



U.S. CUSTOMS – Trade Partnership Against Terrorism
U.S. CUSTOMS – Container Security Initiative

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EXEL SECURITY TEAM

- **Our GOAL** is to **ELIMINATE THE SECURITY RISKS** inherent in the international transportation of freight.



SECURITY POLICIES & PROCEDURES IN-HOUSE AND SUB-CONTRACTORS

- **We continually REVIEW and UPGRADE our security policies and procedures in-house and with our supply chain and partners to proactively ensure our security program is constantly evolving and is flexible when patterns and trends of security and risk are identified.**

ROAD TRANSPORTATION

- ✓ **AIRLINES**
- ✓ **GROUND HANDLERS**
- ✓ **OCEAN CARRIERS**

SECURITY/RISK MANAGEMENT COMMUNICATIONS

- **On a monthly basis, and more expeditiously when necessary, the Risk Management Team provides data reflecting theft-related losses to the Global Security Manager. Based on this information the Security Team discerns security related problem areas and targets these areas for improvement.**



EXEL SECURITY TEAM - 9-11-01

- **Immediately after the tragic events of SEPTEMBER 11, 2001, the Security and Risk Management Teams working closely with EXEL's Operations Staff, published:**

•New policies and procedures worldwide to ensure the integrity and security of cargo under EXEL's CARE-CUSTODY-CONTROL.

TECHNOLOGY ASSET PROTECTIVE ASSOCIATION (TAPA)

T

- **Founded in 1999**
- **Membership: 63 of the major Technology manufacturing companies in the world**

A

- **TAPA website (www.tapaonline.org) contains company membership, freight security requirements, listing of freight-forwarder locations where TAPA certifications have been attained.**

P

- **FSR's only in effect currently for FF warehouse facilities and FF owned land transportation entities.**

A

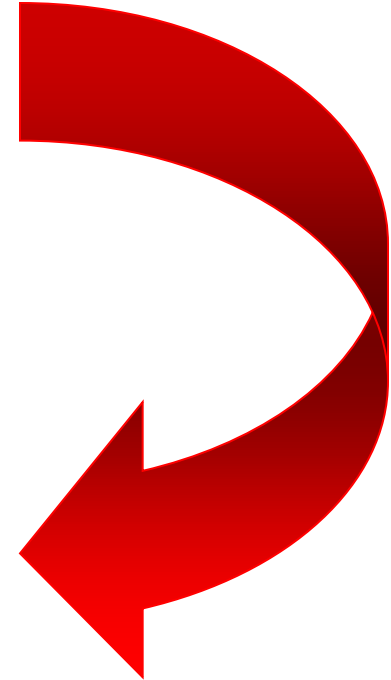
- **TAPA currently composing FSR guidelines for Air Carriers, Ground-Handling Agents 3rd Party Logistics Providers and Ocean Carriers.**

UNITED STATES BORDER SECURITY

C –TPAT Guidelines

([www.CUSTOMS.GOV\(IMPORTING-EXPORTING](http://www.CUSTOMS.GOV(IMPORTING-EXPORTING) LINK)

- **Manufacturing**
- **Ocean Carrier (July 2002)**
- **Air**
- **Land (Rail/Truck)**
- **Importer (January 2002)***
- **Customs Broker (August 2002)**
- **Warehouse**
- **Freight Forwarders (August 2002)**
- **NVOCC's (August 2002)**
- **250 importers have signed-on for C-TPAT membership**



What is C-TPAT?

- **C-TPAT is a joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security.**
- **C-TPAT recognizes that Customs can provide the highest level of security only through close cooperation with the ultimate owners of the supply chain -- importers, carriers, brokers, warehouse operators and manufacturers.**
- **Through this initiative, Customs is asking businesses to ensure the integrity of their security practices and communicate their security guidelines to their business partners within the supply chain.**

What does participation in C-TPAT require?



