly due to pandemic issues)
- Difficulty with the Portal

**Member comment excerpt regarding a more risk-based approach to validations:** "A longer validation period for companies that had no issues and have clearly demonstrated they have good practices in place. In many areas, due to our own government regulations we have to comply in order to conduct business and security is part of a bigger picture. Many policy and procedures are maintained by subscribing to services that help us with compliance. Trying to translate policy or procedures into the data base can be difficult when uploading the policy would answer the question and more."

**Member comment excerpt regarding more flexible validation practices:** "Adaptions for business size. We operate a very small family-owned business and a lot of the requirements are difficult to understand how to apply to a small business. We have 2 full time employees and 25 seasonal employees. Many of the requirements and questions in yearly reviews are very difficult to adapt to our company. All the new internet security requirements for a business with 2 phones and 2 computers are hard to understand and apply at our level."

### *Analysis on Lack of Consistency in Approach to Validations*

The concerns with a lack of consistency amongst the CTPAT field offices and SCSS show that while the Program boasts flexibility with its membership, especially as a non-regulatory Program, this nonetheless creates a lack of standardized application and administration of the Program, including by SCSS in the validation process. Concerns about validation inconsistency were expressed in a 2008 GAO report.[4] This is in part due to different SCSS approaching the same task differently and influencing the process through their own unique approach.

The feeling that different CTPAT field offices administer the Program inconsistently is likely due to different personalities and leadership styles. However, the Program does need to examine ways to be more consistent, especially with its assessments of security profiles and validation/revalidations activities.

### Summary of Comments on Foreign Site Visits

Those who indicated that a foreign site visit did not go well were asked to provide additional information.

A summary of the comments in this area is provided below:

- Language or cultural challenges contributed to difficulties with the validation visit
    - Sometimes the language barrier simply slowed the process down, while others commented that the foreign site visit did not go well because language issues prevented the foreign provider from understanding what was needed for the validation, and they failed to have the proper information available or even presented the wrong information
    - A few respondents noted that validation travel costs or difficulty with logistics and scheduling were excessive or prevented travel
- A couple of respondents had negative comments regarding the SCSS' performance or attitude
- Others had issues with their foreign providers

[4] 2008 GAO Report: "U.S. Customs and Border Protection Has Enhanced Its Partnership with Import Trade Sectors, but Challenges Remain in Verifying Security Practices."

## SURVEY SECTION 7: COMMUNICATION AND TOUCHPOINTS

### CTPAT Resources Used

Members are most engaged with CTPAT through the Web Portal or their assigned SCSS. Most Members (87%) reported using the Web Portal, and 71% reported using SCSS. Forty percent (40%) reported that they attend meetings or conferences and found them to be valuable. An important item to note is that while those who found attending meetings and conferences valuable, the opportunities to attend such events varies between CTPAT Members based on event locations and attendee capacity. Historically, the CTPAT annual conference registration reaches capacity within a few hours of it opening, resulting in many interested companies not being able to attend. Likewise, if events are held on the East Coast, this potentially excludes some interested West Coast based companies from participating due to travel budget restrictions and logistical complexities.

### SCSS Performance

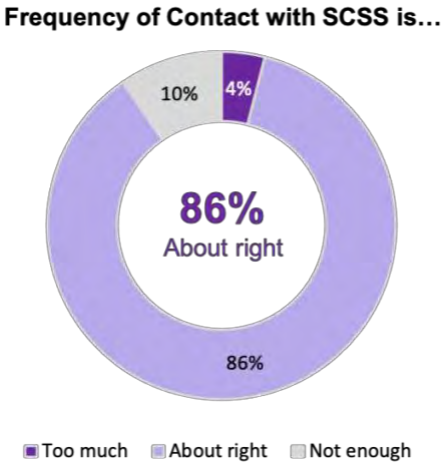
SCSSs received high marks for responsiveness, ability to answer questions, and knowledge of the Member's industry. Nearly 100% of respondents reported that they know who to contact at CTPAT for answers to questions while 91% reported that their SCSS responds to requests in a timely manner, and 91% reported that their SCSS answers questions to their level of satisfaction. See Figure A15 in Appendix B.

This question captured the level of granularity down to the field office level with a reportable variance of up to 14%. The Houston CTPAT Field Office consistently scored the highest in all but one of these categories with the Buffalo Field Office running a close second.

### SCSS Contact Frequency

The amount of contact with the SCSS is "about right." Many prefer to limit contact from their SCSS to important news and updates or about once per quarter. Companies were also asked how often they would like to have contact with their SCSS. More than half of Members (57%) reported that they wish to be contacted only if there are updates or important news, while 25% reported they prefer to be contacted at least quarterly, 7% desired at least monthly, 7% reported they only want to be contacted in response to their company contacting CTPAT, and 4% were not sure. This is an informative piece of data which identifies that while 86% of respondents feel that the frequency of contact is "about right," 32% desire more contact. Having almost one third of the surveyed membership indicating a desire for more frequent contact should be a significant driver for CTPAT policy and procedural changes. More frequent contact can be achieved in a multitude of ways to include leveraging social media platforms to increase in-person or virtual meetings within the validation life cycle.

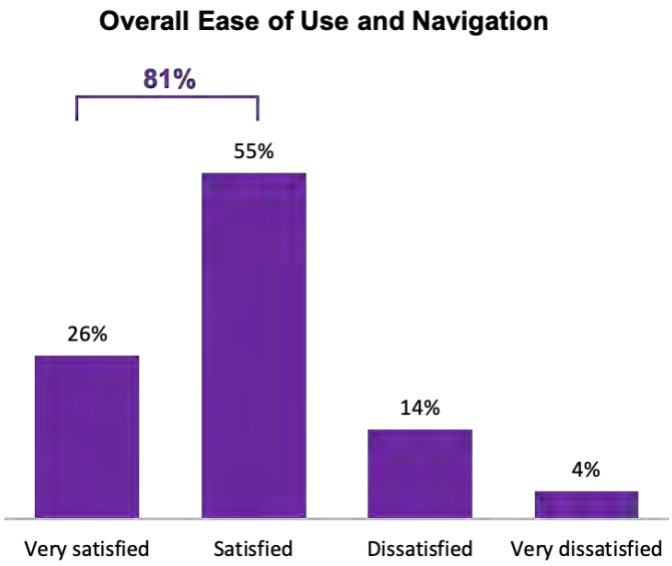
*Figure 21. Frequency of Contact*



## Web Portal Satisfaction

Overall ease of use and navigation of the CTPAT Web Portal is relatively high, with 81% of respondents reporting that they are "very satisfied" (26%) or "satisfied" (55%). More importantly, only 4% indicated being "very dissatisfied."

*Figure 22. Web Portal Satisfaction*

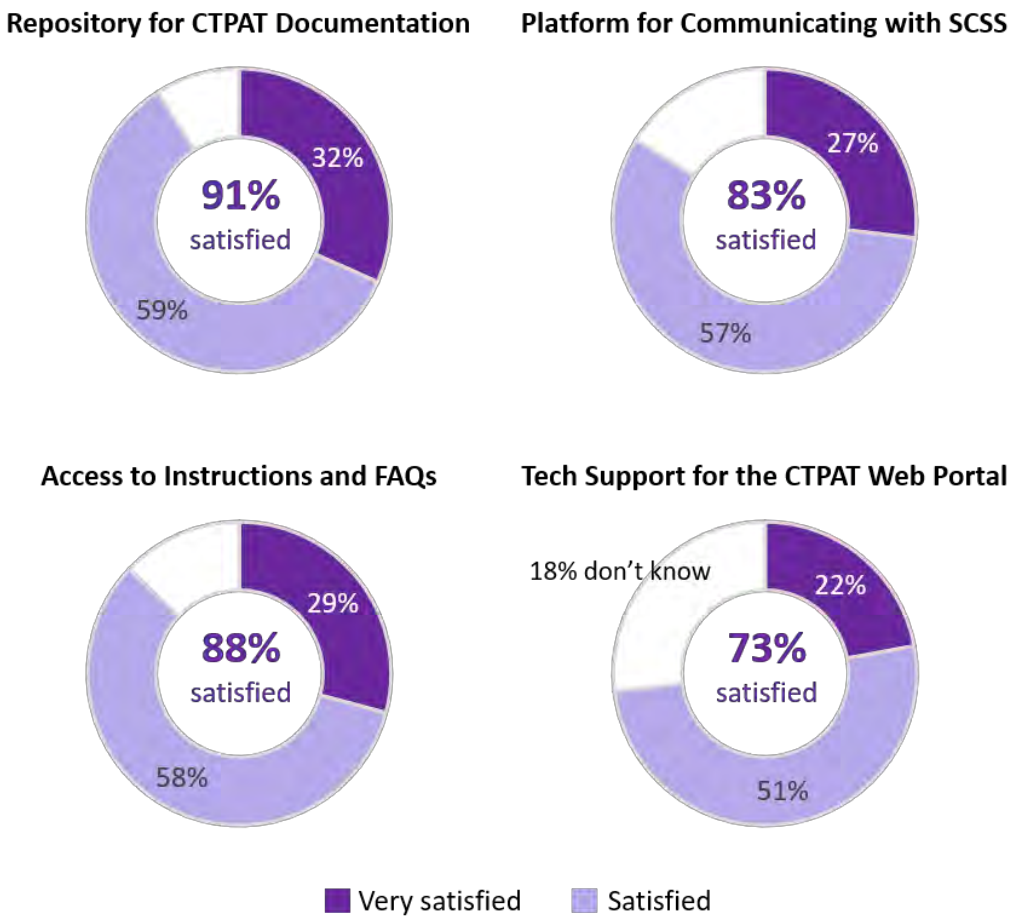



Overall satisfaction with the Portal as a repository for Program documentation, FAQs, and as a means to communicate with SCSS is high (83-91%). Although, when the categories of "very satisfied" and "satisfied" are segmented, there is a reportable difference demonstrated by the data which shows that most respondents are only "satisfied" in this category. This is the same for the previous category above. CTPAT has experienced technical challenges in the past, particularly when transitioning from their first Portal system to their current 2.0 version. The Program could benefit from further analyzing this data set when it considers Portal enhancements, upgrades, and future versions to help inform design and performance decisions.

## Interest in a "Comment Box" System

Almost two-thirds of respondents are interested in a formal feedback system, depending on whether it is explicitly anonymous. Interest in a comment box system was notably highest for companies managed by the Miami and Houston Field Offices, which were between 20% and 24% higher than the other field offices, respectively. CTPAT has historically not provided its Members with a formal process for providing Program feedback which has been a missed opportunity to gather valuable data to use in making informed decisions about Program changes and improvements based on Members' concerns. CTPAT is defined as a partnership Program and this is another opportunity to demonstrate the value of that partnership through a constructive criticism mechanism, which could work in tandem with the COAC to drive meaningful change.

*Figure 23. Satisfaction with Portal by Domain*

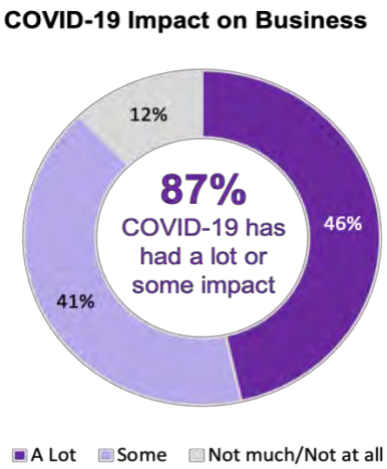


## SURVEY SECTION 8: COVID IMPACTS

### COVID-19 Impact on Business

Nearly all CTPAT businesses report being affected by the COVID-19 pandemic. About half say they have been affected "a lot." Looking forward, businesses see continued travel reductions within their companies which can have a negative impact on things like internal and partner audits. Half anticipate the same amount of personnel for supply chain operations in the next 12 months, while 1 in 5 anticipate a decrease in personnel dedicated to supply chain management activities. Larger Importers often conduct site audits throughout their supply chain to ensure compliance with corporate procedures and CTPAT MSC.

*Figure 24. COVID-19 Impact on Business*




### Anticipated Business Resumption after COVID Restrictions and Travel Guidelines are Lifted

Members were asked, "In the twelve months after the social distancing guidelines and travel restrictions are lifted, do you anticipate that employee travel at your company will be reduced, the same, or higher. Slightly more than one-third of respondents reported that they anticipate that employee travel will continue to be significantly reduced due to COVID-19. Another 38% reported that they feel travel will be somewhat reduced due to COVID-19, and 15% anticipate that travel will resume to the same levels as before COVID-19. Only 1% reported they feel that travel will resume at higher levels than before COVID-19.

### Changes in the Number of Personnel in the Next Year

Respondents were also asked to report about changes in the number of personnel their company will use for supply chain operations, assessments, travel, and engagements in the next 12 months. More than half of respondents reported that the number of personnel their company uses for supply chain operations, assessments, travel, and engagements will remain the same while 11% anticipate they will increase. Another 21% anticipate they will decrease, and 15% were not sure what the impact would be.

### COVID-19 Challenges

Restrictions on business travel is the number one challenge resulting from COVID-19, especially to Importers, Foreign Manufacturers, and Sea Carriers/Marine Ports. See Figure A16 in Appendix B.

## Role of Technology in CTPAT Program

About 4 in 10 respondents believe CTPAT validations can be conducted effectively using technology although another 4 in 10 indicated the effectiveness will depend on how technology is utilized to support virtual validations.

Virtual site visits or relying strictly on documentation provided by the company are top ways that Members support management of the Program during the pandemic. Historically, CTPAT has maintained a strong stance on the need to conduct physical site visits to validate and revalidate Members, but there is also a precedent for conducting phone validations for a small universe of low-risk Members for revalidations only. Lessons learned from this, essentially "virtual," validation process can be further leveraged by CTPAT to develop and deploy a more robust virtual validation process which can be leveraged as appropriate during the remainder of the pandemic and for future scenarios which may impact on-site visits. While the pandemic is the current driver for travel and in-person restrictions, there are other factors which could impact on-site visits in the future, such as resource availability. CTPAT would benefit from implementing robust virtual validation procedures, thus allowing the Program to be more prepared and nimbler to react to similar challenges in the future.

*Figure 25. Virtual Validation*

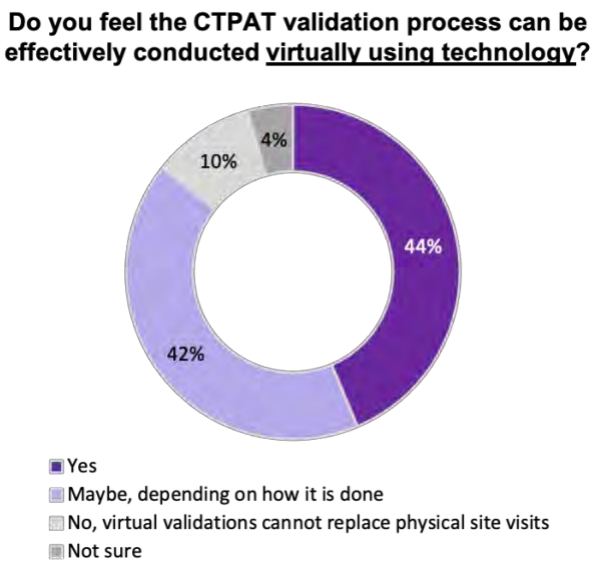



*Figure 26. COVID Adjusted Operations*

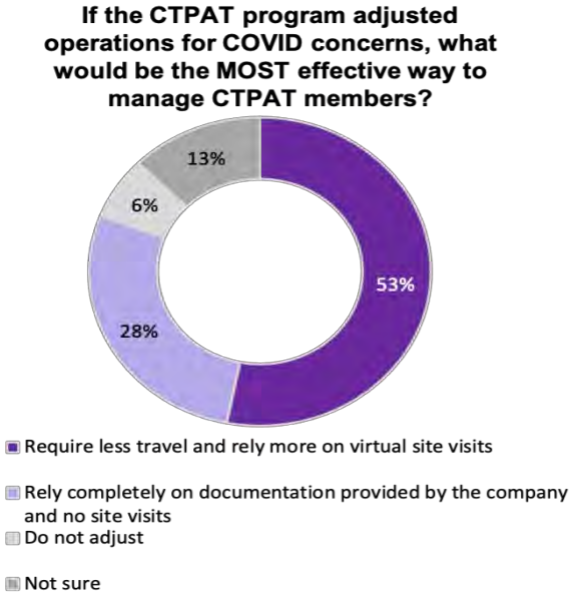
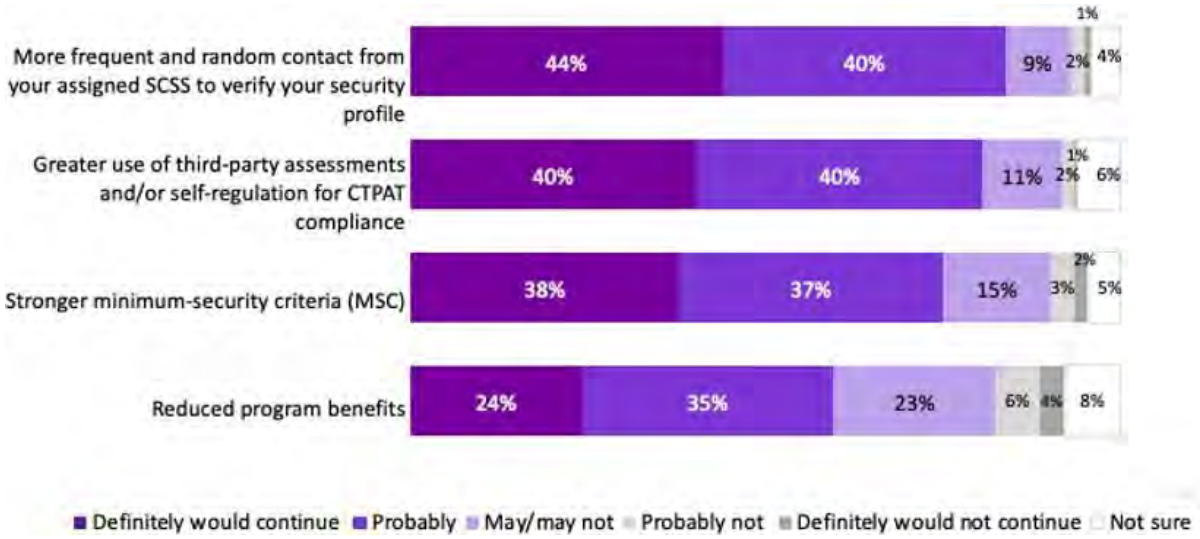


