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Container/Trailer Inspection Checklist

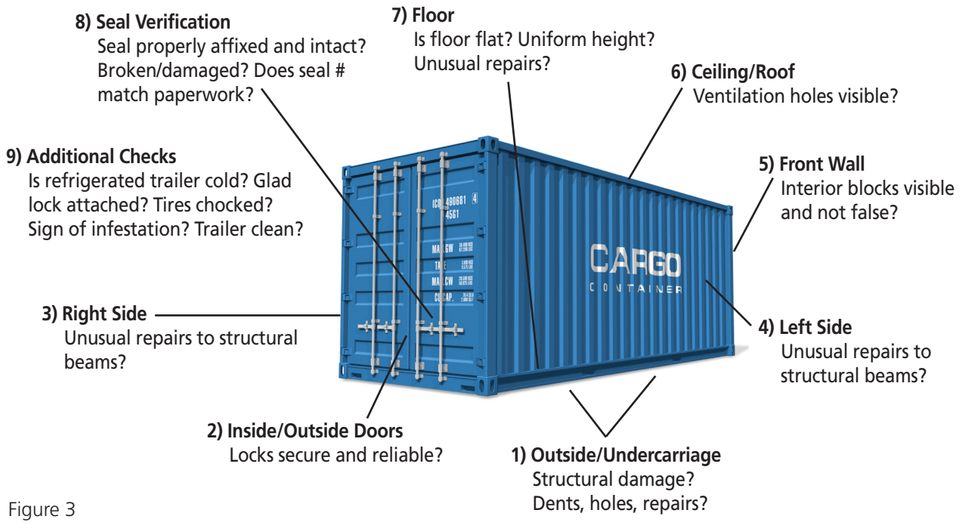


Figure 3

large volume of inbound containers from the Ports of LA and Long Beach, went from a complete, but standard, trailer inspection process at receiving to a meticulous, 9-point inspection process (Process summarized in *Figure 3: Container/Trailer Inspection Checklist*). While this may lengthen receiving time slightly, shippers report that these few extra minutes are far outweighed by the ability to significantly reduce Customs inspections, which delay processing for weeks.

Where Do You Start?

To inquire about C-TPAT membership and to download the necessary paperwork, visit the Customs and Border Patrol website at www.cpb.gov.

Supply chain security is likely to become even more important in the future – to both governments and commerce partners. Importers that can demonstrate proactive adherence to best practice security processes through C-TPAT membership will gain a competitive advantage.

Founded in 1924, Weber Logistics is a third party logistics company that provides warehousing, transportation, and port logistics services in California and the western U.S. With distribution centers throughout the region and a fleet of trucks for dry and temperature-controlled deliveries, Weber gives growing companies flexible, scalable distribution solutions for their west region customers.

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C-TPAT Membership: Is it Right for You?

Since the events of 9-11, the U.S. Government has stepped up border inspections of imported goods to guard against illegal smuggling of dangerous cargo by terrorists. These inspections delay processing of imports from 1 to 2 weeks, slowing the importer's supply chain and cash cycle.

Importers that want to avoid these Customs delays and support efforts to secure the country's borders are becoming compliant with the security measures set forth by the Customs-Trade Partnership Against Terrorism (C-TPAT). Is C-TPAT membership right for you? This paper may help you decide.



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C-TPAT Membership: Is it Right for You?

C-TPAT — The Basics

According to the latest government figures (January 2013), nearly 11,000 companies currently participate in the C-TPAT partnership, 4,300 of which are importers and the balance of which are logistics service providers. These companies handle 55% of all U.S imports. The numbers are impressive when you consider that the C-TPAT program started with just 7 charter members in 2001. Still, with over 810,000 U.S. importers and a huge community of service providers, the potential for further growth is significant.

C-TPAT membership applies to companies that move goods across U.S. borders, either as owners of the goods or logistics providers that manage or execute cargo movements. To become a C-TPAT partner, all elements and participants in your supply chain – manufacturing and distribution facilities, 3PL partners, carrier partners – must demonstrate adherence to specific security requirements. *FIGURE 1 outlines the required procedures for C-TPAT membership.*

There are currently three levels of C-TPAT participation:

- **Tier 1** means your application has been reviewed and approved and you are a certified C-TPAT member.
- **Tier 2** means that U.S. Customs and Border Patrol (CBP) has inspected and confirmed your documented procedures and, therefore, you are both certified and *validated.*
- **Tier 3** means that CBP has inspected your procedures and determined that they go beyond C-TPAT minimum security standards.

Why Become C-TPAT Compliant?

Secure the country's borders.

Any importer's supply chain, if compromised, can lead to disastrous consequences for fellow citizens. Shippers recognize this and many C-TPAT members cite this as their primary motivation for becoming certified.