- Businesses must apply to participate in **C-TPAT**. Participants will sign an agreement that commits them to the following actions where they will:
 - ✓ *Conduct a comprehensive self-assessment of supply chain security using the **C-TPAT** security guidelines jointly developed by Customs and the trade community.
 - ✓ These guidelines, which are available for review on the Customs Web Site, encompass the following areas:
 - Procedural Security
 - Physical Security
 - Personnel Security
 - Education and Training
 - Access Control
 - Manifest Procedures
 - Conveyance Security
 - ✓ Submit a supply chain security questionnaire to Customs.
 - ✓ Develop and implement a program to enhance security throughout the supply chain in accordance with **C-TPAT** guidelines.
 - ✓ Communicate **C-TPAT** guidelines to other companies in the supply chain and work toward building the guidelines into relationships with these companies.

What are the benefits of participation in C-TPAT?



- **C-TPAT** offers businesses an opportunity to play an active role in the war against terrorism. By participating in this first worldwide supply chain security initiative, companies will ensure a more secure supply chain for their employees, suppliers and customers.

- Beyond these essential security benefits, Customs will offer additional potential benefits to **C-TPAT** members, including:
 - A reduced number of inspections (reduced border times).
 - An assigned account manager (if one is not already assigned).
 - For current Low-Risk Importers, an opportunity to expand "low-risk" treatment to all divisions within the company.
 - Access to the **C-TPAT** membership list.
 - Eligibility for account-based processes (bimonthly/monthly payments).
 - An emphasis on self-policing, not Customs verifications.

How do I apply?



- **Applicants will submit signed agreements to Customs, which will represent their commitment to the C-TPAT security guidelines.**
- **Applicants will also submit a supply chain security questionnaire at the same time they submit their signed agreements or within a specified time thereafter.**
- **Complete application instructions will be maintained on the Customs Web Site.**

When will benefits begin?



- **Low-Risk Importers will be accepted into C-TPAT upon submission of a signed C-TPAT agreement.**
- **Applications will be expedited, since these companies have already been evaluated for risk, and benefits will begin immediately.**
- **For other companies, benefits will begin once Customs has completed a company risk assessment encompassing both security and trade compliance.**
- **Customs aims to complete these evaluations within 30-60 days after the supply chain security questionnaire has been submitted.**

How will the partnership work on an ongoing basis?



- **Account managers will contact participants to begin joint work on establishing or updating account action plans to reflect C-TPAT commitments.**
- **Action plans will track participants' progress in making security improvements, communicating C-TPAT guidelines to business partners, and establishing improved security relationships with other companies.**
- **Failure to meet C-TPAT commitments will result in suspension of C-TPAT benefits. Benefits will be reinstated upon correcting identified deficiencies in compliance and/or security.**

Develop and implement a sound plan to enhance security procedures throughout your supply chain. Where an importer does not control a facility, conveyance or process subject to these recommendations, the **importer agrees to make every reasonable effort to secure compliance by the responsible party.** The following are general recommendations that should be followed on a case-by-case basis depending on the company's size and structure and may not be applicable to all.

Procedural Security: Procedures should be in place to protect against unmanifested material being introduced into the supply chain. Security controls should include the supervised introduction/removal of cargo, the proper marking, weighing, counting and documenting of cargo/cargo equipment verified against manifest documents, the detecting/reporting of shortages/overages, and procedures for affixing, replacing, recording, tracking, and verifying seals on containers, trailers, and railcars. The movement of incoming/outgoing goods should be monitored. Random, unannounced security assessments of areas in your company's control within the supply chain should be conducted. Procedures for notifying Customs and other law enforcement agencies in cases where anomalies or illegal activities are detected, or suspected, by the company should also be in place.

IMPORTER SECURITY



Physical Security: All buildings and rail yards should be constructed of materials which resist unlawful entry and protect against outside intrusion. Physical security should include perimeter fences, locking devices on external and internal doors, windows, gates and fences, adequate lighting inside and outside the facility, and the segregation and marking of international, domestic, high-value, and dangerous goods cargo within the warehouse by a safe, caged or otherwise fenced-in area.

