



Shared Services Group  
Supply Chain Security

# Supply Chain Security/Regulatory Track

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# Today's Topics

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- Track Scope/Current Environment
- C-TPAT Program Status
- Importer Security Filing (10+2) Status
- TSA Certified Cargo Screening Program (CCSP) Status
- WCO Global Cargo Security Conference: Highlights

# SCRLC Supply Chain Security/Regulatory Track Scope

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## **Included:**

- **Ensure awareness and monitoring of existing supply chain security programs**
- **Track emerging supply chain security programs (AEO, CCSP, other)**
- **Monitor US and international legislation/policies related to supply chain security**
- **Monitor other regulatory initiatives (e.g. product safety)**
- **Monitor supply chain security best practices**
- **Monitor open source intelligence reports; identify supply chain security risks**
- **Contingency planning/continued operations in post-incident scenarios**
- **Monitor latest technology related to supply chain security requirements**

## **Excluded:**

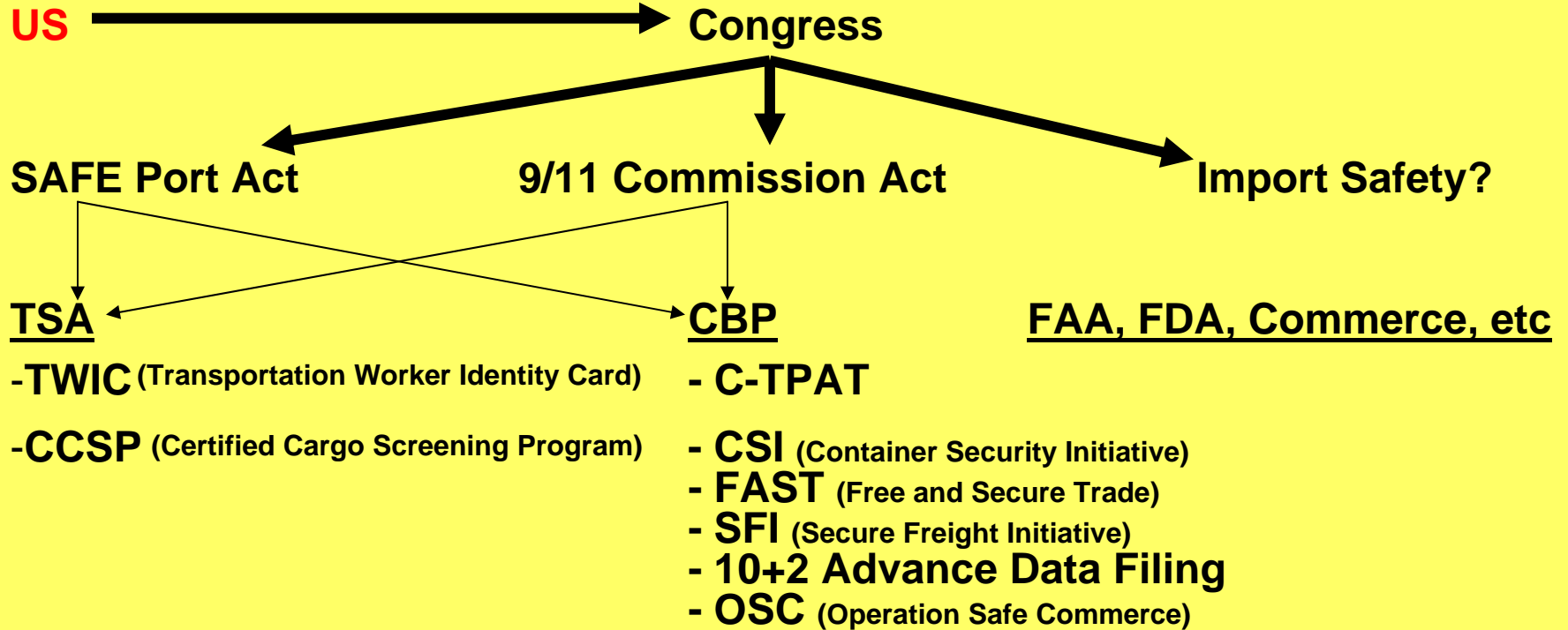
- **Import/export compliance regulations or policies**
- **Security/reliability risks to supply chains from non-human sources (e.g. avian flu)**

**Deliverables: Monitoring, reporting, information sharing**

**GLOBAL** → WCO SAFE Framework of Standards

↓ Mutual Recognition?