*Figure 27. If the CTPAT Program Reduced Physical Site Visits, How Likely Would you be to Continue if the Following Adjustments were Made?*

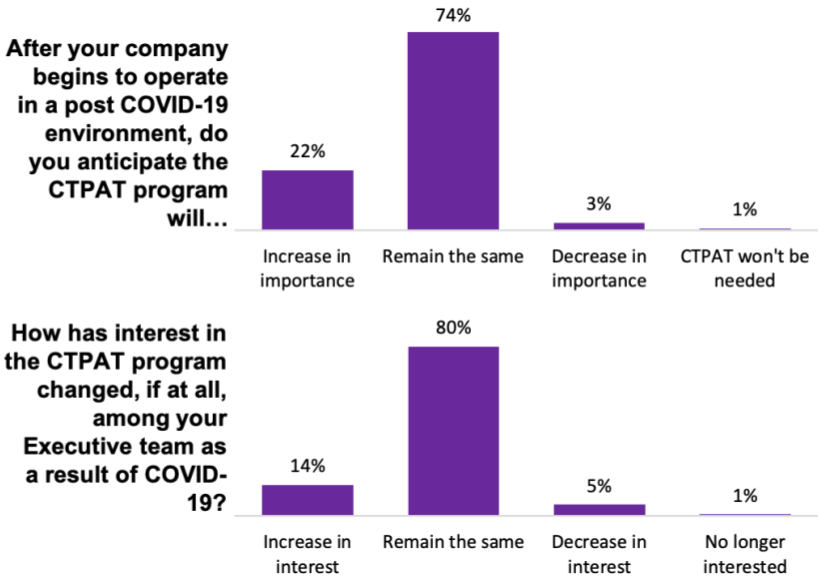



## CTPAT Program Looking Forward

Most Program Members anticipate that their company's participation in CTPAT will remain unchanged in the post-COVID environment. Furthermore, Members' respective executive leadership interest in the Program remains the same despite the business challenges experienced during the pandemic. Greater investment in virtual technology and interest in operational cost reductions are the top two supply chain security changes that Members see coming out of the pandemic.

When asked how respondents think global supply chain security will be affected in the aftermath of COVID-19, 56% reported more investment in virtual technology, 46% reported more interest in operational cost reduction to ensure profitability, 36% reported more concern about security, and 23% reported more concern about facilitation. The post-pandemic environment will serve as a test for CTPAT and global AEO Programs to demonstrate their value by ensuring Member benefits are maximized to provide companies with the predictability they will need to operate at optimal efficiency.

*Figure 28. CTPAT Program Looking Forward*



## How CBP/CTPAT can Support Ongoing Management and Implementation of the Program

Surveyed Members were asked, in an open-ended question, "What, if anything, can CBP/CTPAT do to support you/your company in the **ongoing management** and implementation of the CTPAT Program?" A summary of 2,100 Members who responded is below.

New MSC

- Delaying the New MSC and related reporting requirements
- Greater clarity on the New MSC

Communication and Training

- Increased training opportunities, seminars, and info-sessions to share best practices
- More Program materials available in Spanish, French, and other languages
- More communication with Program
- More user-friendly Portal, including more best practice guides with photos

Consistency across field offices and SCSS

- Greater uniformity across field offices and SCSS

Measurable ROI

- Demonstration of benefits and a measurable ROI to justify participation

## Gathering Additional Information to Improve the CTPAT Program

Survey Question 71 asked, "To help the CTPAT Program improve further, would you be interested in participating in a one-on-one interview or group discussion about the Program later this year?" Nearly 1,400 (40%) of the survey respondents answered "yes." Scheduling almost 1,400 one-on-one interviews in the post-survey timeframe was not possible, so a 10% (140) random sampling of the 1,400 were contacted via email and asked to provide information on what they would like to discuss during a one-on-one interview.

The Project Team believes that the CTPAT Program would benefit greatly from detailed feedback provided through one-on-one interviews with each of the 1,400 companies who raised their interest, but this effort will require a substantial investment in time and resources. There were a variety of areas of interest identified through the 10% sampling. The following is a summary of topics submitted, in no order. These, and other topics identified throughout the survey, should be further explored in a prioritized manner:

- Further discussion of upgrades to the Portal; perhaps with an instruction manual
- More metrics related to benefits and understanding ROI of participation
- Tier III status for Consolidators and Brokers
- Quantifying benefits using KPIs
- Suggestions on virtual revalidations
- Greater clarity for the New MSC requirements
- Where a company must meet various federal or international standards that satisfy a CTPAT requirement, they should be relieved from providing duplicative documentation or evidence
- Greater Sea Carrier input on the MSC
- SCSS SME list so that Members can reach out with questions accordingly (a CEE concept for SCSS)
- Regular CTPAT Newsletter

## ELICITATION SESSIONS/FIELD INTERVIEWS WITH PROGRAM STAKEHOLDERS

### CTPAT Field Office Interviews (SCSS & Managers)

To supplement and help inform the analysis of the formal survey, all six (6) CTPAT field offices (Miami, Newark, New York, Buffalo, Houston, Los Angeles) were interviewed by the CTPAT Project Team. Each field office Director was contacted and asked to select a small group of their staff to participate in a short teleconference. Members were reassured that their comments would remain anonymous. *Note: for one field office, the Director provided the Survey Team with a list of the employees and asked the Survey Team to randomly select the employees for the interviews.*

A list of themes was developed by the Project Team to use as the basis for the interviews and to help to stimulate the discussions:

- Transferring Between Field Offices/Working at HQ
- Biggest Changes to the CTPAT Program
- Current Job
- Training
- Relationship with Field Office Staff/CBP Personnel
- SCSS Career and Applying for Other Jobs with CBP

A total of 34 (24%), of the 139 CTPAT field office staff (6 Field Directors, 13 Supervisors, 6 Mission Support, 114 Supply Chain Security Specialist (SCSS) participated in the sessions, which took place from September 1st to October 9th, 2020. In most cases, the staff interviews took place individually but in the case of one of the field offices, the Director, and the staff selected chose to have a group interview. The same methodology was applied in all the interviews. Member comments were captured individually and then summarized in a single document.

#### Transferring Between Field Offices/Working at HQ

There was some consensus that working at headquarters at some point could be extremely useful for getting a broader perspective on the Program and how policies and decisions are made and articulated to the field as well as helping to establish relationships and networks with more decision makers. A flexible rotation model might be the best way of ensuring the entire staff could have equal opportunities, but it was mentioned that the biggest challenge to HQ experience options would be related to relocation expenses. While through the years some staff have rotated to different field offices, the overall sentiment was that it is fairly difficult to achieve, and that upward mobility is limited due to the relatively small size of the Program.

#### Biggest Changes to the CTPAT Program

Staff cited the new Minimum Security Criteria (MSC) as a current challenge and were uncertain how it may impact Mutual Recognition Arrangements and the overall validation process. They also indicated a need and desire for more guidance on the New MSC, stating that it is too vague in its nature and needs to be broken down in depth to show the trade community how to navigate through the new standards effectively. Additionally, staff mentioned a disconnect with the New MSC being provided also in Spanish and French, but the associated questions are only in English.

Staff mentioned the need to improve communication between HQ and the ports, indicating that there is no formal process in place to create an effective dialogue. In the context of the pandemic, which has

essentially grounded the Supply Chain Security Specialists (SCSS) from being able to conduct validation site visits, it was mentioned that phone validations have been done in the past based on risk. The idea of the Program potentially moving to a more virtual validation model is generally perceived as a tremendous challenge by the staff which question whether the Program would lose its credibility without having SCSS travel to conduct validations. Some staff indicated that the virtual validations conducted during a pilot period "did not go well." Additionally, staff indicated that since the start of the pandemic, many companies have requested extensions to various Program deadlines citing impact to staff through downsizing as the main reason.

There was concern about Program leadership from the perspective of the historical turnover rate at the Program Director level. This was described as an institutional challenge arising from things like the position being used as a career steppingstone or often being filled by individuals only in an "acting" capacity.

There was a lot of concern about reducing budgets over the past several years impacting the way validations are conducted, and what used to be a risk-based selection approach has shifted to a cost-based approach. Additionally, the annual work plan is released later every year, significantly impacting SCSS and their ability to effectively plan and conduct validations throughout the year. Also, due to budget issues, some site visits are conducted by SCSS who do not manage particular companies' portfolios, which creates uniformity issues and is problematic for those CTPAT Members impacted.

Staff indicated communication is one way from the top down and that attention should be given to considering feedback from the bottom up as well to ensure a mix of feedback to better inform the Program.

Much of the staff have reservations about the effectiveness of some of the MRAs in place, and do not have confidence that all those countries are effectively managing their Authorized Economic Operator (AEO) Programs. At the time of these interviews, there were 13 MRAs in place, and staff generally feel confident in less than half of them.

### Current Job

Staff stated that standardized technology improvements would make the Program better regarding validations, but also felt like there is nothing wrong with the current pen on paper version. The Portal is very useful for the trade, but they are not always utilizing it and it seems to come from them not knowing its capabilities, though the companies that do are incorporating things like the available training materials into their own internal procedures.

Technology should be incorporated into CTPAT validations to create uniform automated processes. Rather than validation processes on paper, a version should be developed in which a standard app-based process is implemented. SCSS should be equipped with smart technology solutions which could support the validation process through standardized evidence of implementation gathering, etc. The current Portal would likely be unable to support a significant transition to more technology integration.

While much of the staff indicated that virtual validations are not scalable and see the process as a temporary fix because they limit the SCSS' ability to see the full picture, others feel that virtual validations are feasible, and the process should be improved and implemented on a greater scale recognizing that it will be a challenge for many companies as well. It was mentioned that high-risk supply chains cannot be effectively validated virtually and will always require physical site visits.

Staff indicated that CTPAT Program benefits need to be marketed to companies more effectively and that many companies do not always see the benefits to being in the Program. In fact, staff stated that CTPAT needs to do a better job in marketing itself both internally and externally, as most stakeholders are unaware of the positive impact that the Program has on the supply chain and homeland security. Social media is not leveraged enough by the Program for self-promotion. CTPAT would be well served by having established Return on Investment (ROI) figures which can clearly demonstrate the value of membership.

While noting that the CTPAT Member management process must be flexible in order to be effective, staff indicated that there is a lack of uniformity and consistency in many of the processes. More internal guidelines should be established to support consistent portfolio management. The process of deciding where validations are going to take place and how companies are assigned to field offices/SCSS needs to be refined. Some staff indicated that CTPAT should leverage other CBP resources to find efficiencies as budget limitations continue to impact the quality of the Program. One-way travel costs can be offset is by using local CBP personnel to supplement validation teams. Additionally, CTPAT would be well served by establishing liaisons in key offices like the National Targeting Center and Office of Trade. It was also highlighted that the vetting process has become so cumbersome that it would be much better to establish a team or office dedicated solely to this process which would improve consistency as well. Additionally, a fully automated vetting system could be implemented which could provide notifications to SCSS in real time so they can act upon that information. Staff indicated that the suspension and removal process is very tedious and inefficient and should be improved to reduce the amount of time and resources necessary.

Some staff stated that there needs to be a mechanism in place for Program Members to voice their opinions and provide feedback to the Program about things like SCSS performance so that the Program can make educated decisions about training.

Inconsistencies, such as management not being eligible for telework were highlighted, as well as the current management structure. In the field, Supervisors and Directors are all GS-14 level which creates reporting challenges and does not incentivize upward mobility. It was also mentioned that the Program Director position not being a Senior Executive level position may also contribute to its historical lack of permanent consistency.

### Training

Training was identified as an area where improvement is needed. Staff did state that since the pandemic began, there has been a significant increase in training but also that headquarters-level training historically has been minimal. One specialist noted they have had “more training in the last 6 months than the last 6 years.” Training needs to be oriented to back up SCSS’ expertise to do their job effectively. Institutional annual training for SCSS with different industries would be critical, allowing them to know how those they are working with operate. CTPAT fails to leverage the expertise within its membership for training purposes. Training needs to be uniform across the board for all SCSS and there should be refresher courses that adapt to the Program’s needs over time. Some staff indicated that in some cases, newly hired SCSS did not receive any formal basic training for years.

Training should not only take place internally, but CTPAT should engage in regular bi-directional training with CBP port stakeholders. CTPAT is one of the critical layers to CBP’s layered enforcement strategy, yet officers have very little knowledge or understanding of the Program. Staff highlighted that CTPAT used to conduct an annual in-person training conference that was extremely valuable, but changes in

conference approval processes and budget restraints put an end to that. SCSS are not updated about new and innovative technology solutions for security and often learn about these things during site visits which undermines their credibility as security experts. Specific training to improve oral and written communication skills would bring more consistency to the Program. Additionally, cross-training with foreign customs administrations which CTPAT has MRAs with could be extremely valuable.

Further to the issue of training related to the private sector Members, training on various industries should be implemented to give SCSS better insight into the sector they are working with as well as training the industry on how CTPAT works for them and which benefits they should be realizing. Staff indicated that more formalized training from companies could be very informative allowing specialists to get a better picture of supply chain operations and responsibilities. Any such training would need to be consistent with the growing needs of various industries. In the past, CTPAT staff has worked with private sector experts for targeted training but this was typically linked to the annual in-person internal training conferences which, unfortunately, have been discontinued for years. Finally, SCSS could benefit greatly from spending time in the field with CBP Officers to keep current with operational nuances.

Specifically, staff indicated the need for training on biometric access equipment and geofencing features in GPS systems as well as a better general awareness of new and developing security technology products. A greater understanding of trade issues surrounding agriculture, forced labor, money laundering, vetting, risk management, and cybersecurity issues are needed to support SCSS in effectively doing their job. More detailed training on the FAST Program and its operational specifics was another area identified by the staff as critical.

### Relationship with Field Office Staff/CBP Personnel

Establishing and maintaining active relationships with field office staff/CBP personnel is an important component to the success of CTPAT but also one that lacks uniformity within the Program. It was clear from the interviews that the level of connectivity and interaction between field office and port personnel varies significantly and it is based on individual relationships.

Some staff reported having excellent connectivity with CBP port operations, while others said that it was a challenge. There is no regular communication mechanism at a Program level in place to cultivate and facilitate these relationships. Designating CTPAT points of contact in the ports and in field offices could improve communication tremendously. There is a perception by some staff that CBP does not place a great deal of value on the CTPAT Program, and that stigma negatively impacts relationship building with the ports.

### SCSS Career and Applying for Other Jobs with CBP

Most of the CTPAT workforce has been in place for many years with a relatively low turnover rate. Over the years, a perception has developed internally which implies that SCSS may find it difficult to advance to other positions in CBP because they have been out of the port operations for too long. Staff indicated that the Human Resources office needs to do a better job at figuring out eligibility for positions and get a better picture of how the roles at CBP function so they can recognize the skills necessary in the hiring process.

CTPAT needs greater visibility within the port and with other field offices which would also translate into skills they need. There is a belief by some staff that once you get into the CTPAT job “you can’t get out.” Some staff suggest that SCSS should be changed from “1801” to “1895” series of job classification to allow for more seamless transition opportunities for SCSS seeking other positions. Many feel that there

is simply no defined career path for SCSS and that due to the uniqueness of the position, they are not privy to more opportunities for advancement in CBP. It was mentioned that the experience gained in the SCSS position can be incredibly valuable when reintroduced to the officer position.

## CBP Port/Field Office Interviews

To supplement and help inform the analysis of the formal survey, four (4) CBP Ports of Entry were interviewed by the CTPAT Project Team. A point of contact (POC) for each port was provided by the CTPAT Program Director. The port POCs were contacted by the Project Team and asked to select a group of CBP stakeholders (officers, managers, import specialists, account managers, members of the Centers for Excellence and Expertise (CEE)) within the port Area of Responsibility (AOR). Participants were reassured that their comments would remain anonymous.