Access Controls: Unauthorized access to facilities and conveyances should be prohibited. Controls should include positive identification, recording, and tracking of all employees, visitors, and vendors. Procedures should also include challenging unauthorized/unidentified persons.

Personnel Security: Companies should conduct employment screening and interviewing of prospective employees to include periodic background checks and application verifications.

Education and Training Awareness: A security awareness program should be provided to employees including the recognition of internal conspiracies, maintaining cargo integrity, and determining and addressing unauthorized access. These programs should offer incentives for active employee participation in security controls.

IMPORTER SECURITY



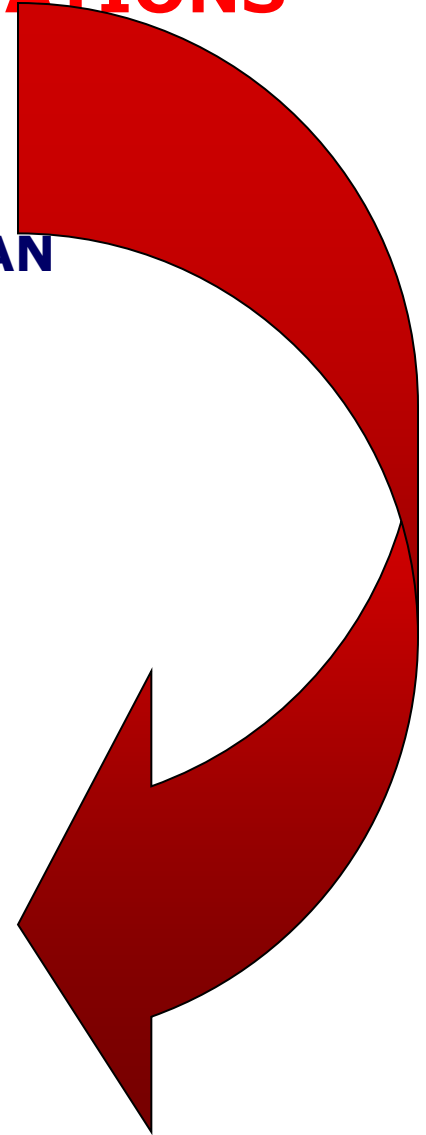
Manifest Procedures: Companies should ensure that manifests are complete, legible, accurate, and submitted in a timely manner to Customs.

Conveyance Security: Conveyance integrity should be maintained to protect against the introduction of unauthorized personnel and material. Security should include the physical search of all readily accessible areas, the securing of internal/external compartments and panels, and procedures for reporting cases in which unauthorized personnel, unmanifested materials, or signs of tampering, are discovered.



SEA CARRIER SECURITY RECOMMENDATIONS

- **DEVELOP/IMPLEMENT A SOUND SECURITY PLAN**
- **CONVEYANCE SECURITY**
- **ACCESS CONTROLS**
- **PROCEDURAL SECURITY**
- **MANIFEST PROCEDURES**
- **PERSONNEL SECURITY**
- **EDUCATION AND TRAINING AWARENESS**
- **PHYSICAL SECURITY**



SEA CARRIER SECURITY RECOMMENDATIONS

- **Develop, implement a sound plan to enhance security procedures. (Depending on the company's size and structure and may not be applicable to all).**
- **CONVEYANCE SECURITY:**
Vessel integrity should be maintained to protect against the introduction of unauthorized personnel and material. Conveyance security to include physical search of all readily accessible areas. Securing all internal/external compartments and panels, and procedures for reporting cases for unmanifested materials, or signs of tampering.
- **ACCESS CONTROLS:**
Unauthorized access to the vessel should be prohibited. Controls to include positive identification, recording, tracking of employees, visitors, vendors and procedures for challenging unauthorized/unidentified persons.