**INTERNATIONAL** → Sweden (Stairsec), EU (AEO), Canada (PIP), New Zealand (SES), Japan (Asia Gateway Initiative), BASC, Jordan, (Golden List), Singapore (Secure Trade Partnership), Australia, China, US (C-TPAT)



**FUTURE?:** US Exports? Cargo carrier screening? International air cargo? Mutual recognition? 100% screening? Import safety?



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# C-TPAT (Customs-Trade Partnership Against Terrorism)

# Customs-Trade Partnership Against Terrorism (C-TPAT)

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- Partnership between government & industry
  - to prevent use of import shipments to smuggle terrorists or weapons of terror into the U.S.
- Must assess and enhance your security practices and those of your international supply chain partners
  - Per US Customs & Border Protection (CBP) “Minimum Importer Security Criteria”
- Why Important? If not engaged in C-TPAT:
  - > cargo inspections=delays=impacts to production
  - No Importer Self Assessment program= audits by CBP

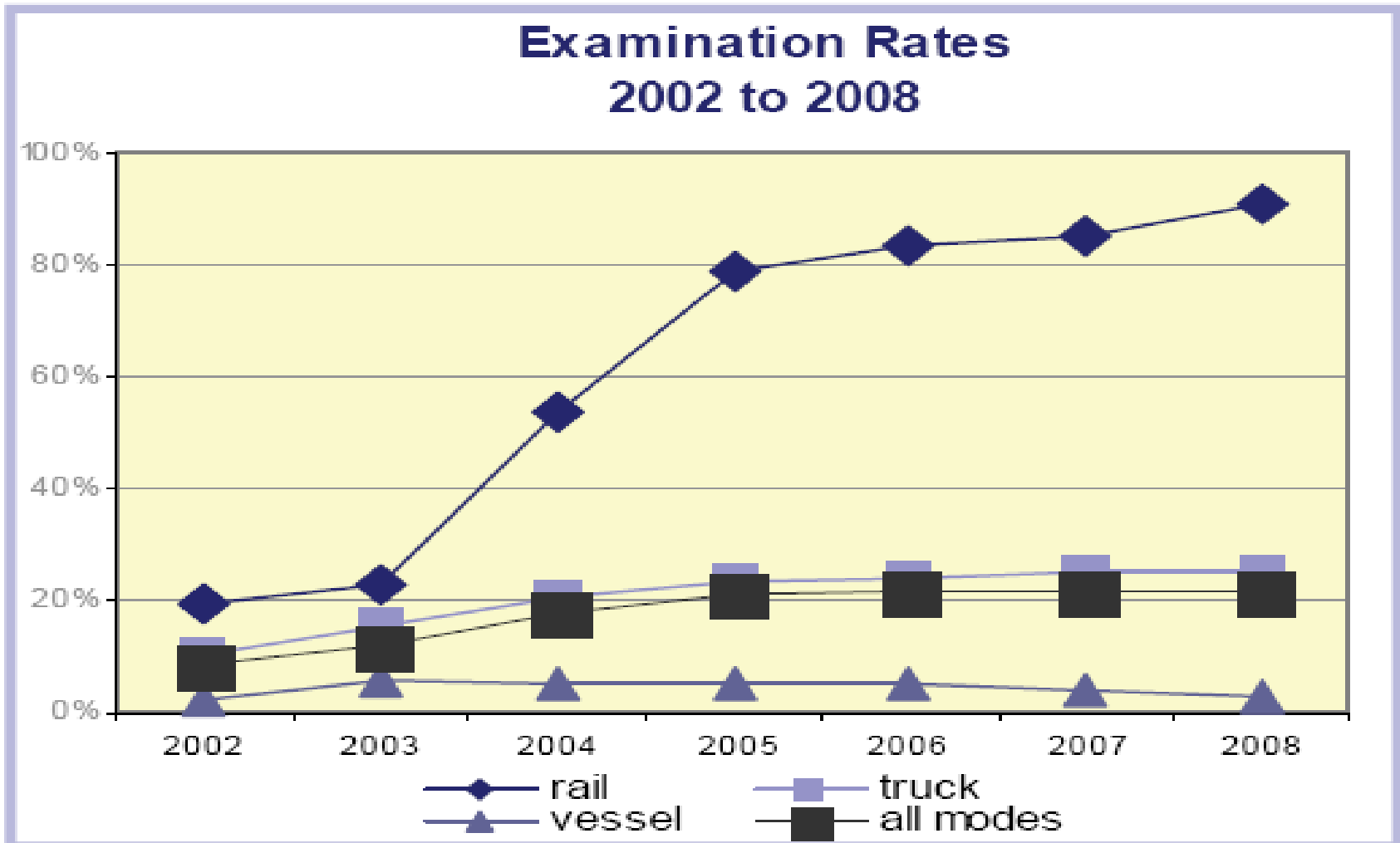
# C-TPAT: Boeing Benefits

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- Lesser cargo inspections: shipment reliability avoids production impacts
- Cost avoidance (exams)
- Acceptance in the Importer Self Assessment (ISA) program
- Priority in post-incident recovery
- Boeing supply chain visibility/data
- Increased supply chain security & efficiency @ reduced cost
- Supply chain security (< theft/vandalism/damage)
- Partner awareness/education = competitive advantage, i.e. proactive posture to meet future requirements
- Favorable perception with USG/DHS/CBP/TSA

# CBP Exam Rates (by Mode of Transport)

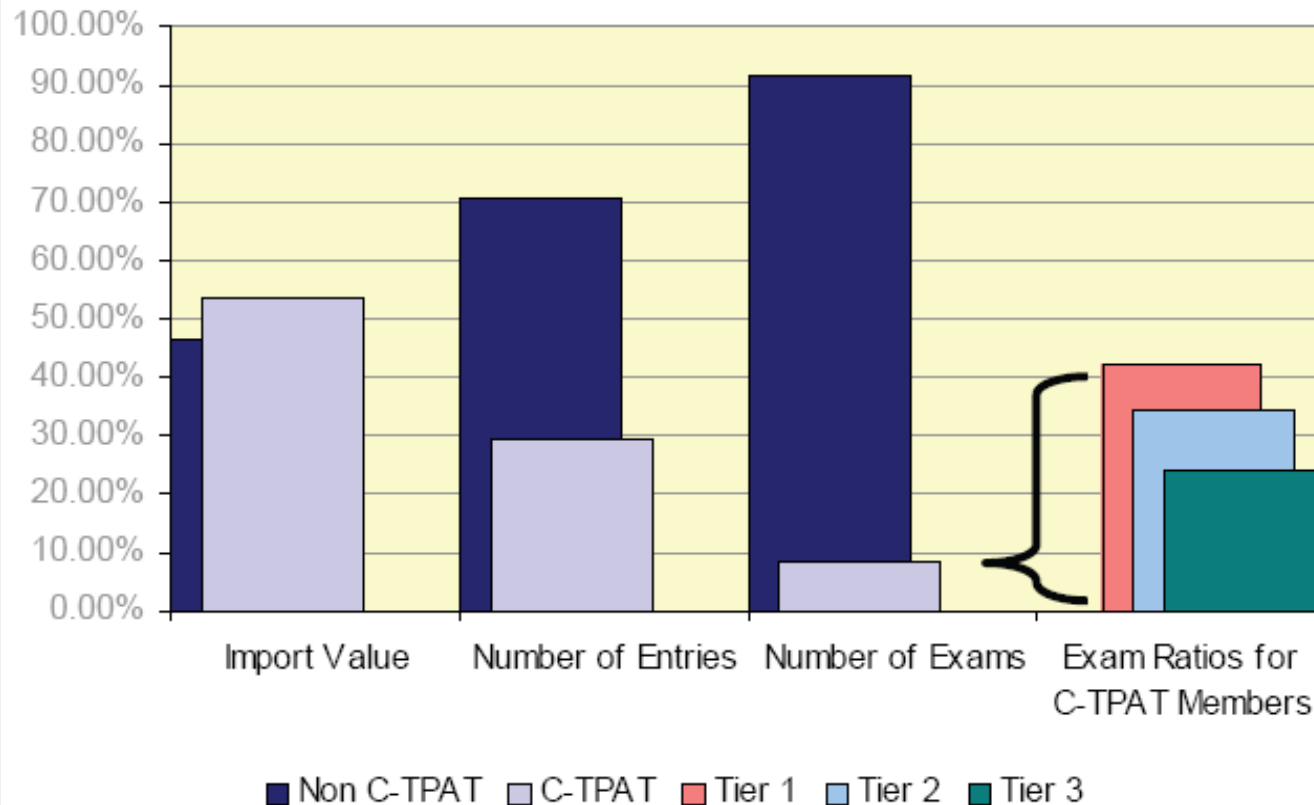
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# Jan-Apr 2008 Customs' Import Exams

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Import Value, Entries, Exams and Exam by Tier  
January - April 2008