A list of themes was developed by the Project Team to use as the basis for the interviews and to help stimulate the discussions:

- Relevance of CTPAT in daily operations
- Interference/conflicts in Port operations (Headquarters mandates or Benefit applications)
- Awareness/training about CTPAT
- Communication with the CTPAT Program
- Concept of embedding a CTPAT Point of Contact to assist the Port
- Providing CTPAT Members with their benefits
- Suggested changes in the CTPAT Program

A total of 35 CBP stakeholders participated in the sessions which took place from November 17th to December 15th, 2020. In all cases, the interviews took place in a small group setting via teleconference. The same methodology was applied in all the interviews. Participant comments were captured for each port interview.

### Relevance of CTPAT in Daily Operations

Responses varied from one port to another in this section. Some ports indicated that CTPAT is regarded more as something happening in the background of daily operations or seen as a policy level issue. Others reported that CTPAT is more important than ever, particularly in the context of national account managers and because CTPAT is a prerequisite for companies to join the CTPAT Trade Compliance Program.

Interestingly, Import Specialists said that they have minimal experience interacting with CTPAT and it is not part of their day-to-day activities. There is variance between different ports' levels of interaction with CTPAT. Some ports indicated that they feel well connected to the Program through established relationships with some of the CTPAT field offices, but still think there is potential for improvements and opportunities to make process linkages with CTPAT for the Lanes of the Future initiative.

Ports that are closer to CTPAT field offices typically experience more connectivity to the Program and indicated that they have an open line of communication with CTPAT. Additionally, CTPAT holds an annual conference but there are other smaller and localized trade events which take place around the country and throughout the year that bring together local stakeholders.

## Interference/conflicts in Port Operations (HQ mandates or Benefit applications)

Some ports indicated that CTPAT is viewed as more of a guideline and source of extra work. This in part seems to stem from some lack of communication from CTPAT about how the Program works relative to risk management and targeting. Some officers indicated that they have the impression that CTPAT shipments are not allowed to be examined, and this likely stems from pressure (perceived or actual) from upper management and/or from CTPAT companies themselves.

CBP's automated systems and related procedures, which CBP Officers use at border crossings to make determinations about inspections, should consistently identify when a truck is CTPAT certified. All trucks arriving at CBP primary lanes should be in the Automated Commercial Environment (ACE) system that officers use to process shipments. The system requires manifests to be entered electronically at least one hour prior to arrival and shows whether the conveyance is CTPAT certified. Unlike CBP's Automated Targeting System (ATS), which is linked to the CTPAT Portal for automatic application of Importer risk assessments, ACE and the Portal are not linked. Because the systems are not linked, the process of assigning CTPAT status to a carrier still requires manual entry where CTPAT generates and assigns a Free and Secure Trade (FAST) ID based on the carriers' Standard Carrier Alpha Codes (SCAC). Ultimately, the identification of the carrier is conducted at Ports of Entry (POE) by CBP Officers processing international traffic. In the unlikely event that the information had been entered incorrectly, the appropriate CTPAT designation may not be displayed. If not already capturing this data, CBP should track how often the correct status of a CTPAT-certified truck is missed by the current automated system as well as identifying any POE procedural weaknesses which may contribute to such occurrences. This will assist the agency in addressing this issue and ensure that the benefits of the CTPAT program are being fully realized by program members.

Some ports reported that FAST lanes are sometimes negatively impacted because the system may not recognize the driver/truck as FAST eligible, which appears to be an issue within CBP's Automated Commercial Environment (ACE) system. If officers must try to figure out which shipments are actually CTPAT it can have the unintended consequence of making the FAST lanes become "slow lanes." One port indicated that they assign officers to manually count the number of CTPAT shipments/trucks because there is no automated mechanism for collecting this metric. One port stated that trade members have a lot of questions regarding benefits that the port has difficulty backing up due to a lack of aggregated data on supply chain metrics available from CTPAT.

## Awareness/training about CTPAT

There was an overwhelming indication that more awareness/training about CTPAT is needed noting that at the officer level there is not a high level of understanding about the Program. This does vary from port to port and within various management levels in those ports, but a need for more awareness/training was highlighted. It was also mentioned that the awareness/training is not just in need at the officer level but even with some of the CTPAT companies themselves who do not in all cases fully understand their role in the process and the associated benefits.

Some ports with more active relationships with the CTPAT Program indicated that they have received some additional training from CTPAT field offices, but this is clearly a localized issue. Some ports indicated that bidirectional education would be mutually beneficial as they have also experienced that the level of understanding of specific port operations varies between CTPAT SCSS. The point was raised that adding CTPAT to basic training curriculums could possibly be helpful. A suggestion was made to establish a process for regular and recurring training from CTPAT to the ports to create consistency and to address the "brain drain" at many ports from retiring officers who have more institutional knowledge of CTPAT. This training could be in the form of direct training or train the trainer formants.

## Communication with the CTPAT Program

CBP port stakeholders identified several areas where communication is far from sufficient. Most ports do not have CTPAT Program officials nearby, nor do they have a single point of contact within the Program. It is clear that good communication mechanisms are not formalized whatsoever and almost exclusively depend upon individual relationships established between field offices and ports and SCSS and officers. The point was raised and discussed whether an assigned CTPAT liaison could potentially help to bridge the communication gap. One port stated that they would like to have more visibility into the Program related to security infractions or post-seizure analysis. Providing ports and front-line officers with this kind of information could help with targeting and risk assessment. It was stated that CTPAT is not leveraging the partnership to the extent it should and that information exchange is typically going in one direction, from Trade to CTPAT.

## Concept of embedding a CTPAT Point of Contact to assist the Port

Ports indicated that a liaison could be useful in network and relationship building and would be a more effective and efficient line of communication. One port has cross designated an officer as their CTPAT point of contact, but this is clearly a local port decision and appears to be unique to that port. Based on the input from all the ports interviewed, one can conclude that CBP Officers are typically not cross-designated to be CTPAT points of contact.

## Providing CTPAT Members with their Benefits

The port stakeholders reported that while they believe CTPAT Members are being provided with their benefits; they struggle to find metrics to support this. In some cases, Members' benefits, such as reduced examinations, are realized not because the Program is effectively implementing them, but rather due to a perception at the operational level that justifying examinations of CTPAT shipments is too cumbersome and therefore, officers simply do not feel comfortable making the argument. FAST lane benefits are not always maximized due to infrastructure limitations and technology impediments.

## Suggested Changes in the CTPAT Program

Ports indicated a decline in awareness of CTPAT and its benefits since the early days of the Program. Better communication was a common theme and was identified as an area in need of improvement. Some ports even indicated that improved communication from CTPAT about security incidents of Members could help ports make more informed security decisions related to CTPAT shipments. Ports would like to see an effective and uniform way to capture front of the line data and to help them benchmark their performance.

Additionally, some port stakeholders would like to be able to access some of the CTPAT data/information to better inform their decision-making ability. Ports indicated that CTPAT-related data needs to be cleaned up as the inaccurate data can cause negative impacts to port operations, such as the example above regarding FAST lanes. Simply put, improving the communication between port stakeholders and the CTPAT Program would lead to significant improvements.

## CTPAT NEW MEMBER, WITHDRAWL, AND RENEWAL DATA

CTPAT Program and trade data which was obtained from CTPAT Headquarters included data regarding:

- New CTPAT Members by business type and assigned office
- Withdrawn CTPAT Members by business types and assigned office
- Suspended or removed CTPAT Members by business type and assigned office

### New Members

The greatest number of new Members in 2018 and 2019 were Highway Carriers from the United States and Canada (122 new Members in 2018 and 108 new Members in 2019), followed by Importers and Foreign Manufacturers (see Table 16). The assigned offices with the greatest number of new Members in 2018 and 2019 included Miami, New York, and Buffalo (see Table 17).

**Table 16. New CTPAT Members by Business Type**

| Business Type | New Members 2018 | Rounded Percentage | New Members 2019 | Rounded Percentage |
|---|---|---|---|---|
| Highway Carrier-US/Canada | 122 | 28.8% | 108 | 31.0% |
| Importer | 86 | 20.3% | 43 | 12.3% |
| Foreign Manufacturer | 75 | 17.7% | 63 | 18.1% |
| Highway Carrier-US/Mexico | 51 | 12.1% | 36 | 10.3% |
| Mexican Long Haul Highway Carrier | 38 | 9.0% | 55 | 15.8% |
| Consolidator | 20 | 4.7% | 19 | 5.4% |
| Exporter | 9 | 2.1% | 4 | 1.1% |
| Sea Carrier | 9 | 2.1% | | |
| Licensed U.S. Customs Broker | 9 | 2.1% | 12 | 3.4% |
| Air Carrier | 2 | 0.05% | 1 | 0.03% |
| Third Party Logistics Provider | 1 | 0.02% | 6 | 1.7% |
| U.S. Marine Port or Terminal Operator | 1 | 0.02% | 2 | 0.06% |
| Total | 423 | | 349 | |

**Table 17. New CTPAT Members by Assigned Office**

| CTPAT Office | New Members 2018 | Rounded Percentage | New Members 2019 | Rounded Percentage |
|---|---|---|---|---|
| Miami | 131 | 31.0% | 90 | 25.8% |
| New York | 85 | 20.0% | 73 | 21.0% |
| Buffalo | 72 | 17.0% | 54 | 15.5% |
| Houston | 57 | 13.4% | 52 | 14.9% |
| Los Angeles | 48 | 11.3% | 46 | 13.2% |
| Newark | 31 | 7.3% | 31 | 8.9% |
| Headquarters | 0 | 0.0% | 3 | 0.08% |

## Withdrawals

The greatest number of businesses who withdrew from CTPAT in 2018 and 2019 were Highway Carriers (215 in 2018 and 187 in 2019), and Importers (169 in 2018 and 179 in 2019). See Table 18. The assigned offices with the greatest number of withdrawals included Miami (175 in 2018, 112 in 2019), Houston (108 in 2018, 79 in 2019), and New York (106 in 2018, 117 in 2019). See Table 19 below. Historically, Highway Carriers experience the greatest number of withdrawals in CTPAT. This is the result of several influencing factors. Highway Carriers in CTPAT range from large companies with massive fleets, large facilities, and substantial numbers of employees, to owner-operators who often have a single truck and operate the business out of their home.

Those small companies struggle to diversify their business portfolios simply because they lack the resources to service multiple clients. Often, those companies rely on one or two contracts which put them at risk should unforeseen circumstances arise. This can also be true for some small Importers that operate similar business models. For companies like this, CTPAT membership can be a double-edged sword. To qualify for and secure certain contracts, they must be CTPAT certified, but if they subsequently lose that status due to an unfortunate security breach, it can often result in the immediate loss of those same contracts, which can have a catastrophic impact on the company's bottom line and business operations. In some cases, the company goes out of business; in other cases, the company may shift operations to 100% domestic, thereby disqualifying them for CTPAT membership. In the latter case, companies would likely withdraw from the Program and could reapply once they can qualify again by conducting cross-border operations.

**Table 18. Number and Percent Withdrawn by Business Type**

| Business Type | 2018 Withdrawn | Rounded Percentage | 2019 Withdrawn | Rounded Percentage |
|---|---|---|---|---|
| Highway Carrier | 215 | 33.5% | 187 | 31.5% |
| Importer | 169 | 26.3% | 179 | 30.2% |
| Exporter | 63 | 9.8% | 37 | 6.2% |
| Foreign Manufacturer | 60 | 9.3% | 50 | 8.4% |
| Mexican Long Haul Highway Carrier | 35 | 5.5% | 23 | 3.9% |
| Licensed U.S. Customs Broker | 32 | 5.0% | 35 | 5.9% |
| Consolidator | 30 | 4.7% | 40 | 6.7% |

| | | | | |
|---|---|---|---|---|
| Third Party Logistics Provider | 18 | 2.8% | 31 | 5.2% |
| Sea Carrier | 7 | 1.1% | 6 | 1.0% |
| U.S. Marine Port or Terminal Operator | 6 | 0.09% | 3 | 0.05% |
| Air Carrier | 3 | 0.05% | 2 | 0.03% |
| Total | 642 | | 593 | |

**Table 19. Number and Percent Withdrawn by Assigned Office**

| CTPAT Office | 2018 | Rounded Percentage | 2019 | Rounded Percentage |
|---|---|---|---|---|
| Miami | 175 | 27.4% | 112 | 18.9% |
| Houston | 108 | 16.9% | 79 | 13.3% |
| New York | 106 | 16.6% | 117 | 19.7% |
| Los Angeles | 85 | 13.3% | 100 | 16.9% |
| Buffalo | 79 | 12.4% | 89 | 15.0% |
| Newark | 79 | 12.4% | 93 | 15.7% |
| Headquarters | 6 | 0.09% | 3 | 0.05% |
| Total | 638 | | 593 | |

## Suspensions and Removals

Importers were the most likely to be represented in suspension and removal data for 2018 and 2019, as 32 were suspended or removed in 2018 and 38 were suspended or removed in 2019.[5] See Table 20.

**Table 20. Suspended or Removed by Business Type**

| Business Type | 2018 | Rounded Percentage | 2019 | Rounded Percentage |
|---|---|---|---|---|
| Importer | 32 | 25.8% | 38 | 25.9% |
| Highway Carrier-US/Canada | 23 | 18.5% | 28 | 19.0% |
| Highway Carrier-US/Mexico | 18 | 14.5% | 28 | 19.0% |
| Foreign Manufacturer | 16 | 12.9% | 13 | 8.8% |
| Consolidator | 10 | 8.1% | 10 | 6.8% |
| Licensed US Customs Broker | 9 | 7.3% | 7 | 4.8% |
| Exporter | 7 | 5.6% | 4 | 2.7% |
| Mexican Long Haul Highway Carrier | 6 | 4.8% | 16 | 10.9% |
| Third Party Logistics Provider | 3 | 2.4% | 1 | 0.07% |
| U.S. Marine Port or Terminal Operator | 0 | 0.0% | 1 | 0.07% |
| Sea Carrier | 0 | 0.0% | 1 | 0.07% |
| Total | 124 | | 147 | |

[5] CTPAT Portal data, gathered on September 24, 2020.

According to CTPAT data, the overwhelming reason cited for suspension or removal from the Program was some "incident" within a shipment, such as some form of "contamination" within the shipment, detection of narcotics or illegal aliens, improper manifesting or documentation, or issues with shipment seals.

Another significant reason for suspension or removal was for failing to follow through on timely completion of security profiles or to complete the annual review requirement for security profiles. Others failed to maintain or update their Portal account, failed the initial validation due to a "lack of preparation" or "lack of documentation." Some companies had failed their revalidation, meaning that they had been in the Program for at least some period of time and passed their initial validation but failed the revalidation.

Another reason for suspension or removal was a failure to properly engage with or document service providers. A lack of proper "evidence of implementation" from these providers was noted as the reasons for the suspension/removal. Some Members became the subject of a law enforcement investigation, which caused the CTPAT Program to take suspension or removal action.

### *Analysis on Members Reasons for Suspensions/Removal*

Generally, those who were suspended or removed understood the reason why and accepted the action taken by CTPAT. Only one Member indicated that they felt they were unfairly suspended. About a half dozen respondents indicated that they answered the question improperly, and their company has never been suspended or removed.

## OPEN-SOURCE MATERIAL ON THE CTPAT PROGRAM

The Project Team reviewed GAO reports, articles in academic journals, relevant legislation, the previous CPTAT surveys conducted by the University of Virginia, as well as CBP publications about the CTPAT Program. Available documents were summarized in the context of the CTPAT Assessment while also providing commentary regarding how the CTPAT Program and supply chain security landscape has evolved since the time of the document's publication. Where the literature revealed shortcomings or challenges faced by the CTPAT Program, the team commented on how this CTPAT Assessment would address those challenges.

### *The SAFE Port Act of 2006*

#### *Literature Summary*

The SAFE Port Act of 2006 authorizes the establishment of the CTPAT Program and requires that CBP update protocols for the resumption of trade after a security transportation incident. Additionally, the Act proposes that CBP improves regulations for collecting data for improved high-risk targeting of cargo. The Act proposes the establishment of a Pilot Program for using third party entities to perform CTPAT validations as well as a Program to allow for importers of noncontainerized cargo to become CTPAT Members (Safe Port Act).

#### *Project Team Response Commentary*

The SAFE Port Act authorized the establishment of numerous CTPAT Program procedures; however, the CTPAT Program remained a non-regulatory Program. Simply put, the Program does not have the force of law, which has been a point of debate for many during its existence. While a lack of regulations and subsequent penalties for violations has been a welcome relief to many and allowed the Program to exercise flexibility and adaptation to its membership, it has also meant that adherence to both the Program's Minimum Security Criteria and validation/revalidation activities can be subjective. Many argue that the Program lacks "teeth" and needs such regulations. However, the majority consensus still seems to favor a non-regulated, flexible approach.