SEA CARRIER SECURITY RECOMMENDATIONS

- **PROCEDURAL SECURITY:**

Procedures to be in place to protect against unmanifested material being introduced aboard a vessel. Provide complete, accurate lists of crew and passengers. Cargo to be loaded/removed under supervision and reported appropriately. Procedure in place to notify Customs and other law enforcement agencies in cases of anomalies or illegal activities, detected or suspected.

- **MANIFEST PROCEDURES:**

Company's must ensure that manifests are complete, legible, accurate and submitted in a timely manner to customs.



SEA CARRIER SECURITY RECOMMENDATIONS

- **PERSONNEL SECURITY:**

Company's should conduct employment screening, background checks and application verifications.

- **EDUCATION AND TRAINING AWARENESS:**

A security awareness program should be provided to employees including recognizing internal conspiracies, maintaining cargo integrity, and determining and addressing unauthorized access. These programs should offer incentives for active employee participation in security controls.

- **PHYSICAL SECURITY**

All buildings should be constructed of materials, which resist unlawful entry and protect against outside intrusion. Physical security should include adequate locking devices on external/internal doors, windows, gates, and fences. Plans to address perimeter fencing, adequate lighting inside/outside the facility, and the segregation and marking of international, domestic, high-value, and dangerous goods cargo within the warehouse/terminal area by a safe, caged or otherwise fenced-in-area.

US CUSTOMS-CONTAINER SECURITY INITIATIVE (CSI) - (January 2002)

SINGAPORE
becomes the 1st
ASIAN entity to
allow U. S. Customs
Inspectors

CSI is designed to make
global ocean container
shipping more secure

A proactive stance by U.S. Customs in screening sea containers before they reach the USA will significantly contribute to the agency's overall efforts to secure the borders against dangers that might be introduced through commercial traffic.

- 1 The volume trade moving into USA's 102 seaports has doubled since 1995
- 2 90% of the world's cargo moves by container, U.S. Customs processed more Than 214,000 vessels and 5.7 million sea containers
- 3 Globally over 200 M cargo containers move between major seaports each year
- 4 More than 16M containers arrive in USA by ship, truck and rail.
- 5 25 million entries were processed by Customs in 2002.
- 6 More than \$1.2T in imported goods passed thru the USA's 301 ports/points of entry in 2001. 1/2 of incoming U.S. Trade (by value) arrives by ship.
- 7 Top U.S. Ports of import are: New York, Los Angeles, Long Beach, Charleston, Seattle, Norfolk, Houston, Oakland, Savannah and Miami.

CSI's FOUR CORE ELEMENTS

- **Establishing security criteria to identify high-risk containers**
- **Pre-screening those containers identified as high-risk before they arrive in U.S. ports.**
- **Using technology to quickly pre-screen high-risk containers.**
- **Develop and use smart and secure containers.**

The fundamental objective of CSI is to first engage the ports that send the highest volumes of container traffic in the USA, as well as the governments in these locations, in a way that will facilitate detection of potential problems at their earliest possible opportunity.

US CUSTOMS-Container Initiative (CSI)

January 2002

- Singapore is currently allowing U.S. Customs inspectors to screen America-bound cargo containers in Singapore's seaport.
- Singapore is one of the busiest ports in the world.
 - Sent roughly 333,000 cargo containers to the USA in 2001.
 - It is the first Asian government to join the CSI.
- US Customs Service, under the new **Container Security Initiative (CSI)** is working with the international community to prevent terrorists from smuggling nuclear and other weapons into the USA.
- Under a recent government agreement in Canada, customs has put inspectors in *Montreal, Halifax and Vancouver*.
 - Inspectors in Vancouver recently experimented by putting tamperproof electronic seals, which beep if they are broken, on containers after they are screened.

