

## **Global trade group to adopt rules for protecting cargo**

*Voluntary program based on U.S. effort to guard against theft, terrorist attacks*

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In an effort to protect the world's commerce from thieves and terrorists, a group of agents charged with protecting international borders is set to approve new rules tomorrow that government and corporate trading partners can voluntarily adopt.

The World Customs Organization, composed of 166 countries' customs agencies that handle nearly all of the world's trade, modeled the new program after voluntary and mandatory U.S. rules that require companies to do a better job protecting their supply chains and border agents to collect more data on cargo.

U.S. officials pushed the world body to develop the rules so there would be one framework for companies and nations to follow, rather than a mish mash of laws and guidelines at the world's ports of entry. Homeland Security officials say the incentive for corporate and government compliance is not only safety, but speed: Cargo that isn't suspicious is less likely to be stopped at the borders.

Border backlogs are a concern for governments that want to encourage use of their ports and for businesses that now rely less on big supply stocks and more on "just-in-time" inventory.

"We do business in 160 countries and don't want similar but different things to comply with in all of those countries because that would be inefficient and costly," said Kim Marsho, IBM's business executive for supply chain security and government programs.

The computer giant has helped promote the new international rules and recently released a study examining the "collateral benefits" of businesses voluntarily investing in their own supply chain security. Among the benefits are less theft and more protection from a potentially tragic and costly terrorist event.

But the WCO, based in Brussels, Belgium, says other companies and customs agencies would need to dedicate more personnel, training dollars and money for equipment such as electronic data receivers so agents don't have to rely on the fax or phone. In some countries, legislation may also be required. That's why the group decided to make voluntary its initiative, called the Framework of Standards to Secure and Facilitate Global Trade.

There is no timetable for participating countries to set up systems at their borders or for businesses to sign up under the international program.

Nonetheless, customs officials believe participation will be high. A voluntary program that expedites through U.S. ports goods of multinational corporations that agree to shore up their own supply chains has attracted 9,000 members that represent about 40 percent of the nation's imports. Called Customs Trade Partnership Against Terrorism, or C-TPAT, the program has been in effect since November 2001.

IBM is a member of that program, but Marsho says there aren't concrete results yet on how much the company saves, if anything, in time or theft reduction.

But there are about 200 million containers full of food, clothes, electronics and other items shipped to the world's seaports annually, and an estimated \$50 billion is lost each year to theft, according to industry estimates.

Todd Owens, director of the C-TPAT program for the U.S. Department of Homeland Security, said efforts to balance free flow of commerce with security and anti-theft needs are evolving.

Among the criticisms of his program and others that involve overseas inspection of cargo and development of tamper-proof cargo container seals is that they are being implemented too slowly and lack adequate staff and equipment for enforcement.

C-TPAT was specifically criticized in a recent Government Accountability Office report that said its voluntary program may make the importers who are members become targets for crime because terrorists and thieves know they've been cleared by border agents in advance and aren't likely to be inspected at the receiving end. Further, the government watchdog agency said Homeland Security had insufficient staff to check if companies had taken promised security measures.

Owens said adding personnel and training was helping address the problems.

He also said other mandatory programs that require such things as submitting cargo and crew data electronically to border agents in advance and developing security plans aboard all ships sailing to U.S. ports and at the ports themselves have helped secure U.S. imports. All suspicious cargo coming through the ports is now inspected, either physically or with X-ray, gamma ray or radiation-detecting equipment, and no weapons of mass destruction have been found.

"We've clearly taken huge steps from where we were a few years ago," said Owens.

Industry officials say they'd still like to see more resources dedicated to security. And while businesses often prefer voluntary measures, some rules - such as the tamper-proof seals on cargo containers - should be mandatory so the security measures are effective

and everyone has the same costs, said Tay Yoshitani, a senior adviser to the Coalition for Secure Ports, an industry group.

Yoshitani, also a former executive at the port of Baltimore, called the new World Customs Organization's voluntary effort a "clever approach" to getting more participation than a mandatory program that some countries and shippers are not yet prepared to handle.

"We can't have a bunch of different standards, or no standards," he said. "How effective this will be and how smoothly this will work, I don't think anyone knows. But unless we have some assurances across borders, none of us can feel secure."

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