### *The CTPAT Reauthorization Act of 2019*

#### *Literature Summary*

The CTPAT Reauthorization Act of 2019 evaluates and revises existing security criteria. The Act establishes that the Minimum Security Criteria be reviewed every two years. The Act also addresses one of the main criticisms of the Program; that Members do not receive all the benefits promised to them. To address this criticism, the Act aims to establish a mechanism to conduct annual assessments of the average reduced security exam rate, the average reduction in penalties, as well as the average overall risk reductions for CTPAT Members (CTPAT Reauthorization Act of 2019).

#### *Project Team Response Commentary*

The CTPAT Program has long suffered from a systemic inability to quantify the benefits it promises to Members. Companies in the Program and the Program itself would benefit greatly from clear metrics that can demonstrate the return on investment (ROI) for participants. This will also address a necessary bi-annual review of the MSC, which is important to ensure the Program remains relevant. In 2020, CTPAT updated its MSC for the first time since its inception; a change many would argue was necessary and long overdue.

### *2017 GAO Report: "Providing Guidance and Resolving Data Problems Could Improve Management of the Customs-Trade Partnership Against Terrorism Program"*

#### *Literature Summary*

The GAO report titled, *"Providing Guidance and Resolving Data Problems Could Improve Management of the Customs-Trade Partnership Against Terrorism Program"* underscores the way CTPAT has been consistently unable to determine the extent to which Members are receiving benefits (U.S. Government Accountability Office, 2017). Although CBP compiled data regarding some of the Program's advertised benefits, the GAO cited concerns about the accuracy of the data, warning that it could not be relied upon due to the questionable nature of the Program's data management system. Thus, the GAO report indicates that analysis of the preliminary data from CBP's dashboard may not be useful in drawing conclusions about the actual extent to which CTPAT Members receive stated Program benefits.

However, GAO analysis of CBP's examination rate data indicates that CTPAT Members did not consistently experience lower hold rates and processing times than non-CTPAT Members. Therefore, the GAO report underscores not only the lack of reliable data regarding CTPAT membership benefits but also the apparent discrepancy between actual processing times and the CTPAT benefits reference guide. The GAO report also emphasizes the fact that CBP does not currently gather data on other stated CTPAT benefits such as access to SCSS, given the difficult nature of quantifying these benefits.

The report recognizes the efforts of CBP to work with the Commercial Operations Advisory Committee (COAC) to explore additional metrics for quantifying benefits, as well as CBP's efforts to provide Members additional benefits such as AQUA Lane, a Trusted Trader Program, as well as a cost-saving benefit metric.

In terms of the validation process, the questionable functionality of CBP's data system has also contributed to problems in identifying and completing CTPAT Members' security validations. The GAO recommended that CBP establish a standardized protocol at the headquarters level to ensure that field offices are completing CTPAT Member security validations in a timely and consistent manner.

#### *Project Team Response Commentary*

Initial data gathering conducted by the Project Teams confirms the concerns of the previous GAO report regarding the quantification of CTPAT benefits realized by Members of the Program. According to the Project Team's initial data gathering efforts, CTPAT Member realization of Program benefits such as cargo examination, front of the line privileges, and expedited processing of CTPAT shipments at the border, were especially inconsistent and questionable.

The lack of statistical documentation which would allow for a better understanding of Member benefit realization appears to be an internal CBP issue. Not only is there both a lack of communication and cooperation with other CBP components such as the Office of Trade (OT), but there is also a disconnect between the CTPAT Program and other CBP Office of Field Operations (OFO) entities, including the Ports themselves.

For the CTPAT Program to properly quantify examination relief benefits, the Office of Information Technology (OIT) needs to provide the Program with statistical evidence from automated cargo processing systems such as the Automated Commercial Environment (ACE). The examination of data from processing platforms would allow the Program to quantify and verify any statement of reduced examination benefits or expedited border processing for a CTPAT Member. Additionally, leadership at CBP Ports of Entry could provide individual data on cargo processing and examination rates that would assist the CTPAT Program in demonstrating where the membership realizes benefits at this level and demonstrate geographical and operational impacts on cargo processing rates.

### *2014 CBP Publication: "Customs-Trade Partnership Against Terrorism (CTPAT) Meeting the Supply Chain Security Challenges of a 21st Century Economy"*

#### *Literature Summary*

The CBP publication titled, *"Customs-Trade Partnership Against Terrorism (C-TPAT) Meeting the Supply Chain Security Challenges of a 21st Century Economy"* indicates that Members that have been in the CTPAT Program longer, more positively evaluate the benefits of the Program compared to those Members that are newer to the Program. The publication also indicates that larger companies more positively evaluate Program benefits compared to smaller companies. The publication also recognizes the way in which the benefits of the Program often transcend monetary benefit. The publication underscores the importance of less quantifiable benefits such as protecting a company's brand image, demonstrating corporate citizenship, and enhancing security in the supply chain, which it claims are often the most valuable benefits that Members of the Program experience.

#### *Project Team Response Commentary*

The Project Team identified a correlation from the 2014 publication in the data obtained in the survey which supports the idea that the longer companies are CTPAT Members, the more positively they evaluate the Program benefits. Fifty-five percent (55%) of companies who have been CTPAT Members for 3 to 10 years report that the benefits outweigh the costs compared to only 45% of companies who have been Members for less than 3 years. Furthermore, survey respondents prioritized several less quantifiable benefits such as enhancing brand reputation, and demonstrating good corporate citizenship, as being most important to them.

### *2008 GAO Report: "U.S. Customs and Border Protection Has Enhanced Its Partnership with Import Trade Sectors, but Challenges Remain in Verifying Security Practices"*

#### *Literature Summary*

The 2008 GAO report, *"U.S. Customs and Border Protection Has Enhanced Its Partnership with Import Trade Sectors, but Challenges Remain in Verifying Security Practices"* underscores challenges CBP faces in verifying the security practices of CTPAT Members through the existing validation process. The GAO emphasized that the portable electronic instruments which the Supply Chain Security Specialists (SCSS) use to perform validations often produce inconsistent and cryptic reports (U.S. Government Accountability Office, 2008).

Additionally, the GAO highlights the way in which the CTPAT validation process lacks a mechanism to determine that the entity that underwent validation acted in response to the SCSS' recommendations. Therefore, CBP cannot guarantee that companies that benefit from reduced scrutiny of shipments are implementing security practices.

Finally, the lack of data that exists in the CTPAT Portal exacerbates the Program's inability to determine compliance with security requirements. The lack of data on Member's efforts to enhance supply chain security inhibits the Program from fully complying with the requirement that federal agencies maintain outcome-based performance measures.

### *Project Team Response Commentary*

CTPAT has since addressed the findings from the 2008 GAO report. The portable electronic instrument mentioned is no longer in use and was replaced by an automated validation report which captures evidence of implementation and validation findings. This mechanism captures the key data to support companies' implementation of Actions Required and/or Recommendations issued by a SCSS following (re)validation. The Portal now houses massive amounts of information regarding Members' efforts to enhance supply chain security within their networks.

## *2005 GAO Report: "Key Cargo Security Programs Can Be Improved"*

### *Literature Summary*

The 2005 GAO report, *"Key Cargo Security Programs Can Be Improved,"* indicates that the CTPAT validation process is not rigorous enough, and therefore may not be reliable in determining whether CTPAT Members are adhering to the Minimum Security Criteria (MSC) Requirements. The report underscores the way in which the validation process is not independent, as the methodology for the validation visit is jointly agreed upon between the SCSS and the company (U.S. Government Accountability Office, 2005).

The GAO warns that the lack of objectivity in the validation process undermines the effectiveness of the validation reports. Additionally, the report scrutinizes the way in which SCSS examine only a few facets of the Member's security profile. Furthermore, the report emphasizes that there was a lack of transparency as to why a site had been selected for assessment, exacerbating the way in which the portions of the security profiles do not appear to be relevant.

The GAO recommends that CBP provide appropriate guidelines for SCSS to conduct validations in a more consistent manner. The report also mentions that while CBP does not grant benefits until it has certified its Members, the current verification process does not actually provide proof that Members implemented recommended changes to supply chain security practices. The GAO warns against the continued expansion of the Program without properly addressing the Program's weakness and recommends that CBP implement measures to track the Program's status in meeting its strategic goals.

### *Project Team Response Commentary*

The CTPAT Program no longer faces the same challenges regarding validations like those referred to in the 2005 and 2008 GAO Reports. Since these reports were released, CTPAT has increased its budget as well as its staffing capacity. CTPAT validations have served as a crucial tool, increasing the consciousness of security concerns for CTPAT Members. However, CTPAT continues to confront complaints from Members regarding the diminished value of validation reports. CTPAT Members often claim validation reports are bland and lack adequate information. CTPAT Members cite the way in which SCSS use the same performance metrics on subsequent revalidations of the same sites.

CTPAT Members often use validation reports as a means of justifying the expenses, personnel hours, and preparation which are required for site visits. However, Members are often disappointed with reports that merely provide minimal and repetitive information. CTPAT Members have complained that the expense of being validated often is not met with equivalent value in the validation report. Many of these criticisms stem from the web-based template which allows SCSS to easily import data and create automatically generated validation reports. Prior to the introduction of this template, validation reports were written in a completely freeform manner, contributing to inconsistencies in report length and quality.

However, the validation reports which SCSS produce through a web-based template sometimes leave much to be desired for CTPAT Members, often merely stating that the Member has met the MSC. Additionally, the validation process may be perceived as lacking credibility as SCSS of varying backgrounds make it difficult for them to answer industry specific questions. For the CTPAT Program to restore the credibility and value of the validation process, the Program should implement changes including establishing a database for information on revalidation as well as increasing the knowledge diversity of the teams sent to perform validations. Additionally, the introduction of the New MSC could improve the quality of validation reports. For CTPAT validations to be valued tools for CTPAT Members, the Program must work to make validations relevant, ensuring the needs of Members are met.

### *2009 Journal of Transportation Article: "CTPAT: Major Challenges"*

#### *Literature Summary*

In the Journal of Transportation article, *"CTPAT: Major Challenges"* O'Connell (2009) of the Thunderbird School of Global Management warns that increasing CTPAT membership does not necessarily mean increasing effectiveness. The article cautions that Tier III Members may become targets for terrorists looking to smuggle dangerous materials into the country on containers that will face little to no scrutiny upon reaching the border. The article heavily criticizes the way in which the Program allows containers from Tier III Members to reach U.S. ports uninspected. The article cites numerous studies, which have proven that it is impossible to rely upon the veracity of cargo manifests in determining actual container contents. Thus, the author substantiates the claim that the containers of CTPAT Members with Tier III status may serve as vessels for illicit or dangerous cargo. The article also offers a critical look at the Program's lack of specificity, which the authors claim is necessary for accommodating industry specific security standards but could be another defect in the Program's ability to perform in accordance with its mission.

#### *Project Team Response Commentary*

It is important to note that the CTPAT Program does not claim importation, including those by Tier III Importers, will be exempt of any inspection due to Program membership. The Program has stated that while those Members that attain Tier III status as an Importer will realize the highest level of examination facilitation consideration, they will not be entirely exempt from CBP examination. Forms of examination relief may include the use of Non-Intrusive Inspection (NII) technology as opposed to full devanning of a container, allowance to move goods to an Importer's premises for the exam to avoid storage fees, or even a simple review of shipment documents. However, it should be noted that every shipment that is imported into the United States undergoes review and analysis in some form, whether it is technical review of documentation or actual physical examination of the goods.

### *University of Virginia CTPAT Studies (2007 and 2010)*

#### *Literature Summary*

In 2007, the University of Virginia (UVA) conducted a survey of CTPAT Members, focusing on the Members' perception of the costs and benefits of Program membership. In terms of costs of Program membership, survey respondents mentioned that "improving or implementing physical security costs" was the highest potential cost associated with Program implementation.

Respondents also mentioned the cost of "maintaining the use of security personnel" as being the highest cost associated with maintaining membership cost. According to the survey, 32.6% of respondents said that the benefits outweighed the costs, and 24.2% said the benefits and the costs were about the same.

Regardless of industry, the respondents indicated that the major benefits of their membership included: workforce security, reduced time to release cargo by CBP, and predictability in moving goods.
Importers specifically cited that CTPAT membership decreased their CBP inspection rate, increased their ability to predict lead time and decreased disruptions in their supply chain. Non-Importers cited an increase in the number of customers gained since joining CTPAT. Additionally, of those Importers that mentioned an increase in customers since joining CTPAT, an additional 24.1% also mentioned that their sales increased. According to the responses of non-Importers surveyed, however, CTPAT had a more limited impact on the potential for increased sales. For Highway Carriers, the major benefit which survey respondents identified was decreased wait times at the border.

The survey also attempted to gather information on CTPAT Members' perception of the less tangible benefits of Program membership. CTPAT Members cited enhancing supply chain security, demonstrating good corporate citizenship, and improving risk management procedures and systems, as well as having access to an SCSS as the most important non-tangible benefits of membership.

Additionally, the survey found that only a minority of businesses had a supply chain risk assessment process in place before joining CTPAT. In terms of CTPAT Member satisfaction in their interactions with CTPAT Program personnel, 83.8% of those Members said that CTPAT personnel responded to their questions swiftly and appropriately. The majority of CTPAT Members surveyed also positively evaluated their SCSS. While a significant percentage of respondents cited concerns about the potential costs of the Program, most Members surveyed said that they had not considered leaving the Program.

The 2010 UVA CTPAT Survey builds upon the findings of the 2007 survey, as it asks respondents about their perceptions of how CTPAT coordinates with security Programs in other parts of the world. Most respondents reported that they perceived CTPAT's harmonization efforts as good overall. The 2010 survey also asked for respondents to evaluate the overall revalidation process. The survey found that most respondents were favorable of the validation process. Additionally, the 2010 survey includes a section about the perception of how CTPAT handles membership suspension, which most Members considered fair. Additionally, there was a notable 10% increase in the percentage of businesses that reported that the benefits of CTPAT Members outweighed the costs compared to the 2007 survey (U.S. Customs and Border Protection, 2007 and 2010).

### *Project Team Response Commentary*

While the UVA studies represent efforts to provide insight into the CTPAT Program's value, they did not provide a comprehensive view. These surveys were conducted without the benefit of input from individuals with a background in U.S. CBP or the CTPAT Program. The UVA studies also did not engage CTPAT personnel, SCSS, or other CBP stakeholders whose insights would have been valuable in understanding perceptions of Program successes, needs, and evolution.

## ***Comparisons and Contrasts between the UVA Studies and Current UH Project Team Assessment***

The Project Team survey and the UVA Surveys both record information about CTPAT Members' history with the Program, duration of membership, and validation occurrences. Both surveys ask about the proportion of CTPAT criteria that the Member already implemented prior to joining CTPAT as well as the ease of the implementation of the requirements. Furthermore, both studies question whether the Member has considered leaving the Program and why, as well as how likely the Member is to continue to participate.

In contrast to UVA, however, the UH Project Team Assessment includes questions about Members' use of internal metrics to track CTPAT benefits, whether Members required their business partners to participate in the Program, or whether their business partners required them to participate in the Program. Additionally, the Project Team survey asks for Members' opinions of the Minimum Security Requirements, their level of satisfaction with the validation process, and their thoughts on the future of the Program amid the pandemic.

The current Project Team not only expanded on the level of questioning in the survey but complemented that data with interviews of CBP stakeholders to include: CTPAT managers and SCSS, CBP frontline officers and supervisors, Import Specialists, and representatives from CBP's Centers of Excellence and Expertise. The survey data was then analyzed in conjunction with stakeholder input by subject matter experts to paint a more holistic assessment picture.

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## APPENDIX A. CTPAT Program Assessment Survey

Regarding the CTPAT survey, questions could be grouped into 3 separate sections:

1. Program Participation History & Background

2. Program Evaluation
   - Importance/Decision Drivers
   - CTPAT Overall Performance
   - Initial Implementation
   - Validation
   - Program Management/Administration
   - Revalidation
   - Communication/Touch Points

3. Program Future/COVID-19 Impact*

**NOTE: TEXT IN ALL CAPS IS PROGRAMMING INSTRUCTIONS – IT WILL NOT SHOW ON SCREEN TO RESPONDENT. SECTION HEADINGS AND QUESTION NUMBERS WILL NOT SHOW TO RESPONDENTS.**

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**INTRO:**
The University of Houston-Borders, Trade, and Immigration (BTI) Institute, working on behalf of the Department of Homeland Security (DHS) is conducting an assessment of the U.S. Customs and Border Protection (CBP) Customs Trade Partnership Against Terrorism (CTPAT) Program. A crucial part of the assessment is to hear from CTPAT Program Members, via this survey, about ways in which the Program can be improved for you and future Program participants.

To ensure the confidentiality and security of your responses, the survey is being hosted by a third-party survey research contractor. Data will be collected securely and will be reported only in the aggregate. Your individual responses will never be shared in a way that could identify you or your company. Your feedback and participation are valued.

The survey will take about 25 minutes to complete.

Thank you in advance for your participation and your valuable feedback.