US CUSTOMS-Container Initiative (CSI) January 2002

- About 68% of the 5.7 sea containers that enter the United States arrive from just 20 foreign seaports, so CUSTOMS is initially focusing on these “**mega**” ports for inspections.

Other worldwide ports that have agreed as of 8/21/02 to participate in the CSI: Rotterdam, Netherlands, Antwerp, Belgium, Port of LeHavre, France, Ports of Bremerhaven, Hamburg, Germany

The Top 20 foreign ports are: Hong Kong; Shanghai, Singapore; Kaohsiung, China; Rotterdam; Pusan; Bremerhaven; Tokyo; Genoa; Yantian; China; Antwerp; Belgium; Nagoya, Japan; LeHavre; Hamburg; LaSpezia, Italy; Flexstowe, UK; Algeciras, Spain; Kobe, Japan; Yakohoma; and Laem Chaban, Thailand



INDUSTRY PARTNERSHIP PROGRAMS (IPP)

IPP GOALS:

The goal of IPP is to engage the trade community in a corporate Relationship with U.S. Customs Service in the WAR on DRUGS and TERRORISM.

- The IPP underscores the importance of employing best business practices and enhanced security measures to eliminate the trade's exposure to narcotic smugglers and vulnerability to terrorist actions.**
- The IPP proactively works with foreign manufacturers, exporters, carriers, importers, and many other industry sectors emphasizing a seamless security conscience environment throughout the entire commercial process.**

The U.S. CUSTOMS SERVICE currently has 3 active INDUSTRY PARTNERSHIP PROGRAMS that designed to deter and prevent narcotics smuggling and terrorist activities via commercial cargo and conveyances: THE CARRIER INITIATIVE PROGRAM, the BUSINESS ANTI-SMUGGLING COALITION and the AMERICAN COUNTER SMUGGLING INITIATIVE.

INDUSTRY PARTNERSHIP PROGRAMS (CIP)

PROGRAMS AND TRADE RELATIONSHIPS:

- The **Carrier Initiative Program (CIP)**, established in 1984, is a joint effort among air, sea, land and rail carriers and the U.S. Customs Service to address the problem of drug smuggling and terrorism in the United States on board commercial conveyances.
- By signing the CIP agreement with the U.S. Customs Service, **CARRIERS** agree to enhance their **SECURITY** at foreign/domestic terminals and on board their conveyances.
- They have agreed to cooperate closely with U.S. Customs Service in identifying/reporting attempted or suspected smuggling attempts or other criminal activity.

In return, the U.S. CUSTOMS SERVICE agrees to conduct both domestic and foreign security site surveys, post seizure analysis, and provide training to identify security weaknesses within their company and suggest improvements **TO BETTER** their **SECURITY SYSTEMS** and **MEASURES**.

INDUSTRY PARTNERSHIP PROGRAMS (BASC)

CARRIER INITIATIVE Q&A

- The **Business Anti-Smuggling Coalitions (BASC)** initiated in March 1996, is a business-led, Customs-supported alliance created to combat the smuggling of contraband via commercial trade.
- BASC was designed to complement/enhance the CIP program.
- The objective of BASC is:
 - To **ELIMINATE** the contamination of legitimate businesses with heightened security awareness regarding the **SMUGGLING** of **CONTRABAND** and other **TERRORIST** tools in the import/export communities.

BASC, as a voluntary program for businesses, with **NO** Customs-imposed mandates, *corporate participants will be expected to set **SELF-IMPOSED BUSINESS STANDARDS** that will significantly deter **NARCOTICS TRAFFICKERS** and **TERRORISTS**.*

The **BASC** program examines the entire process of and shipping merchandise from foreign countries to the **USA**, emphasizing the creation of **MORE SECURITY-CONSCIOUS ENVIRONMENT** at foreign manufacturing plants to **ELIMINATE** or **REDUCE** their vulnerability to the **SMUGGLING** of **CONTRABAND** or **CONTAMINATION** of any kind. **BASC** chapters are located in **COLOMBIA, COSTA RICA, ECUADOR, MEXICO, PANAMA, PERU** and **VENEZUELA**.

