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A composite image of the Earth with a city skyline, a rainbow, and a satellite in space. The Earth is shown from a high angle, with a city skyline of skyscrapers and a green park area on top. A rainbow is visible in the sky above the Earth. A satellite is in orbit around the Earth. The background is a deep blue space with stars and a bright sun in the upper left corner.

Connectivity

Linking people, institutions,
systems and ideas



World Customs Organization

Connectivity and the global supply chain

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TRACKING, TRACING, AND custody are all generally accepted concepts involving the control of movement. All these concepts have in their fundamental cognitive structure the idea of path, corridor, multiple parts, flow, and coordination. However, what is often omitted or overlooked is the fundamental sine qua non core principle of “beginning”. What is the beginning of a chain of custody? This article focuses on this core concept and the role it plays as the beginning of the connective custody and control process. Specifically, it addresses the significance of cargo stuffing, the concept of authorized or trusted agent, the means of connectivity, the legal role of the authorized agent, and the consequences of a connected and visible supply chain.

Loading the cargo conveyance

Establishing and maintaining cargo integrity begins with stuffing the container at origin. A chain of custody – chronological documentation or paper trail – involves “the movement and location of physical evidence from the time it is obtained until the time it is presented in court” (cf. www.thefreedictionary.com). As in a criminal case comparison, a supply chain ‘chain of custody’ needs three types of essential assertions: (1) that the cargo is what it purports to be and in the quantity stated; (2) that the cargo was in the continuous possession or control by the carrier who took charge of the cargo from the time it was loaded in the container at origin until the time it is delivered at final destination; and (3) that there is evidence of the identify of each person or entity who had access to it during its movement, and that the cargo remained in the same condition from the moment it was sealed in the container for transfer to the carrier that controlled possession until the moment it released the cargo into the receipted custody of another.

Trusted agent

In the United States the trusted agent concept comes from The Federal Information Management Act and relates not to the supply chain, but to Information Technology (IT) security. According to a senior Department of Homeland Security (DHS) manager, the trusted agent concept is very broad, in that it could be other DHS agents, other country Customs or regulatory agents, a security officer for a shipper, the person that is submitting the cargo data electronically such as a Custom broker or freight forwarder, and even the person closing the door and arming the devices. This broad interpretation could have unintended negative consequences for connectivity.

It is imperative that the initial point of a connectivity process begins at the beginning! Loading cannot take place without a human agent. The agent could be the company’s forklift driver, the dispatcher, the loading dock supervisor, or even an authorizing manager who has a specific duty to verify the cargo and its quantity. It could even be a third party hired by the shipper, for instance, companies that currently provide inspection services around the world.

Even the following Customs programmes discuss, in one way or the other, the concept that supply chain security begins at “stuffing”: the Secure Export Scheme Programme (New Zealand); the Partners in Protection Program (Canada); the Golden List Program (Jordan); the Authorized Economic Operator Program (Japan); the Authorized Economic Operator Program (Korea); the Secure Trade Partnership Plus Program (Singapore); and the Authorized Economic Operator Programme (European Union).

Means of connectivity

Maintaining connectivity depends on the security programme, software and hardware utilized. While no system is 100% effective, and one cannot depend on technology alone, there are 'off-the-shelf' container security devices (CSDs) that provide connectivity through a sophisticated, comprehensive chain of custody system that begins with loading the container at origin, monitoring it, and reporting on its integrity at the end of the global supply chain path, i.e. at final destination. CSDs can include the identity of the trusted agent verifying the cargo at loading and the agent's counterpart at destination. Both parties are electronically connected by a unique identifier to the smart container system along with bill of lading or booking information, or data needed by Customs authorities. Therefore, when the CSD is activated, the accountable party becomes the initiating element in the smart container security system.

Consequences of connectivity

Security, law enforcement, and compliance with commercial standards

If a smart container is opened at destination by an equally accountable person and cargo is missing, and there were no breaches detected, recorded or reported, the accountable person at origin can face either disciplinary, or worse, criminal action by appropriate authorities. Worldwide control centres of CSD providers serve as repositories of electronically stored information (ESI) of any CSD transactions recorded during movement. This ESI becomes a source of evidence, should legal action follow.

The concept of custody and control from origin to destination also supports Incoterms® 2010, a publication of the International Chamber of Commerce

(ICC) which provides the playbook of international rules involving international sales of goods. These new terms now contain security requirements for the shipper, making a chain of custody system essential for compliance.

There are also changes coming for shippers, consignees, and vessel carriers with respect to carriage of goods by sea: the new Rotterdam Rules. According to the UN General Assembly, the Rotterdam Rules are a "...uniform and modern global legal regime governing the rights and obligations of stakeholders in the maritime transport industry under a single contract for door-to-door carriage" (cf. American Shipper). The new door-to-door liability places the vessel carrier directly in a chain of custody. Instead of the vessel carrier filing what the shipper said is in the container, the vessel carrier will be automatically and really responsible for knowing what is in the container.

Benefits

The shipper, the consignee, the carrier, and control and regulatory authorities all benefit from a chain of custody system that begins with the loading of the container at origin. CSDs incorporating the identity of the trusted agent at stuffing would assist law enforcement officials to comply with international security and trade standards, solve transshipment problems, impair illegal access to the cargo conveyance, improve supply chain efficiencies, aid in securing hazardous materials and other dangerous cargo movement, reduce counterfeiting, eliminate the in-bond problem of unauthorized container access, and improve bottom line revenue generation for the firms using them.

More information

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