## Program Participation History & Background

The first series of questions is about your role or involvement in the CTPAT Program.

1. What is your involvement with the CTPAT Program? Select one.
    1. I am the primary CTPAT point of contact for my company
    2. I am a secondary CTPAT point of contact for my company
    3. I am a former CTPAT point of contact at this or another company
    4. Never a point of contact with CTPAT - **THANK AND TERMINATE**
    5. Company is no longer a CTPAT participant - **SKIP TO Q58, "REASONS CONSIDERED LEAVING"**

2. QUESTION REMOVED.

3. How long have you been a CTPAT point of contact for your current or former company?
    1 Less than 1 year
    2 1-3 years
    3 4-6 years
    4 7-9 years
    5 10-14 years
    6 15+ years

4. Were you involved in the CTPAT Program for your company when your company was first certified?
    1 Yes
    2 No
    3 We are not yet certified

5. In a typical **month**, how many hours do you, personally, spend managing the CTPAT Program for your company?
    1 Less than 1 hour
    2 1 to 10 hours
    3 11 to 20 hours
    4 21 to 30 hours
    5 31 to 40 hours
    6 More than 40 hours Not sure

**The next questions are about your organization's participation in the Program.**

6. Which business type reflects your company's category of enrollment with CBP/CTPAT? Select all that apply.
    1 U.S. Importer of Record
    2 U.S./Canada Highway Carrier
    3 U.S./Mexico Highway Carrier
    4 Rail Carrier
    5 Sea Carrier
    6 Air Carrier
    7 U.S. Marine Port Authority/Terminal Operator
    8 U.S. Air Freight Consolidator, Ocean Transportation Intermediary, or Non-Vessel

9 Operating Common Carrier (NVOCC)
10 Foreign Manufacturer
11 Licensed U.S. Customs Broker
12 Third party Logistics (3PL)
13 Other, please specify: _____

7. In what country is your company's headquarters located? Select one.
1 United States
2 Canada
3 Mexico
4 Other, please specify: _____

**HIGHWAY CARRIER ONLY**

7A. What is your current CTPAT status? Select one. **[HIGHWAY CARRIER ONLY]**
1 Awaiting certification,
2 Certified
3 Certified/validated

**ASK ALL (SKIP IF HIGHWAY CARRIER AND Q7A='1' (AWAITING CERTIFICATION)]**

8. Approximately how long has your company been CTPAT **certified**? If you are not sure, please give your best estimate.
1 Not yet CTPAT certified
2 Less than a year
3 1 to 2 years
4 3 to 5 years
5 6 to 10 years
6 11 or more years
7 Not sure

**ASK ALL (SKIP IF HIGHWAY CARRIER AND Q7A='1 OR 2' (AWAITING CERT OR CERTIFIED)]**

*9.* How many **validations** has your company participated in? *Please include validations and revalidations*
1 None
2 One
3 Two
4 Three
5 Four or more
6 Not sure

IMPORTER ONLY

10. What is your current CTPAT status? Select one.
1 Tier I (certified only)
2 Tier II (certified and validated)
3 Tier III (certified, validated and designated)
4 None of these

11. To what CTPAT Field Office(s) are you assigned? Select all that apply.
1 New York, NY
2 Newark, NJ
3 Los Angeles, CA
4 Buffalo, NY
5 Miami, FL
6 Houston, TX
7 Not sure

11A. Has your company ever been suspended or removed from the CTPAT Program?
1 Yes
2 No

**IF YES, SUSPENDED OR REMOVED (Q11A=1)**

11B. What were the circumstances of your company's suspension or removal? OPEN END – REQUIRED. _____

**IF IMPORTER (Q6=1)**

12. What are the major types of goods your company imports? Select all that apply.
1 Apparel/accessories
2 Automobiles/auto parts
3 Building materials/hardware
4 Chemicals
5 Computer hardware/software
6 Consumer electronics/appliances
7 Electronic equipment/components
8 Foods/beverages/agricultural products
9 General merchandise
10 Heavy machinery
11 Metals/mining materials
12 Petroleum or petroleum products
13 Sporting goods/equipment
14 Textiles/linens
15 Toys/games
16 Other, please specify: _____

**IF IMPORTER (Q6=1)**

13. What are the **primary** points of origin for your company's imports? Select all that apply.
1 China
2 Hong Kong
3 Japan
4 Malaysia
5 Philippines
6 Taiwan
7 Other Asia
8 Canada
9 Mexico
10 Other Central America

11 Colombia
12 Brazil
13 Chile
14 Argentina
15 Venezuela
16 Other South America
17 India
18 Pakistan
19 Africa
20 Israel
21 Turkey
22 Other Middle East
23 Australia
24 New Zealand
25 UK/Ireland
26 European Union
27 Other, please specify: _____

**IF HIGHWAY CARRIER (Q6=2-3)**

14. What are the major types of cargo your company transports? Select all that apply.

1 Apparel/accessories
2 Automobiles/auto parts
3 Building materials/hardware
4 Chemicals
5 Computer hardware/software
6 Consumer electronics/appliances
7 Electronic equipment/components
8 Foods/beverages/agricultural products
9 General merchandise
10 Heavy machinery
11 Metals/mining materials
12 Petroleum or petroleum products
13 Sporting goods/equipment
14 Textiles/linens
15 Toys/games
16 Other, please specify: _____

**IF HIGHWAY CARRIER (Q6=2-3)**

15. What **primary** points of origin does your company transport cargo from? Select all that apply.

1 China
2 Hong Kong
3 Japan
4 Malaysia
5 Philippines
6 Taiwan
7 Other Asia
8 Canada
9 Mexico

10 Other Central America
11 Colombia
12 Brazil
13 Chile
14 Argentina
15 Venezuela
16 Other South America
17 India
18 Pakistan
19 Africa
20 Israel
21 Turkey
22 Other Middle East
23 Australia
24 New Zealand
25 UK/Ireland
26 European Union
27 Other, please specify: _____

## Program Evaluation

**Importance/Decision Drivers**

16. QUESTION REMOVED.

**SPLIT SAMPLE A – ½ OF RESPONDENTS WILL GET THIS QUESTION (AT RANDOM)**

17. How important were each of the following in your company's **decision to join CTPAT.**

5 Single most important (select one in this column)
4 Very important
3 Important
2 Not too important
1 Not at all important
6 Not sure/NA. **(Note 6 is the hold code for "Not Sure" throughout the survey).**

RANDOMIZE

**ASK ALL**

**a.** Obtain CTPAT Program benefits **[DO NOT ASK IN Q24]**
b. Fulfills a contractual requirement or expectation from business partners
c. Reduces disruptions in your supply chain
d. Cost savings/mitigation of penalties
e. Establishes a process to review your supply chain operations
f. Enhances brand reputation
g. Makes your company more competitive
h. Demonstrates good corporate citizenship
i. Enhances standards within your industry

**ASK ALL - *THESE ARE CTPAT STATED BENEFITS***

j. Possible exemption from Stratified Exams
k. Assignment of a Supply Chain Security Specialist
l. Access to the CTPAT Portal and library of training materials
m. Potential to be recognized as "trusted" by foreign Customs administrations that have Mutual Recognition with the U.S.
n. Eligibility for other U.S. Government pilot Programs
o. Business resumption priority following a natural disaster or terrorist attack
p. Priority consideration at CBP's Centers of Excellence and Expertise

**ASK IMPORTER (ASK IF Q6=1)**

q. Reduced targeting for your shipments
r. Reduced exams of your shipments
s. Front of the line privileges at U.S. Ports of Entry
t. Increased supply chain visibility and lead time predictability
u. Importer eligibility to participate in the CTPAT Trade Compliance Program, formerly known as the Importer Self-Assessment Program (ISA)

**ASK HIGHWAY CARRIER (ASK IF Q6=2-3)**

v. Access to the Free and Secure Trade lanes (FAST)
w. Front of the line privileges when shipments you are carrying are selected for exam
x. Contractual eligibility to work with Importers and other carriers via Program membership
y. Fewer inspections from CBP when crossing the border

**ASK SEA CARRIER OR US MARINE PORT AUTHORITY/TERMINAL OPERATOR (Q6=5 or 7)**

z. Access to the CBP AQUA Lane Program

**SPLIT SAMPLE A (A/B):**

17A. What other reasons, if any, were important in your company's decision to join CTPAT? OPEN END – NOT REQUIRED _____

**SPLIT SAMPLE B (A/B)**

18. How important were each of the following in your company's **decision to continue** as a CTPAT member.

5 Single most important (select one in this column)
4 Very important
3 Important
2 Not too important
1 Not at all important
6 Not sure/NA

SAME BENEFITS LIST AS ABOVE

19. Which of the following metrics does your company track to measure the benefit of the CTPAT Program (e.g., reduced inspections or faster processing times)? Select all that apply. RANDOMIZE

1 Reduced examinations or inspections
2 Use of FAST lanes
3 Front of line privileges/faster crossing time
4 Reduced security incidents

5 Other, please specify: _____
6 None/We don't track metrics related to CTPAT [EXCLUSIVE]

20. Which of the following applies to **your company**? Select all that apply.
1 You require your eligible business partners to participate in CTPAT
2 You suggest that your partners participate, but do not require it
3 You require non-CTPAT eligible business partners to comply with CTPAT requirements
4 None of the above [EXCLUSIVE]

21. Which of the following applies to your **business partners?** Select all that apply.
1 They require the companies they work with to participate in CTPAT
2 They suggest that the companies they work with participate, but do not require it
3 They require non-CTPAT eligible companies they work with to comply with CTPAT requirements
4 None of the above [EXCLUSIVE]

## CTPAT Performance

22. How would you describe your company's **overall experience** with CTPAT so far? Select one.
1 The benefits outweigh the costs
2 The benefits and the costs are about the same
3 The costs outweigh the benefits
4 Not sure/It's too early to tell

**The next few questions are about how CTPAT has performed or delivered on many of the Program benefits that may have been important to you in joining or continuing with the Program.**

23. QUESTION REMOVED.

24. How would you rate the CTPAT Program on meeting/delivering each of the following benefits of participation?
4 Excellent
3 Good
2 Fair
1 Poor
6 Not sure
RATE SAME LIST OF BENEFITS RATED IN IMPORTANCE BATTERY

25. What is a benefit your company has NOT realized from CTPAT that you thought it would? OPEN END_____[REQUIRED]

26. How much of your business, if any, would be lost if your company left the CTPAT Program?
1 75-100% of business would be lost
2 50-74% of business would be lost
3 25-49% of business would be lost
4 10-25% of business would be lost
5 Less than 10% of business would be lost
6 No business would be lost
7 Not sure

## Initial Implementation

**When answering the next few questions, please think about the initial implementation.IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

27. Overall, how satisfied were you with the **initial implementation** process to bring your company into compliance with CTPAT?
    - 4 Very satisfied
    - 3 Satisfied
    - 2 Dissatisfied
    - 1 Very dissatisfied
    - 6 Was not involved in initial implementation **- SKIP TO Q32_INTRO AND Q32**

**IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

28. Approximately what proportion of CTPAT Program criteria had already been implemented at your company before it joined CTPAT?
    - 5 All or nearly all of the CTPAT Program criteria
    - 4 Most of the CTPAT Program criteria
    - 3 Half of the CTPAT Program criteria
    - 2 Less than half of the CTPAT Program criteria
    - 1 None of the CTPAT Program criteria
    - 6 Not sure

**IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

29. How easy or difficult was the implementation of CTPAT Program criteria for your company?
    - 4 Very easy
    - 3 Easy
    - 2 Difficult
    - 1 Very difficult
    - 6 Not sure

**IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

30. How challenging, if at all, were each of the following to your company at the time your company decided to join and implement the CTPAT Program?
    - 5 Single greatest challenge (select up to one in this column)
    - 4 Very challenging
    - 3 Somewhat challenging
    - 2 Not too challenging
    - 1 Not a challenge at all
    - 6 Not sure

    RANDOMIZE
    a. Understanding Program requirements
    b. Creating the security profile in the CTPAT Portal
    c. Costs associated with implementing required physical security upgrades
    d. Demonstrating value (ROI) to executive level leadership
    e. Getting information from supply chain providers about their compliance with Program criteria
    f. Preparing for validation

**SPLIT SAMPLE C (C/D)**

**IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

31. When it comes to **bringing your company into compliance** with CTPAT, have the costs incurred been substantial, moderate, minimal, or were no costs incurred in that area?
    - 4 Substantial costs
    - 3 Moderate costs
    - 2 Minimal costs
    - 1 No costs associated with personnel hours
    - 6 Not sure

    RANDOMIZE
    a. Personnel hours spent on CTPAT (not including training and education)
    b. Personnel education and training about CTPAT
    c. Physical/ security improvements
    d. Travel and outreach to supply chain providers to obtain/verify security information
    e. Program related activities and events such as validation, revalidation, and/or conference attendance

## Validation

**Switching gears to the initial validation…**

**IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

32. Overall, how satisfied were you with the **initial validation** process?
    - 4 Very satisfied
    - 3 Satisfied
    - 2 Dissatisfied
    - 1 Very dissatisfied
    - 6 Was not involved in initial validation **- SKIP TO NEXT SECTION**

**IF INVOLVED IN CTPAT SINCE INITIAL CERT (Q4=1):**

33. How well do each of the following describe the **initial validation** process?
    - 4 Describes very well
    - 3 Describes well
    - 2 Does not describe well
    - 1 Does not describe at all
    - 6 Not sure/NA

    RANDOMIZE
    a. Wait time for validation (scheduling and the process itself) was reasonable
    b. Clear instructions to prepare for validation
    c. Costs and resources invested in validation site visits were reasonable
    d. Supply chain partners were cooperative in validation visits
    e. Validation process was thorough
    f. Validation was worth the investment in time and resources
    g. Foreign site visit(s) went well

**IF FOREIGN SITE VISIT (Q33h='NOT DESCRIBE WELL,' OR 'NOT AT ALL') ASK:**

33A. What makes you say that the foreign site visit did not go completely well/smoothly? OPEN END - OPTIONAL. _____

34. What, if anything, can be improved about the CTPAT **validation** process? OPEN END – OPTIONAL.
_____

**Once your company completed validation it received a validation report detailing the aspects of the actual site visit(s), documenting compliance with Minimum Security Criteria (MSCs) and identifying best practices or actions required.**

35. How well do each of the following statements describe the **validation report** you/your company received?
    4 Describes very well
    3 Describes well
    2 Does not describe well
    1 Does not describe at all
    6 Not sure/NA
    RANDOMIZE
    **a.** Extensive and detailed **[ANCHOR AT TOP OF LIST]**
    b. It clearly documented compliance with Minimum Security Criteria (MSCs)
    c. It was clear about required actions/next steps
    d. It gave actionable guidance on how to satisfy Minimum Security Criteria (MSCs)
    e. It gave useful suggestions about best practices or improvements beyond the MSCs

36. Once you received the validation report, how did you use it within your company? Select all that apply.
    1 It was provided to executive leadership
    2 It was shared with business partners within the supply chain
    3 It was shown only to those who participated in the validation
    4 It was reviewed only by the primary point of contact for the Program
    5 It was used to make improvements to our operational security
    6 None of the above (EXCLUSIVE)
    7 Not sure

37. What part of the **validation report** was MOST helpful to your company? Select up to two.
    1 Sections confirming compliance with Minimum Security Criteria (MSCs)
    2 Actions Required
    3 Best Practices
    4 Review of what the Partnership Validation Team (PVT) saw during the site visits
    5 Other, please specify: _____
    6 Not sure

38. What, if anything, can be improved about the CTPAT **validation report**? OPEN END – OPTIONAL.
_____

## Program Management/Administration

**Thinking about the ongoing participation and compliance in CTPAT, please answer the following questions.**

**SPLIT SAMPLE D (C/D)**

39. When it comes to managing your company's **ongoing participation and compliance** in CTPAT, have the costs incurred been substantial, moderate, minimal, or were no costs incurred in that area?
    - 4 Substantial costs
    - 3 Moderate costs
    - 2 Minimal costs
    - 1 No costs
    - 6 Not sure

    RANDOMIZE
    a. Personnel hours spent on CTPAT (not including training and education)
    b. Personnel education and training about CTPAT
    c. Physical security improvements
    d. Travel and outreach to supply chain providers to obtain/verify security information
    e. Program related activities and events such as validation, revalidation, and/or conference attendance

40. How challenging, if at all, are each of the following in managing your company's **ongoing participation** in the CTPAT Program?
    - 5 Single greatest challenge (select one in this column)
    - 4 Very challenging
    - 3 Challenging
    - 2 Not too challenging
    - 1 Not a challenge at all
    - 6 Not sure

    RANDOMIZE
    a. Participating/preparing for validations and revalidations
    b. Maintaining security profile and completing annual review in CTPAT Portal
    c. Communicating with your assigned CTPAT SCSS
    d. Continuing to demonstrate value (ROI) of CTPAT participation to your executive leadership

**[SAME PAGE AS Q40]**

**44A. What other areas do you find challenging about managing your company's ongoing participation in the CTPAT Program? OPEN – END OPTIONAL**

_____

41. CTPAT recently announced New Minimum Security Criteria (MSC) for the Program. Is this… Select all that apply.
    - 1 A positive development showing the Program is evolving
    - 2 Unwelcome news because additional effort/resources will be needed to comply with the New MSCs
    - 3 Not the right time due to the COVID-19 crisis
    - 4 Concerning due to the lack of uniformity of enforcing current MSCs by SCSS
    - 5 I was not aware of New MSCs/I need to learn more

6 No opinion
7 Other, please specify: _____

42. What, if anything, can CBP/CTPAT do to support you/your company in the **ongoing management** and implementation of the CTPAT Program? OPEN END-OPTIONAL.