April 2009  
- 83% non-members  
- 17% members  
- 3.6 % tier 3

# C-TPAT Achievements

November 26, 2008

- **9,128 - Certified Partners to current date:**
  - **7,948 - Certified Partners at the end of 2007**
  - **860 - Increase in membership in 2008**

- **10,074 - Total Validations Completed**
  - **8,000 - Initial Validations Completed**
  - **2,074 - Re-Validations Completed**

- **428 - Total suspensions** (218 Highway Carriers)
- **295 - Total removals** (128 Highway Carriers)

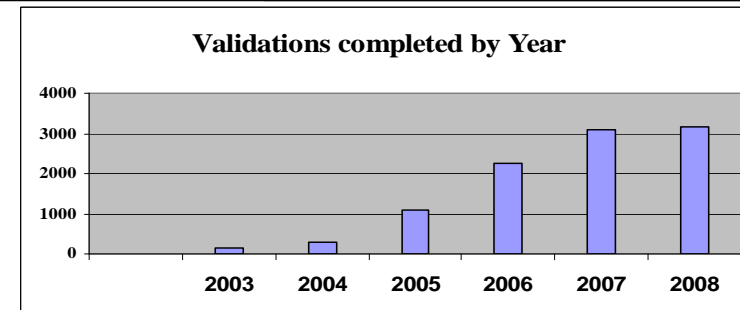
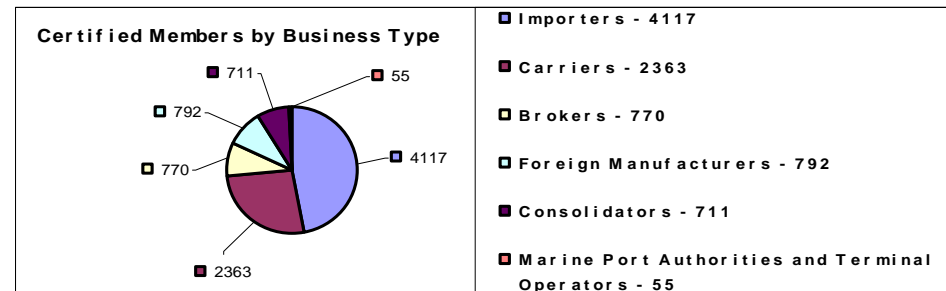
- **Internationalization Efforts:**

- **3** - Mutual Recognition Arrangements: NZ, Canada, Jordan
- **4** - Mutual Recognition Projects: Australia, EU, Japan, Singapore, Korea

- **Security Criteria Implemented:**

- **10 - Business Entity Types:** Importers, Ocean/Highway/Rail Carriers, Foreign Manufacturers, Customs Brokers, Port Authorities/Terminal Operators, Air Carriers, Consolidators

- **Tiered Benefits Structure** – commensurate with security enhancements. Best Practices Catalog.
  - **278** - Tier 3 Importers



U.S. Customs and  
Border Protection



Field Operations



# CBP C-TPAT Conference: April 1-3, 2009

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- CBP budget doubled to \$11.4B since 2004
- \$720M for land border facilities in stimulus package; \$5-6B needed
- Benefits to members are real and tangible; those that "betray the trust" of CBP will be removed
- C-TPAT needs to protect exports as well (potential pilot with Canada)
- New "Best Practices" pamphlet published



# Importer Security Filing (aka "10+2")

# Importer Security Filing Status: Requirement

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- **Implemented by CBP Jan 26, 2009, ISF requires importers to file 10 data elements 24 hrs. in advance of every ocean shipment + carriers 2 elements**
- **Phased enforcement for one year implementation period**
- **Public comments due by 06-01-09**
  
- **ISF Data Elements**
  1. Seller (or owner) name and address
  2. Buyer (or owner) name and address
  3. Importer of record number/FTZ applicant ID#
  4. Consignee number (s)
  5. Manufacturer (or supplier) name and address
  6. Ship-to name and address
  7. Country of origin
  8. Commodity Harmonized Tariff Schedule#
  9. Container stuffing location (*name & address*)
  10. Consolidator (stuffer) name and address

# ISF Current Status

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- 350,000 filings from 32,000 importers to date:
  - 70% late
  - Importers report difficulties with forwarders/brokers taking ISF seriously, failing to implement with urgency
  - CBP advised that there will be no slack given to importers when penalties begin in Jan 2010