INDUSTRY PARTNERSHIP PROGRAMS (ACS)

THE AMERICAS COUNTER SMUGGLING INITIATIVE

- Is a priority undertaking, established in 1988 by U.S. Customs, to build upon the success of CIP and BASC by STRENGTHENING and EXPANDING our anti-narcotics and anti-terrorism security programs with industry and government.
- ACSI program is made up of teams of U.S. Customs inspectors and agents detailed to assist business in developing security programs and initiatives that SAFEGUARD legitimate shipments from being used as vehicles for drug smuggling/terrorist actions.
- The ACSI teams travel to each target country approximately four times a year to provide hands-on training and site surveys to BASC members in the trade industry.

INDUSTRY PARTNERSHIP PROGRAMS (LBCIP)

THE LAND BORDER CARRIER INITIATIVE PROGRAM

- Developed in the Spring of 1955 to address the threat of DRUG SMUGGLING along the southwest border, the purpose of the LBCIP is to deter smugglers of illegal drugs from using land border commercial conveyances to transport their contraband.

As of July 1, 1996, ALL IMPORTERS wishing to use line release must use one of the 825 (to date) LBCIP CARRIERS.

INDUSTRY PARTNERSHIP PROGRAMS ACCOMPLISHMENTS:

- OVER 4800 PARTICIPANTS IN CIP
- 24 SUPER CARRIER INITIATIVE PARTICIPANTS
- OVER 1000 PARTICIPANTS IN BASC
- CREATION OF 16 BASC CHAPTERS
- OVER 100 ASCI DEPLOYMENTS SINCE 1998
- INCLUSION OF BASC IN WCO BUSINESS PARTNERSHIP

www.INDUSTRY.PARTNERSHIP@CUSTOMS.TREAS.GOV



New Regulations

U.S. CUSTOMS TO REQUIRE ADVANCE CARGO MANIFESTS FROM SEA CARRIERS TO PROTECT GLOBAL TRADE

- New regulations call for manifests 24 hours prior to lading.
- The proposed regulation also encourages non-vessel operating common carriers (NVOCC) having an International Carrier Bond to electronically present cargo manifest information directly to Customs.
- An essential element of the CSI is advance transmission of vessel cargo manifest information to Customs.
- Analysis of the manifest information prior to lading will allow U.S. Customs posted at the foreign seaports to identify high-risk containers before they are shipped to the USA.
- The proposed rule will be published in the FEDERAL REGISTER on August 8, 2002. It applies to *SEA CARRIERS ONLY*.

WORLD CUSTOMS ORGANIZATION (WCO) ADOPTS ELEMENT OF U.S. CUSTOMS CONTAINER SECURITY INITIATIVE Cont'd

- The WCO representing 161 nations around the world accounting for 97% of world trade, unanimously passed on June 28, 2002 a resolution adopting a strategy to safeguard the global trade supply chain from the terrorist threat and enhance the flow of trade.
- The resolution calls for development of a worldwide strategy for its members similar to the U.S. Customs Cargo Container Security Initiative.
- Establishing an "expert international Task Force" to standardize information essential to Customs administrations in identifying high-risk cargo, while at the same time facilitating the movement of legitimate trade.

WORLD CUSTOMS ORGANIZATION (WCO) ADOPTS ELEMENT OF U.S. CUSTOMS CONTAINER SECURITY INITIATIVE

- Developing new international guidelines to provide advance electronic transmission of Customs data.
- Developing guidelines for establishing partnerships with private industry “to increase supply chain security and facilitate the flow of international trade.”
- The WCO stated, “the U.S. CUSTOMS CSI” will significantly enhance Customs controls on containers and offers a great potential increasing the levels of compliance with Customs Law and Regulations.



*supply chain solutions
for a changing world*