_____

## Revalidation

**Now, turning to the revalidation process…**
**IF REVALIDATED (Q9=PARTICIPATED IN TWO OR MORE VALIDATIONS)**

43. Overall, how satisfied were you with the **revalidation** process?
4 Very satisfied
3 Satisfied
2 Dissatisfied
1 Very dissatisfied
6 Not sure

**IF REVALIDATED (Q9=PARTICIPATED IN TWO OR MORE VALIDATIONS)**

44. How well do each of the following describe the **revalidation** process?
4 Describes very well
3 Describes well
2 Does not describe well
1 Does not describe at all
6 Not sure/NA
RANDOMIZE
a. Wait time for revalidation (scheduling and the process itself) was reasonable
b. Instructions to prepare for revalidation were clear
c. Resources invested in revalidation were reasonable
d. Supply chain partners were cooperative in participating in revalidation
e. Revalidation process was thorough
f. Revalidation was worth the investment in time and resources
g. SCSS was professional and knowledgeable during revalidation
h. You believe the revalidation process is necessary for companies to show they remain in compliance
i. Revalidation is repetitive and of little value

45. QUESTION REMOVED.

**IF REVALIDATED (Q9=PARTICIPATED IN TWO OR MORE VALIDATIONS)**

46. What, if anything can be improved about the CTPAT **revalidation** process? OPEN END – OPTIONAL. _____

## Communication/Touch Points

The next series of questions are about the ways you communicate with CTPAT and they communicate with you.

47. Which of the following resources have you utilized regarding CTPAT? Select all that apply.
RANDOMIZE
1 Supply Chain Security Specialist (SCSS)
2 Personnel at CBP field offices or Ports besides SCSS
3 CBP Personnel in DC Headquarters
4 CTPAT web Portal
5 Video announcements
6 CTPAT meetings or conferences
7 None of these

**ATTENDED A CONFERENCE (Q47=10)**

48. You indicated you attended a CTPAT meeting or conference. Would you say the meeting or conference was…
5 Extremely valuable
4 Valuable
3 Somewhat valuable
2 Not too valuable
1 Not valuable at all
6 Not sure

49. QUESTION REMOVED.

50. How would you describe the following aspects of communication between CTPAT and you/your company?
4 Describes very well
3 Describes well
2 Does not describe well
1 Does not describe at all
6 Not sure/NA
RANDOMIZE
a. You know who to contact at CTPAT for answers to your questions
b. Your SCSS is responsive to your requests in a timely manner
c. Your SCSS answers your questions to your satisfaction
d. Your SCSS is knowledgeable about your industry
e. You have had a consistent SCSS dedicated to you/your company
f. Different field offices and SCSS operate uniformly
g. Web Portal is easy to use and get information

51. Is the amount of contact you have with your assigned Supply Chain Security Specialist (SCSS)…
    1 Too much
    2 About right
    3 Not enough

52. How often would you like to have contact with your assigned Supply Chain Security Specialist (SCSS)?
    1 At least monthly
    2 At least quarterly
    3 Only with updates or important news
    4 Only if you contact them.
    5 Not sure

53. Which of the following best describes your role in the mandatory annual security profile review and updates in the CTPAT Portal? Select one.
    1 I am solely responsible for the annual review and updates in the Portal
    2 I am responsible with others
    3 I have a small indirect role
    4 I have no role

**IF 'SOLELY' OR 'WITH OTHERS' INVOLVED IN PORTAL (Q53=1-2):**

54. How would you rate the CTPAT web Portal on each of the following?
    4 Very satisfied
    3 Satisfied
    2 Dissatisfied
    1 Very dissatisfied
    6 Not sure
    RANDOMIZE
    a. Overall ease of use and navigation
    b. Providing a repository for documentation of your CTPAT membership
    c. Providing a platform for communicating with your SCSS
    d. Access to Certification/Validation instructions and FAQs
    e. Technical support for the CTPAT web Portal

**SPLIT SAMPLE E/F**

55. How interested would you be in a **formal comment system** that would allow you to provide feedback regarding your experiences with CTPAT **[SPLIT E: SENTENCE ENDS HERE] [SPLIT F ADD: anonymously and confidentially]**?
    4 Very interested
    3 Somewhat interested
    2 Not too interested
    1 Not interested at all
    6 Not sure

56. QUESTION REMOVED.

## Program Future/COVID Impacts:

**A few questions about your company's anticipated future with CTPAT.**

57. Has your company ever considered leaving the CTPAT Program?
    1 Yes CONTINUE TO Q58
    2 No SKIP TO Q59
    3 Not sure

**IF YES, CONSIDERED LEAVING:**

58. What are some of the factors that led you to consider leaving CTPAT? Select all that apply. RANDOMIZE
    1 Competing Program(s) in a key source country or within federal government
    2 Lack of harmonization among Programs (e.g .if you have to apply for validation in each country you deal with)
    3 Increase in requirements/costs/workload
    4 Increase in liability
    5 Major security breach
    6 Third-party issues / costs
    7 Lack of foreign suppliers willing to participate
    8 Other, please specify: _____

59. How likely is your company to **continue** in the CTPAT Program?
    5 Definitely will continue
    4 Probably will continue
    3 May/may not continue
    2 Probably will not continue
    1 Definitely will not continue
    6 Not sure

59A. What makes you say your company **[INSERT FROM Q59, e.g. "Definitely will continue"]** in the CTPAT Program? OPEN END – REQUIRED.

_____

**Lastly, we'd like to understand how or if your company has been impacted by COVID-19 and potential impacts going forward.**

60. How much has the COVID-19 pandemic affected your business?
    1 A Lot
    2 Some
    3 Not much
    4 Not at all

61. In the twelve months after the social distancing guidelines and travel restrictions are lifted, do you anticipate that **employee travel at your company** will…
    1 Continue to be significantly reduced due to COVID-19
    2 Continue to be somewhat reduced due to COVID-19
    3 Resume to the same levels as before the COVID-19
    4 Resume at higher levels than before COVID-19
    5 Not sure

62. In the next 12 months, do you anticipate the number of personnel your company uses for supply chain operations, assessments, travel, and engagements will…
    1 Remain the same
    2 Increase
    3 Decrease
    4 Not sure

63. Considering the current social distancing and travel restrictions in place, do you feel the CTPAT validation process can be **effectively conducted virtually using technology**?
    1 Yes
    2 Maybe, depending on how it is done
    3 No, virtual validations cannot replace physical site visits
    4 Not sure

64. As a result of the COVID-19 crisis, do you foresee your company… Select all that apply. RANDOMIZE
    1 Maintaining its current provider base by using technology instead of in-person visits
    2 Limiting its provider base by using technology instead of in-person visits
    3 Relying more heavily on 3rd party sources to select and maintain our provider base
    4 Greatly reducing the size and distance of our provider base so that it can be more easily maintained
    5 Redrawing the entire supply chain matrix to adjust to a post-COVID environment
    6 None of these [ANCHOR]
    7 Not sure [ANCHOR]

65. If the CTPAT Program adjusted operations for COVID concerns, what would be the MOST effective way to manage CTPAT Members? Select one.
    1 Require less travel and rely more on virtual technology for site visits
    2 Rely completely on documentation and evidence of implementation without any site visits.
    3 Do not adjust
    4 Not sure

66. If the CTPAT Program reduced physical site visits, they may need to make adjustments to the Program. How likely would your company be to continue as a CTPAT Member if the following adjustments were made?
    5 Definitely would continue
    4 Probably would continue
    3 May/may not continue
    2 Probably would not continue
    1 Definitely would not continue
    6 Not sure

    RANDOMIZE
    a. Reduced Program benefits
    b. Stronger minimum security criteria (MSC)
    c. More frequent and random contact from your assigned SCSS to verify your security profile
    d. Greater use of third-party assessments and/or self-regulation for CTPAT compliance

67. Which of the following are the biggest challenges facing your business due to COVID-19? Select all that apply.
RANDOMIZE
1 Ability to continue business operations
2 Retainment of staff/personnel
3 Cost of overall operations given restricting budgets
4 Restrictions on business travel and site visits
5 Adopting and implementing new technology
6 Other, please specify: _____
7 Not sure

68. How do you think global supply chain security will be affected by COVID-19? Select all that apply.
RANDOMIZE
1 More concern about facilitation
2 More concern about security
3 More interest in operational cost reduction to ensure profitability
4 More investment in virtual technology
5 None of the above [EXCLUSIVE]
6 Not sure

69. After your company begins to operate in a post COVID-19 environment, do you anticipate the CTPAT Program for your company will…
1 Increase in importance
2 Remain the same
3 Decrease in importance
4 Will no longer be part of our company's supply chain needs

70. How has interest in the CTPAT Program changed, if at all, among your Executive team as a result of COVID-19?
1 Increase in interest
2 Remain the same
3 Decrease in interest
4 No longer interested in participating

## Close

**Thank you for taking the time to complete this survey. Before submitting your responses, please let us know if you would be interested in providing additional feedback. [SAME PAGE]**

71. To help the CTPAT Program improve further, would you be interested in participating in a one-on-one interview or group discussion about the Program later this year?
*As with this survey, your responses will be kept completely confidential. Nothing you share will be attributed to you or your company or shared in any way with U.S. CBP.*
1 Yes
2 No

**IF YES, COLLECT INFORMATION (OPTIONAL – RESPONDENTS CAN SKIP THIS PAGE):**
Please enter the best email address and phone number where we can reach you regarding future feedback about CTPAT as part of this study.

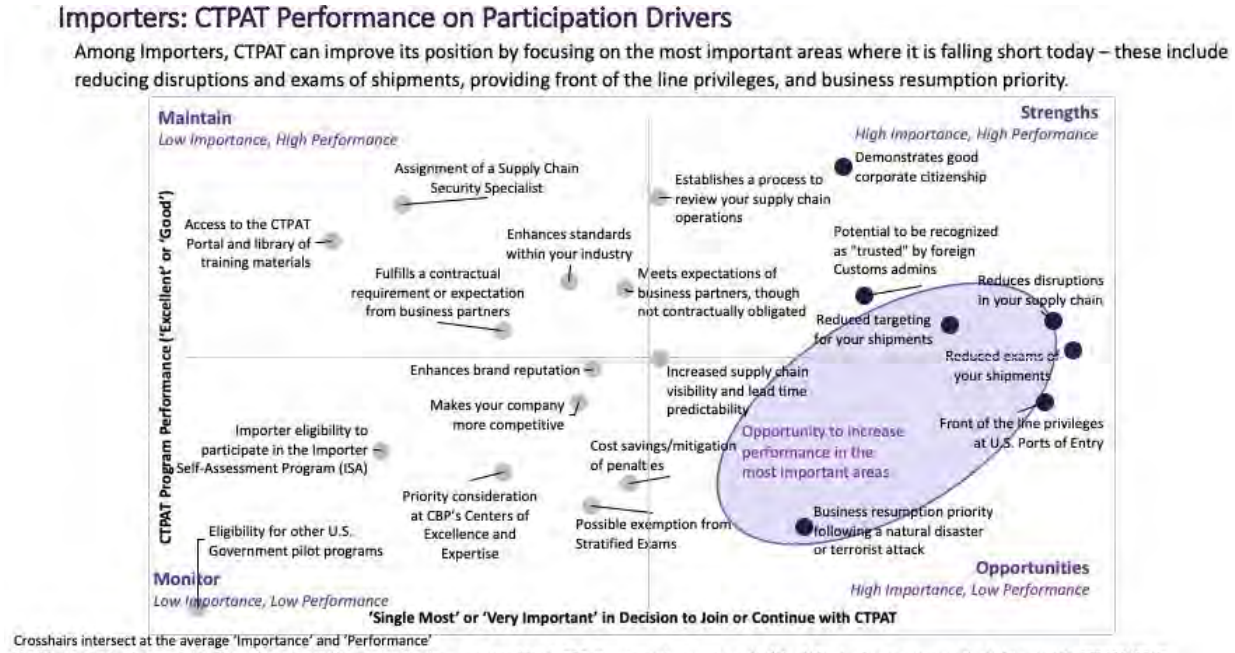
EMAIL:_____(optional)
PHONE:_____(optional)

If you prefer, you may email the University of Houston CTPAT Program evaluation team at CTPATStudy@ct-strategies.com and let them know you are volunteering to participate in an additional one-on-one interview or small group discussion.

**Thank you for your time taking this survey, your responses have been submitted. The University of Houston-Project Team values your thoughts and opinions and will use your feedback and the feedback of others to improve the Program.**

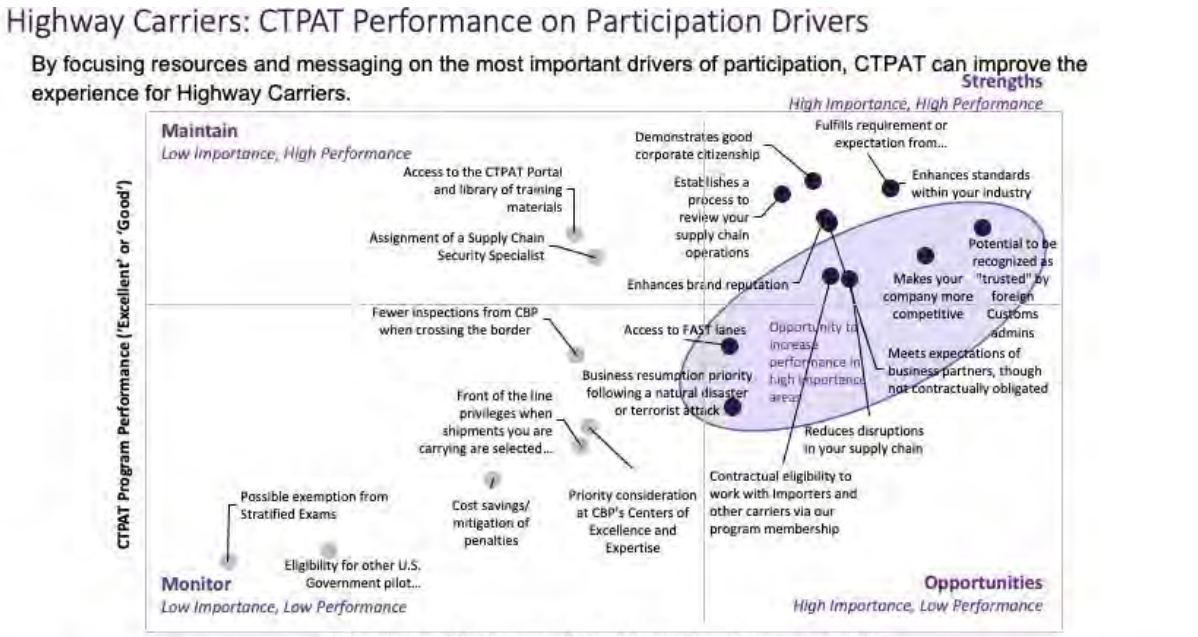
# Appendix B. Additional Figures and Tables

## Figure A1. Importers: CTPAT Performance on Participation Drivers



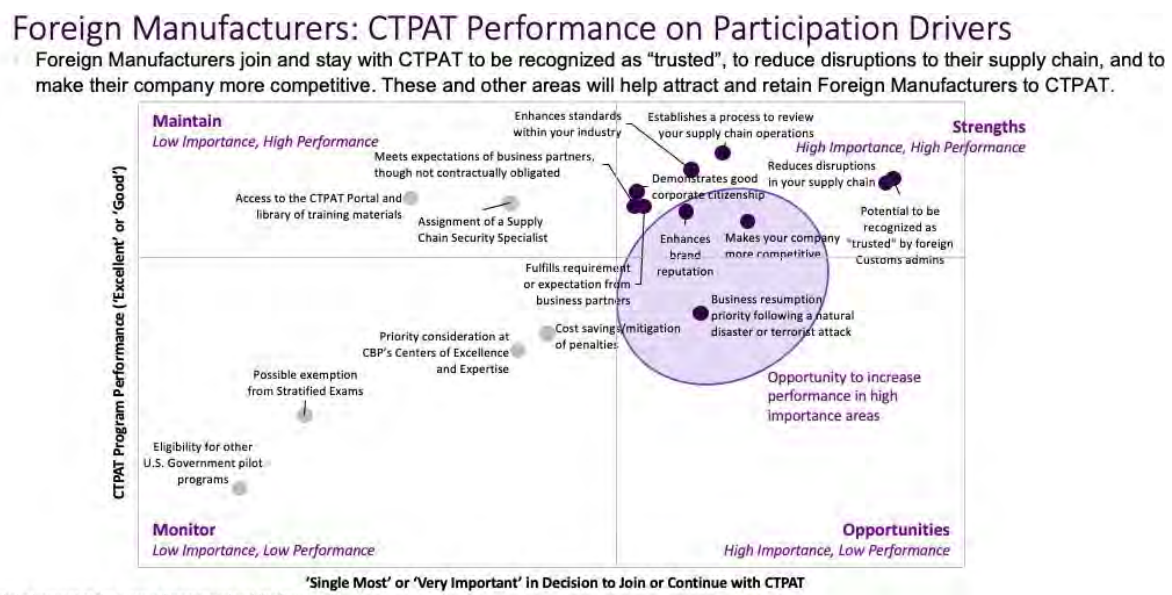

Crosshairs intersect at the average 'Importance' and 'Performance'
No differences by "reason joined" and "reason continue"; results shown are combined. Q17: How important were each of the following in your company's decision to join CTPAT? [SPLIT SAMPLE A: n=1623]; Q18: How important were each of the following in your company's decision to continue as a CTPAT member? [SPLIT SAMPLE B: n=1642]
Q24: How would you rate the CTPAT program on meeting/delivering each of the following benefits of participation?