# ISF Impacts

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- National Association of Manufacturers and US Chamber of Commerce:
  - CBP has “ignored industry concerns”
  - CBP fails to "trust the trusted partners" (C-TPAT members)
  - Pilot program should be conducted
  - Will create supply chain disruptions/delays
  - Adds cost
  - Creates new security risks
  - Requires change in business & supply chain import ocean processes



# TSA Certified Cargo Screening Program (CCSP)



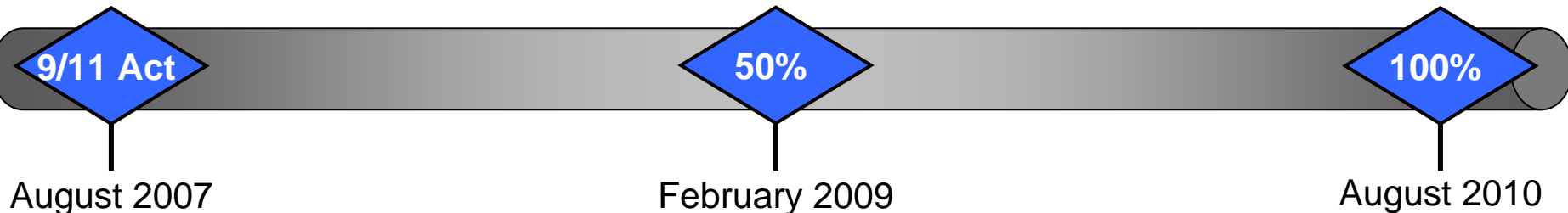
# 100% Screening Requirement

## Background

- President Bush approved *Implementing Recommendations of the 9/11 Commission Act of 2007* on August 3, 2007.
- The legislation mandates 100% screening by August 2010 and requires TSA to:
  - Establish a system to **screen** 100% of cargo transported on passenger aircraft.
  - Provide a level of security **commensurate** to that of passenger baggage.
  - Meet inspection benchmarks.



## Congressionally Mandated Cargo Screening Benchmarks





# 100% Screening Requirement by August 2010

## Impacts

- All cargo must be screened at the piece level by TSA-approved methods prior to being loaded on a passenger aircraft.
- Screening capacity at a single point in the supply chain is not sufficient enough to accomplish this requirement.
- Significant carrier delays, cargo backlogs, and transit time increases are expected.

**~12 million pounds  
moves on PAX daily.**



**August 2010  
100% Screening Required  
by Congress**

**Cargo must be broken down  
to piece level and screened  
by piece.**





# TSA Certified Cargo Screening Program (CCSP)

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- FEB 2009: Impacts experienced:
  - Airlines/forwarders initially charged screening fees
  - Delays due to requirements for signing of screening waivers
  - Delays due to restrictions on providing flight numbers
  - Conflicts exporter AES requirements
  
- CCSP Status:
  - 277 sites certified to date; 1400 in pipeline



# Future: International Pre-Screening of Air Cargo

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- 100% screening not attainable for inbound cargo by August 2010 but WILL be required in the future
  - Stopgap: Piece level screening of all trans-shipped cargo
- Canada, Australia, and 27 EU states working with TSA on screening:
  - ~50% of US-bound international cargo now being screened
- TSA recommending amendment to International Civil Aviation Organization (ICAO) security standards to require cargo screening
- Similar recommendation (Secure Freight) being submitted by the International Air Transport Association (IATA)
- TSA exploring use of CBP's Automated Targeting System (ATS) to assess risk on inbound freight

# CCSP: Bottom Line

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- Current economic conditions/cargo decrease “bought time”
  - 50% screening achieved
  - Fees waived
  - Certified CCSP sites increasing
  
- Future?
  - Expect screening fees to be imposed
  - August 2010: Delays for international trans-shipped cargo?
  - Pre-screening at international locations: Fees? Capacity/delays?



# World Customs Organization (WCO) Global Cargo Security Conference Brussels, Dec 4-5, 2008

# Highlights: WCO Global Cargo Security Conference

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- Global frustration at US policies (100% screening, ISF); counter to WCO's risk-based, selective screening approach
- WCO's SAFE Framework of Standards drafted; 154 of 174 members signed letter of intent. SAFE approach includes four pillars:
  - Advanced data provided to Customs agencies (WCO's proposal would require advance reporting of 27 shipment data items)
  - A common, risk-based approach to identify high risk shipments
  - Inspection of high risk cargo at the port of origin before departure
  - Enhanced trade facilitation for operators participating in C-TPAT like programs
- China/EU hosting "trade lane security demo project" thru 5/2011 (5000 containers, scanning, radiation portals, security devices, databases and info sharing, risk-based targeting)