

CTPAT ALERT

Keep the Supply Chain Free of Counterfeit and Illicit Goods this Holiday Season!

Last Updated: October 20, 2020



As we approach the holiday season, the Customs Trade Partnership Against Terrorism (CTPAT) program wants to remind its Members to take the necessary steps to ensure illicit goods – including narcotics and counterfeit goods – do not find their way into the supply chain. The explosive growth of e-commerce has generated a substantial increase in international mail and express consignment shipments. The Internet’s global reach, anonymity and efficiency, have enabled counterfeiters, particularly foreign sellers in China, to dramatically increase their willingness to ship counterfeit and other illicit goods to the U.S. and all over the world.

On average, U.S. Customs and Border Protection (CBP) processes more than 420,000 parcels of mail and 180,000 express consignment shipments each day just from China. Through Operation Mega Flex, CBP determined that about 12.5% of targeted parcels contained counterfeit goods or contraband. Operation Mega Flex is a CBP-led, interagency enforcement effort that started in July 2019 to measure compliance and assess illicit networks in the small package environment through enhanced inspections.



Counterfeit sales do a lot of damage to the rightful brand owners beyond revenues and profits. Counterfeit trade supports terrorism, money laundering, human trafficking and other threats to both national security and human rights. Counterfeits also lead to serious security incidents along the supply chain. In fact, Operation Mega Flex has yielded more than 2,400 agriculture violations over the past 15 months, such as prohibited plant and animal products that threaten the health and safety of consumers and put U.S. agriculture at risk.

Mislabeled shipments and using false documentation are some of the tactics used by counterfeiters and other criminals to disguise their shipments. These tactics, in turn, may lead to serious security incidents. The mislabeling of hazardous chemicals, which must be handled carefully and placed in specific locations on a ship, have led to crippling fires aboard sea vessels. And counterfeiters have used the stolen identities of legitimate transportation companies with no history of illegal trafficking to reduce the risk of a CBP or foreign Customs inspection.

As a CTPAT Member, you signed an agreement to work with CBP to protect the supply chain, identify and mitigate security gaps, and implement specific security measures and best practices. Preventing the flow of counterfeit and illicit goods is implicit in this partnership. CTPAT companies, therefore, need to keep the program’s security criteria in mind when ordering products on line. Some of these requirements include:

- 3.1 – CTPAT Members must have a written, risk based process for screening new business partners and for monitoring current partners.



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7.6 - Procedures must be in place to ensure that all information used in the clearing of merchandise/cargo is legible; complete; accurate; protected against the exchange, loss, or introduction of erroneous information; and reported on time.

7.8 – The shipper or its agent must ensure that bill of ladings (BOLs) and/or manifests accurately reflect the information provided to the carrier, and carriers must exercise due diligence to ensure these documents are accurate.

7.10 – Personnel must review the information included in import/export documents to identify or recognize suspicious cargo shipments. Relevant personnel must be trained on how to identify information in shipping documents, such as manifests, that might indicate a suspicious shipment.

What Else Can Members Do? Members should be proactive when it comes to verifying and monitoring their suppliers, distributors, and manufacturers –based on risk. The higher the risk in a specific country, region, or city for a specific activity –like counterfeiting in China – the more rigorous the monitoring should be. Starting with your suppliers of raw materials to manufacturing, packaging, and onto distribution intermediaries, Members need to track and trace goods safely all the way to the customer.

In other words, controlling counterfeiting demands having tight control over your entire worldwide supply chain and being disciplined in enforcing and verifying supply chain partners and products. Finding and fighting counterfeiters requires constant work. But protecting your brand and trademarks—and ultimately your company’s revenue and reputation—is critical to maintaining brand value.

CTPAT partners must also protect their CTPAT certification. Those who fail to take the necessary steps, consistent with their role and ability in the supply chain, to halt the importation or exportation of counterfeit products could be subject to suspension or removal from the program. Further, Members are reminded that the attempted or actual introduction of counterfeit merchandise, or merely aiding or facilitating of such, can result not only in the seizure or forfeiture of merchandise, but also substantial penalties under 19 U.S.C. 1595a(b) and 19 U.S.C. 1526(f). Accordingly, all CTPAT partners are highly encouraged to employ appropriate processes and procedures necessary to prevent such products from entering the supply chain and the United States.

Report Fraud or Illegal Trade Activity to the:
[e-Allegations Online Trade Violation Reporting System](#)
or Call 1-800-BE-ALERT.

CTPAT Appreciates Your Continued Efforts to Secure the International Supply Chain.

CTPAT Program

CBP.GOV/CTPAT

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U.S. Customs and
Border Protection