## Figure A2. Highway Carriers: CTPAT Performance on Participation Drivers



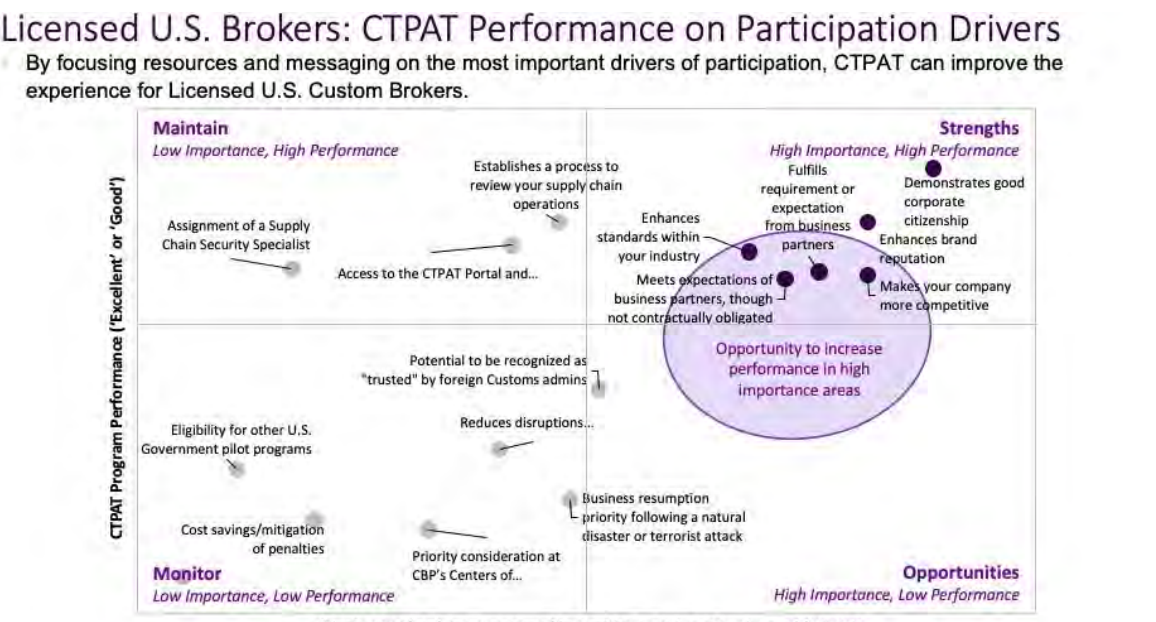

Crosshairs intersect at the average 'Importance' and 'Performance'
No differences by "reason joined" and "reason continue"; results shown are combined. Q17: How important were each of the following in your company's decision to join CTPAT? [SPLIT SAMPLE A: n=1623];
Q18: How important were each of the following in your company's decision to continue as a CTPAT member? [SPLIT SAMPLE B: n=1642]
Q24: How would you rate the CTPAT program on meeting/delivering each of the following benefits of participation?

## Figure A3. Foreign Manufacturers: CTPAT Performance on Participation Drivers



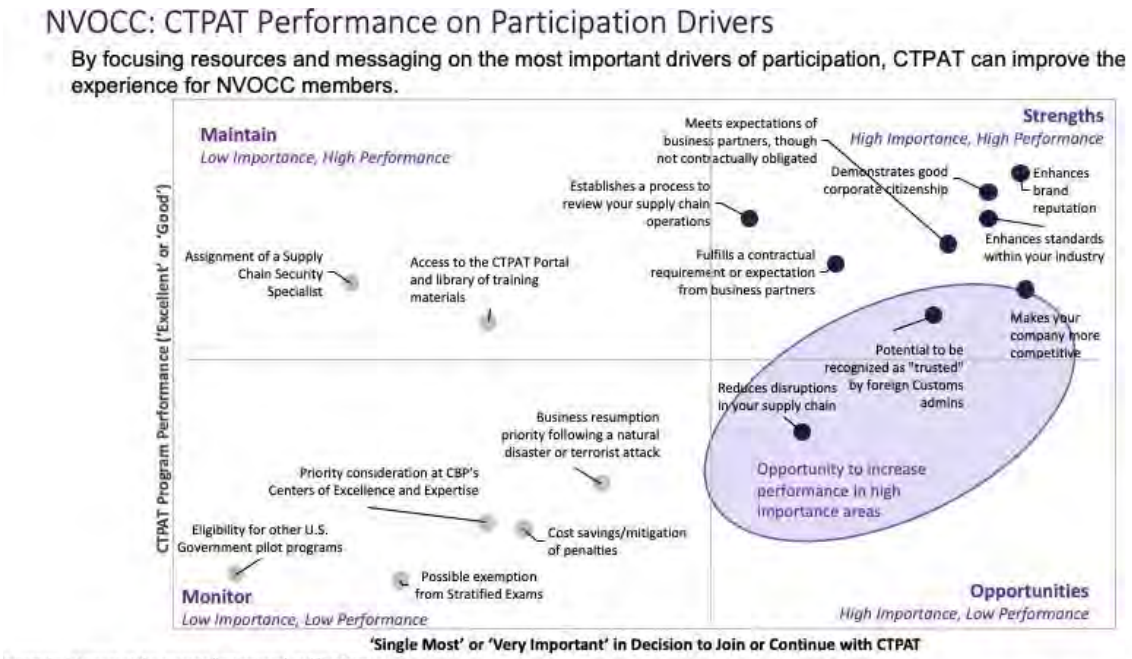

Crosshairs intersect at the average 'Importance' and 'Performance'
No differences by "reason joined" and "reason continue"; results shown are combined. Q17: How important were each of the following in your company's decision to join CTPAT? [SPLIT SAMPLE A: n=1623];
Q18: How important were each of the following in your company's decision to continue as a CTPAT member? [SPLIT SAMPLE B: n=1642]
Q24: How would you rate the CTPAT program on meeting/delivering each of the following benefits of participation?

## Figure A4. Licensed U.S. Customs Brokers: CTPAT Performance on Participation Drivers



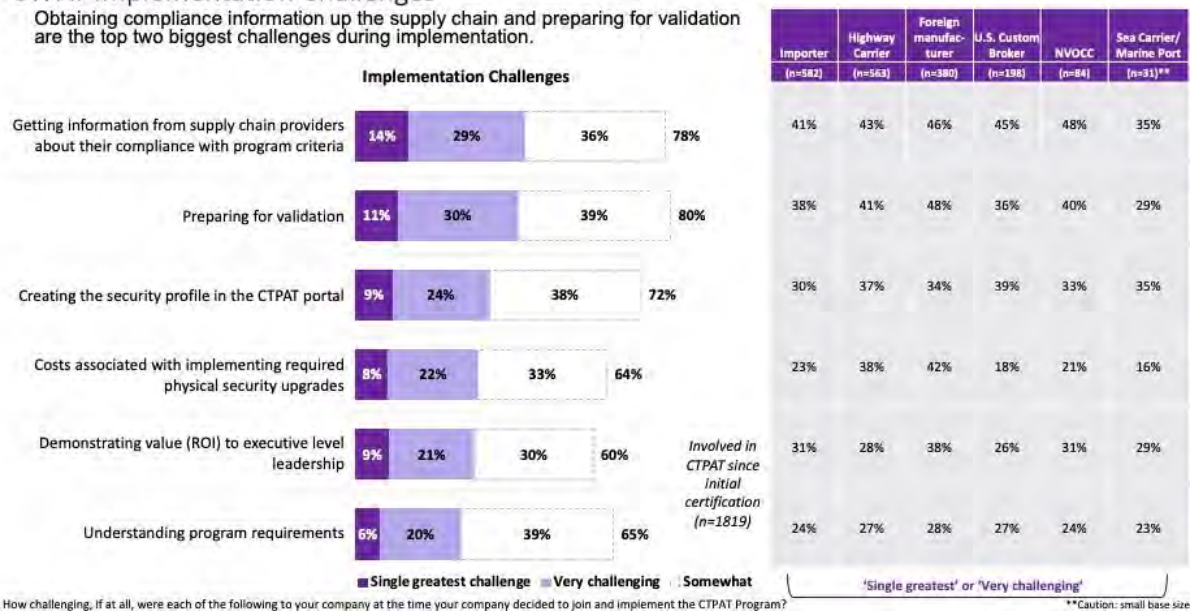

Crosshairs intersect at the average 'Importance' and 'Performance'
No differences by "reason joined" and "reason continue"; results shown are combined. Q17: How important were each of the following in your company's decision to join CTPAT? [SPLIT SAMPLE A: n=1623];
Q18: How important were each of the following in your company's decision to continue as a CTPAT member? [SPLIT SAMPLE B: n=1642]
Q24: How would you rate the CTPAT program on meeting/delivering each of the following benefits of participation?

## Figure A5. NVOCC: CTPAT Performance on Participation Drivers




Crosshairs intersect at the average 'Importance' and 'Performance'
No differences by "reason joined" and "reason continue"; results shown are combined. Q17: How important were each of the following in your company's decision to join CTPAT? [SPLIT SAMPLE A: n=1623]; Q18: How important were each of the following in your company's decision to continue as a CTPAT member? [SPLIT SAMPLE B: n=1642]
Q24: How would you rate the CTPAT program on meeting/delivering each of the following benefits of participation?

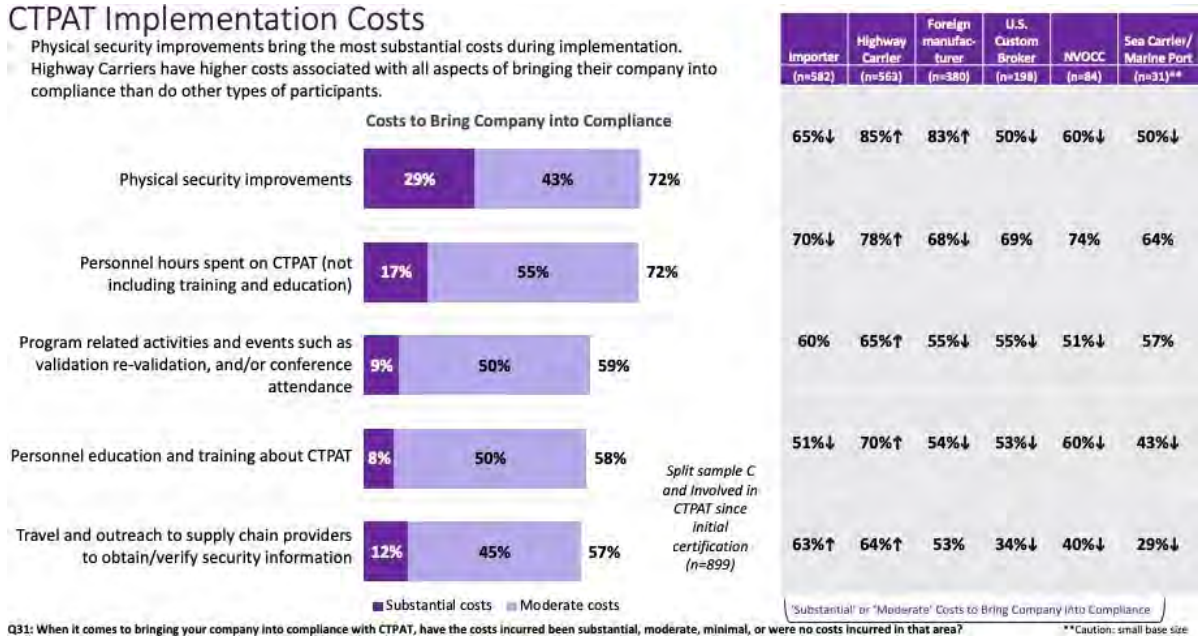
## Figure A6. CTPAT Implementation Challenges



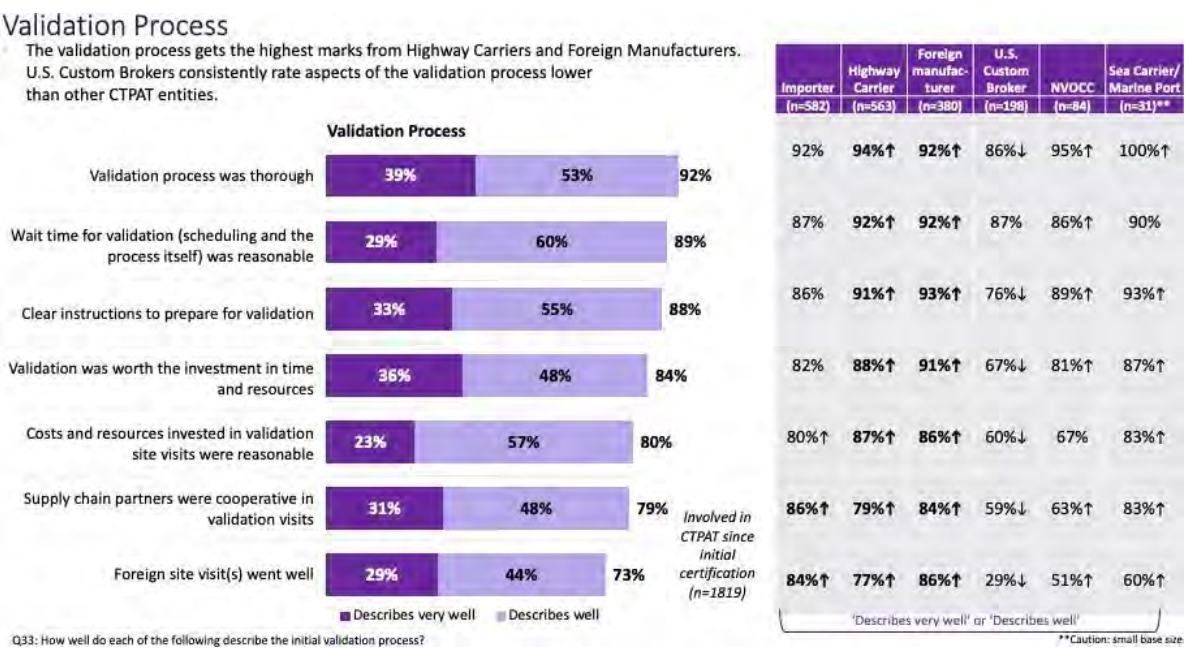

| | Importer (n=582) | Highway Carrier (n=563) | Foreign manufac-turer (n=380) | U.S. Custom Broker (n=198) | NVOCC (n=84) | Sea Carrier/ Marine Port (n=31)** |
|---|---|---|---|---|---|---|
| Getting information from supply chain providers about their compliance with program criteria | 41% | 43% | 46% | 45% | 48% | 35% |
| Preparing for validation | 38% | 41% | 48% | 36% | 40% | 29% |
| Creating the security profile in the CTPAT portal | 30% | 37% | 34% | 39% | 33% | 35% |
| Costs associated with implementing required physical security upgrades | 23% | 38% | 42% | 18% | 21% | 16% |
| Demonstrating value (ROI) to executive level leadership | 31% | 28% | 38% | 26% | 31% | 29% |
| Understanding program requirements | 24% | 27% | 28% | 27% | 24% | 23% |

Q30: How challenging, if at all, were each of the following to your company at the time your company decided to join and implement the CTPAT Program?
**Caution: small base size

## Figure A7. CTPAT Implementation Costs



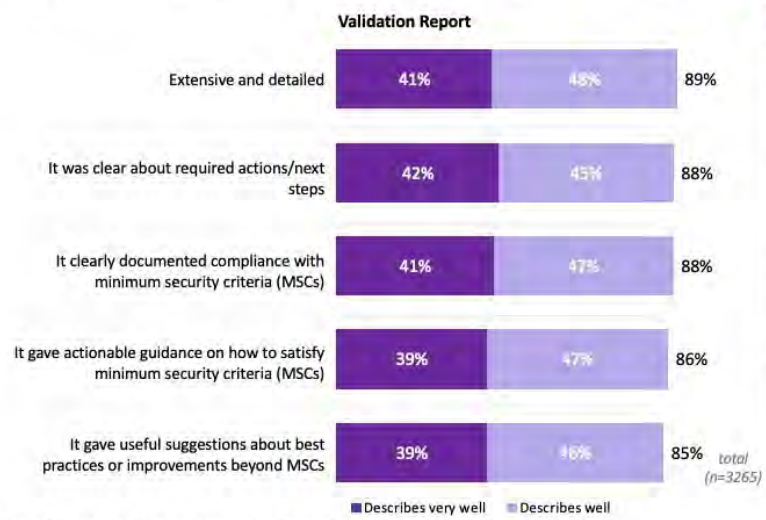

## Figure A8. Validation Process



## Figure A9. Validation Report

### Validation Report

The validation report seems to be meeting needs in terms of being detailed, clear, and providing actionable guidance and suggestions to improve security and meet MSCs.




| | Importer (n=1216) | Highway Carrier (n=916) | Foreign manufac-turer (n=743) | U.S. Custom Broker (n=282) | NVOCC (n=153) | Sea Carrier/ Marine Port (n=70) |
|---|---|---|---|---|---|---|
| 'Describes very well' or 'Describes well' | 87% | 89% | **91%↑** | 87% | 89% | 87% |
| It was clear about required actions/next steps | 87% | 89% | **90%↑** | 85% | 85% | 84% |
| It clearly documented compliance with minimum security criteria (MSCs) | 86% | 89% | **90%↑** | 86% | 85% | 87% |
| It gave actionable guidance on how to satisfy minimum security criteria (MSCs) | 85% | 87% | **89%↑** | 83% | 84% | 83% |
| It gave useful suggestions about best practices or improvements beyond MSCs | 84% | 87% | **88%↑** | 81% | 84% | 80% |

Q35: How well do each of the following statements describe the validation report you/your company received?