Required Procedures for C-TPAT Membership

PROCESS	PROCEDURAL REQUIREMENTS
Business partner requirements and security procedures	Third party logistics partners must have appropriate security measures in place for handling international cargo and must ensure that sub-contracted providers for transportation, cargo handling, and security services commit to C-TPAT security guidelines.
Container security	Container integrity must be maintained through 1) detailed container inspection, 2) use of high-security container seals that must be affixed to all loaded C-TPAT importer containers bound for the U.S. and 3) container storage procedures that prevent unauthorized access.
Conveyance security	Tractor/trailer integrity must be maintained during transport through tractor/trailer inspection, prevention of unauthorized access, use of high-security seals, and monitoring of driver routes for unplanned delays or rerouting.
Less-Than-Truckload shipments (LTL)	LTL shipments must use a high-security padlock or similar locking device when picking up local freight in an international environment.
Physical access controls	Procedures to access cargo must avoid unauthorized entry to facilities by outsiders and monitor employee and visitor access to protect company assets.
Personnel security	Prospective and current employees must be screened and monitored to flag suspicious personnel.
Procedural security	Cargo security must be an element of all processes relevant to transportation, handling and storage of cargo, including document processing, manifest procedures, shipping and receiving, and reporting of cargo discrepancies.
Security training and threat awareness	Training must be in place to educate staff and contractors on all operating procedures that further the goal of a secure global supply chain.
Physical security	Physical barriers and deterrents, such as fencing, gate houses, locking devices, and alarm systems, must be in place to prevent unauthorized access.
Information technology security	Procedures, such as password protection, must protect supply chain data from unauthorized access or manipulation.

Figure 1

Carlos Garrido is director of operations, logistics and distribution for California Innovations, a Tier 2 member of the C-TPAT alliance. According to Garrido, "There are clear business benefits to C-TPAT membership, but the real driver for us is that we are doing our part to ensure the safety of our supply chain and the safety of North America. C-TPAT membership is not about saving a few dollars or a few days' time, it's about securing our borders."

Speed your supply chain.

- C-TPAT shipments are 4-6 times less likely to undergo an examination than non-C-TPAT shipments. Shippers report to us that inspections result in a 1-2 week delay in getting products to market, extending the cash cycle and introducing profit-draining inefficiency.
- C-TPAT shipments entering the U.S. from Mexico or Canada can use designated FAST lanes at numerous border crossings.
- C-TPAT shipments, if selected for inspection, can be moved ahead of non-C-TPAT shipments.

Reduce costs.

As an importer, you pay for Customs cargo examinations. Here's how it works. If your shipment is selected for inspection, it will generally be moved to a privately-operated Central Examination Station (CES). The CES will unload your shipment and reload it after inspection. You pay the CES for these services, plus the cost of moving the cargo to and from the inspection site. C-TPAT certification means fewer inspections, reducing these costs.

Another cost, and one that is harder to quantify, is the cost of delayed shipments to retail customers. A lengthy delay on an out-of-stock product could jeopardize your relationship, even your business, with a retailer. Delays can also result in reduced profits if the retailer needs to mark down prices. This is particularly relevant in the fashion industry, where in-season sales are critical.

Gain favor with retailers.

Increasingly, retailers are actively encouraging vendors to become C-TPAT compliant. Many retailers take ownership of goods overseas and want to ensure no one has tampered with the goods at the factory or overseas port. While C-TPAT compliance is not the reason retailers seek out your products, it can tip the scales in your favor at the tail end of a vendor selection process.

Barriers to C-TPAT Membership

- Perception that the time and cost required to meet minimum security requirements would be too high.
- Companies with very few current border inspections see little upside to promised reductions in these inspections.
- Smaller shippers who ship LTL and LCL can't take advantage of expedited processing, which applies only to loads that are 100% C-TPAT cargo.
- Companies under regulation from more than one government agency (e.g., FDA, USDA) can not benefit. According to U.S. Customs and Border Patrol, 42% of shipments held at arrival are held by other government agencies.



Figure 2

Importers are recognizing these benefits and, in increasing numbers, are exploring C-TPAT membership. However, C-TPAT membership is not for everyone. See *Figure 2: Barriers to C-TPAT Membership.*

Can 3PLs Help?

If you are outsourcing any portion of your supply chain to third party logistics providers (3PLs), their security procedures come under just as much scrutiny as your own during C-TPAT evaluations. So, if you are considering membership, it helps to work with 3PLs that are well-versed in C-TPAT protocols. 3PLs that have gone through the certification process will have all the required SOPs in place, and may even enjoy working relationships with U.S. Customs representatives. As a result, 3PLs can speed the certification process.

It is worth noting that C-TPAT procedures can actually *increase* product processing time since it requires an added degree of thoroughness from the 3PL. Weber Logistics, which handles a