



Office of Hon Maurice Williamson

MP for Pakuranga

Minister for Building and Construction

Minister of Customs

Minister for Land Information

Minister of Statistics

Minister for Small Business

14 APR 2011

Ms Catherine Beard
The Executive Director
Export New Zealand
PO Box 1925
WELLINGTON 6001

Dear Ms Beard

I am delighted to tell you that we have secured a further competitive advantage for New Zealand goods entering the United States market. I recently announced an improvement to the Mutual Recognition Arrangement (MRA) between the New Zealand Customs Service and the United States Customs and Border and Protection (CBP), and I am writing to ensure that you are aware of this announcement.

The improvement in the MRA facilitates the processing at the United States border of shipments from exporters who are members of New Zealand's Secure Exports Scheme (SES). Under our MRA, SES goods are generally already assessed as low risk. However, New Zealand and the United States have now agreed that SES goods will be 3.5 times less likely than any other trade at the United States border to be examined for security purposes by CBP.

What this means is that SES exporters will have a reduction in time-consuming container inspections at the United States border. Their goods will be processed faster and they will have quicker access to the United States market.

At this stage New Zealand is the only country with this unique benefit with the United States. SES exporters therefore have a market advantage over all other trade at the United States border.

There are 123 certified manufacturers who belong to the SES scheme. The value of goods exported to the United States under the SES scheme in 2010 was \$1,353 million dollars. The improvements to the MRA are of huge significance to New Zealand and I will continue to work to seek further improvements in trade facilitation into the United States.

I have attached a copy of an article from the *American Shipper* on 4 April 2011 that provides further details on the improvements on the MRA for your information.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'M. Williamson', with a long horizontal flourish extending to the right.

Hon Maurice Williamson
Minister of Customs

CC Martyn Dunne, Comptroller of Customs

New Zealand security program, C-TPAT reach parity

U.S. and New Zealand officials have agreed to expand cooperation between their respective trusted shipper security programs and initiate other steps to enhance trade and security.

Customs and Border Protection stated on its Web site that two weeks ago it formally granted Tier 2 status to New Zealand's Secure Export Scheme, meaning exporters there have begun to realize a reduction in time-consuming container inspections.

The Secure Export Scheme (SES) is New Zealand's equivalent of the Customs-Trade Partnership Against Terrorism. Membership in the voluntary program allows U.S. importers that implement an approved plan for maintaining strong controls throughout their supply chain to receive fewer inspections and first-in-line treatment if a container must be X-rayed or physically searched. It also allows CBP to conduct stratified exams so that other ocean containers in a consolidated shipment can be released for pickup when only one of the boxes is the subject of a compliance exam and it makes members eligible for other CBP programs that often require C-TPAT participation.

CBP specialists target a piece of a company's overseas supply chain for review and make on-site visits of foreign suppliers and transportation providers to verify that they follow procedures similar to those listed in the importer's security plan.

In 2007, New Zealand became the first country to finalize a mutual recognition agreement with CBP. The arrangement shows that U.S. officials have confidence the other foreign customs service uses similar methods for verifying that companies have strong shipment security in place and can accept reports created by its personnel.

There are 123 certified manufacturers in the SES, 71 of which "are recognized in CBP's targeting system as being low risk commensurate with the Tier 2 status afforded C-TPAT import partners," Bradd Skinner, the head of CBP's industry partnership programs, told *American Shipper*.

Companies that belong to SES will be 3.5 times less likely to be examined for security purposes by CBP, New Zealand Customs said via e-mail. That is equivalent to the treatment given shipments from Tier 2 U.S. importers.

CBP has significantly increased inbound cargo inspections, especially at the land borders, since 2002, but exam levels have stayed relatively flat for C-TPAT members during that period.

Companies achieve Tier 1 status by applying for the C-TPAT program, conducting a security self-assessment and submitting their security plan. They don't receive many tangible benefits (inspections are only about two times less than normal) until after CBP verification teams confirm that they have adopted tighter security measures and any recommendations have been implemented.

The highest level of program benefits are awarded to members that exceed the minimum-security criteria, especially as it relates to the level of risk associated with a particular company's imports. There are 326 Tier 3 importers in C-TPAT and they are seven times less likely to have cargo examined than non-C-TPAT members, according to CBP.

The border agency also has agreements in place for reciprocal treatment of trusted shippers with Canada, Jordan, Japan and Korea. U.S. Customs, however, is much further along with Canada and New Zealand with regard to coordinating how to share audit information, developing a common information technology platform and implementing procedures for expediting clearance for their exporters as it does for its own domestic importers.

CBP had accepted 150 validations from other nations, mostly from Canada's Partners in Protection program. The figure compares to 130 such validations as of last summer, an indication the process is quite slow.

New Zealand Customs said no other country has reached the stage that translates into reduced CBP scrutiny of containers.

Skinner said he expects the outside validations to increase during the next year as the C-TPAT office receives more information and coordinates its activities with partner countries.

Although granting Tier 2 status to Secure Export Scheme members has been in works for a while, the formal conclusion of that effort underscores CBP Commissioner Alan Bersin's doctrine of creating more certainty and reducing burdens for international traders.

The eventual goal of the World Customs Organization is for individual industry partnership programs to be compatible enough that companies would only have to apply to one national authority and have their security status accepted elsewhere, but that prospect is still a long way off.

This year is the 10th anniversary of C-TPAT. There now are more than 10,000 companies in the program.

Bersin and Mike Moore, New Zealand's ambassador to the United States, also signed two other bilateral agreements, including a trial program for NZ Customs to test software developed in the United States to



Signing agreements to advance trade are (from left) Acting CBP Assistant Commissioner for International Affairs Charles Stallworth; CBP Commissioner Alan Bersin; New Zealand Ambassador to the U.S. Mike Moore; New Zealand Customs Service Attache Roger Smith.

automate the risk assessment process for air passengers. CBP operates Automated Targeting Systems that apply rules to passengers and cargo shipments using sophisticated algorithms to narrow the possibility of whether they pose a threat and deserve closer examination. CBP is developing ATS-G, which appears to be a global version of the system for deployment by other customs agencies.

New Zealand Customs said the pilot program, which will run from June to November, would help it develop its own automated targeting capability.

The two sides also agreed to real-time exchange of information between their respective national targeting centers for passengers to better identify people who pose a risk. — Eric Kulisch