## Figure A10. Validation Report Use

### Validation Report Use

- Majorities of CTPAT participants provide the validation report to executive leadership and use it to make improvements to operational security.
- Importers and Foreign Manufacturers are even more likely to share the report with executive leadership.

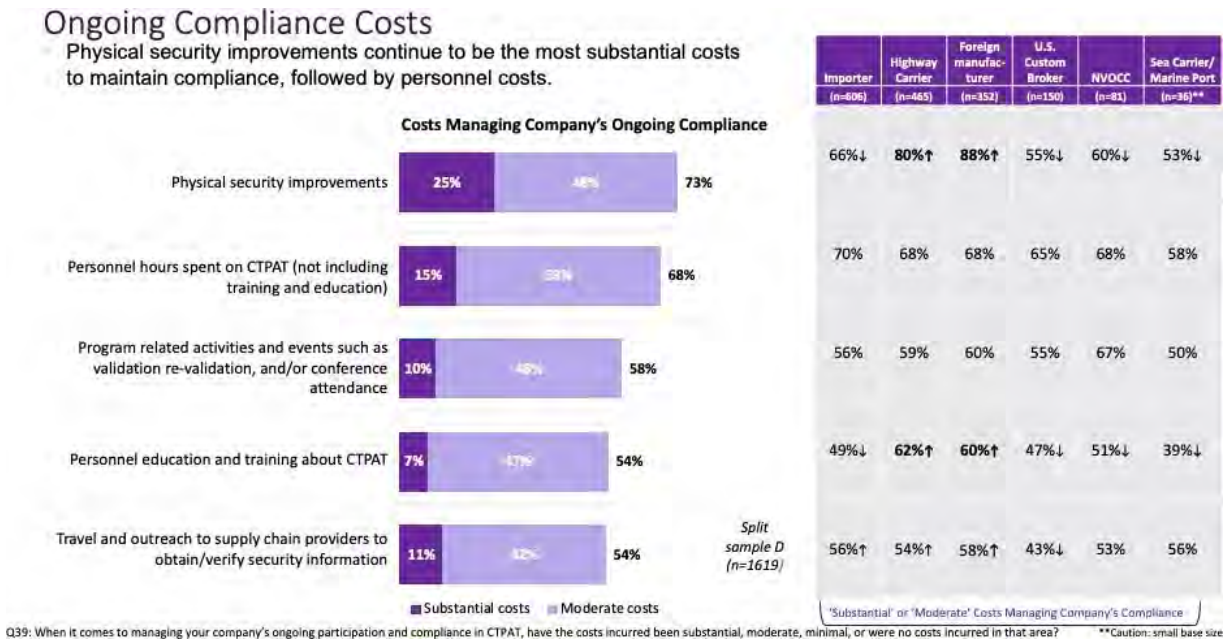
**How was the Validation Report Used?**

| | Total (n=3265) | Importer (n=1216) | Highway Carrier (n=916) | Foreign Manufac-turer (n=743) | U.S. Custom Broker (n=282) | NVOCC (n=153) | Sea Carrier/ Marine Port (n=70) |
|---|---|---|---|---|---|---|---|
| It was provided to executive leadership | 65% | **70%↑** | 58%↓ | **74%↑** | 54%↓ | 58%↓ | **77%↑** |
| It was used to make improvements to our operational security | 62% | 64%↑ | 59%↓ | 65%↑ | 62% | 65% | 60% |
| It was shared with business partners within the supply chain | 28% | 30%↑ | 27%↑ | 28%↑ | 21%↓ | 28% | 19% |
| It was shown only to those who participated in the validation | 25% | **29%↑** | 22% | **29%↑** | 20% | 27% | 27% |
| It was reviewed only by the primary point of contact for the program | 16% | 17%↑ | 14%↓ | 13%↓ | **21%↑** | **24%↑** | 20% |
| None of the above | 3% | 2% | 3% | 2% | 3% | - | 4% |
| Not sure | 5% | 6% | 4% | 5% | 4% | 3% | 4% |

**Most Helpful Parts of Validation Report**

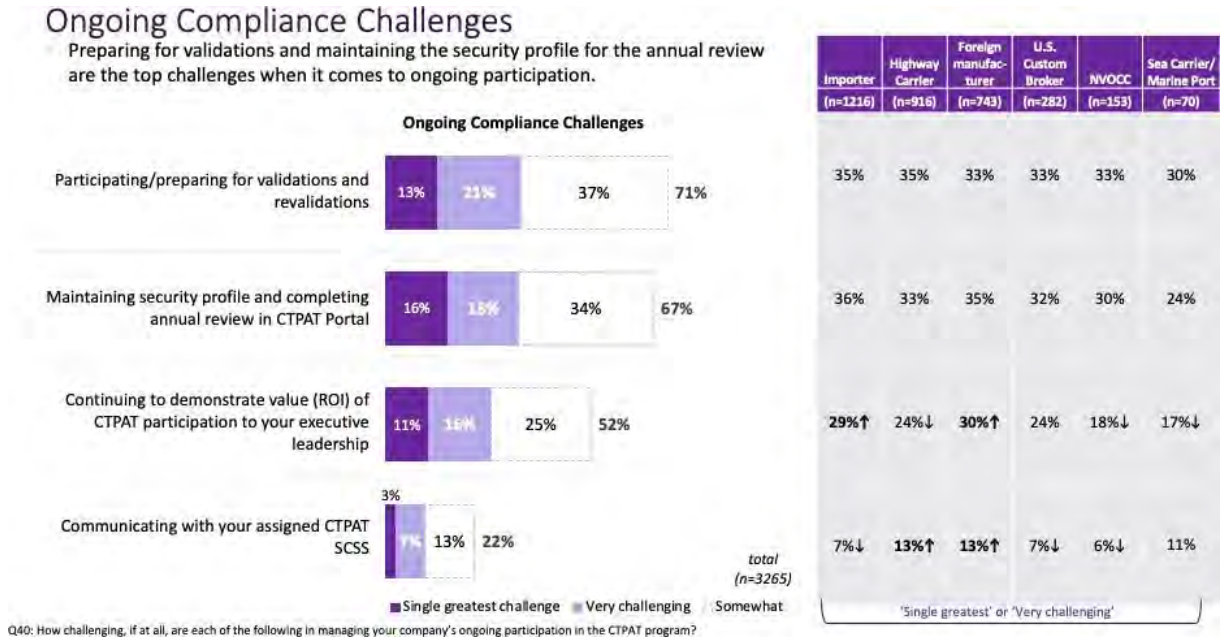
Q36: Once you received the validation report, how did you use it within your company? Select all that apply.
Q37: What part of the validation report was MOST helpful to your company? Select up to two.

## Figure A11. Ongoing Compliance Costs




Q39: When it comes to managing your company's ongoing participation and compliance in CTPAT, have the costs incurred been substantial, moderate, minimal, or were no costs incurred in that area? **Caution: small base size

## Figure A12. Ongoing Compliance Challenges




Q40: How challenging, if at all, are each of the following in managing your company's ongoing participation in the CTPAT program?

## Figure A13. New MSCs Announced by CTPAT

### New MSCs Announced by CTPAT

- Most see the new MSCs announced by CTPAT to be a positive development.
- U.S. Custom Brokers and NVOCCs are less likely to welcome this news due to the additional resources required to meet the new MSCs or due to bad timing with the COVID-19 crisis.

**CTPAT recently announced new minimum-security criteria (MSC) for the program. Is this...**

| Total (n=3265) | | Importer (n=1216) | Highway Carrier (n=916) | Foreign Manufacturer (n=743) | U.S. Custom Broker (n=282) | NVOCC (n=153) | Sea Carrier/ Marine Port (n=70) |
|---|---|---|---|---|---|---|---|
| **62%** | A positive development showing the program is evolving | 58%↑ | **63%↑** | **76%↑** | 45%↓ | 46%↓ | **61%↑** |
| **31%** | Not the right time due to the COVID-19 crisis | **35%↑** | 26%↓ | 28%↓ | **38%↑** | **41%↑** | 27%↓ |
| **19%** | Unwelcome news because additional effort/resources will be needed to comply with the new MSCs | **26%↑** | 13%↓ | 13%↓ | **32%↑** | **22%↑** | 14%↓ |
| 6% | I was not aware of new MSCs/I need to learn more | 6% | **9%↑** | 4% | 4% | 3% | 3% |
| 5% | Concerning due to the lack of uniformity of enforcing current MSCs by SCSS | 7%↑ | 4% | 4% | **9%↑** | 5% | - |
| 7% | No opinion | 6% | **9%↑** | 5% | 7% | **13%↑** | 9% |

Q41: CTPAT recently announced new minimum-security criteria (MSC) for the program. Is this... Select all that apply.

## Figure A14. The Revalidation Process

### Revalidation Process

- Those that have participated in a re-validation rate their SCSS highly for being professional and knowledgeable.
- Majorities agree that the process is thorough, clear, and necessary.
- Few feel the process is repetitive and of low value.

**Revalidation Process**

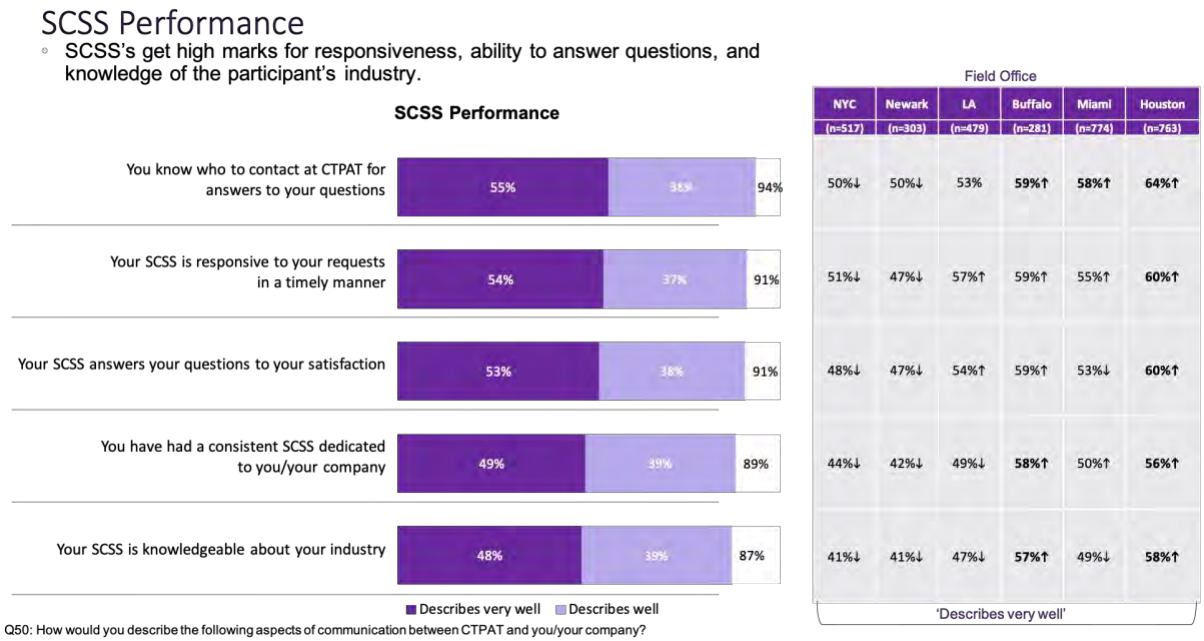
| Importer (n=855) | Highway Carrier (n=526) | Foreign Manufacturer (n=475) | U.S. Custom Broker (n=219) | NVOCC (n=107) | Sea Carrier/ Marine Port (n=51)** |
|---|---|---|---|---|---|
| 91%↓ | **94%↑** | **97%↑** | 89%↓ | 91%↓ | 94% |
| 90% | **92%↑** | 91% | 87%↓ | 85%↓ | 88% |
| 83%↓ | **90%↑** | **91%↑** | 83%↓ | 82%↓ | 80%↓ |
| 83%↓ | **89%↑** | **91%↑** | 75%↓ | 83%↓ | 88% |
| 80%↓ | **89%↑** | **90%↑** | 82%↓ | 81%↓ | 80%↓ |
| 78% | **87%↑** | **91%↑** | 69%↓ | 74%↓ | 84% |
| **84%↑** | **78%↑** | **85%↑** | 55%↓ | 67%↓ | 69%↓ |
| 75%↓ | **82%↑** | **87%↑** | 67%↓ | 79%↓ | 86% |
| 29%↓ | **40%↑** | 32%↓ | 38% | 34% | 33% |

'Describes very well' or 'Describes well'

Q44: How well do each of the following describe the revalidation process?

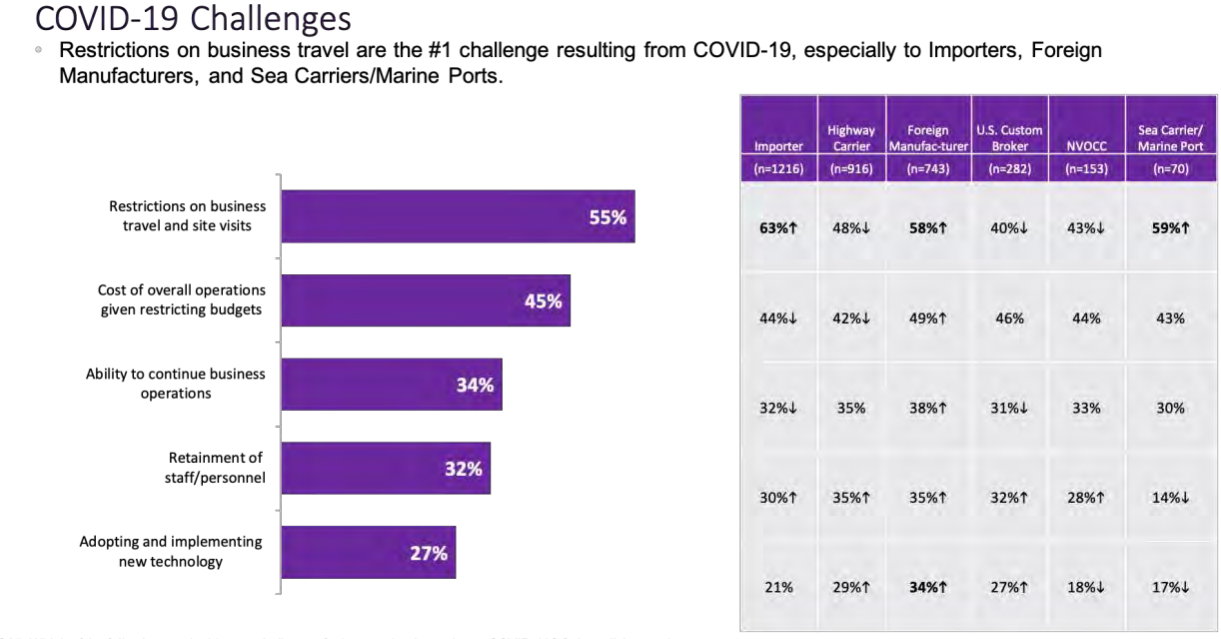
**Caution: small base size

## Figure A15. SCSS Performance




Q50: How would you describe the following aspects of communication between CTPAT and you/your company?

## Figure A16. COVID-19 Challenges




Q67: Which of the following are the biggest challenges facing your business due to COVID-19? Select all that apply.

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