



Maritime Security Council

MSC Security Program

Security in the Logistics Supply Chain



**First Hemispheric Convention on Port Logistics and Competitiveness
Ixtapa-Zihuatanejo
November 3 - 5, 2010**

Talking Points

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Presentation Objective

This presentation will discuss the benefits of implementing a “top down” transportation and supply chain security program for Mexico’s trade and transportation communities, to optimize their operational effectiveness and enhance their competitiveness.

MSC Mission

Advance the security of the international maritime and supply chain communities by representing maritime interests before international organizations, governments, and industry bodies responsible for regulatory oversight and enforcement.

Provide information, education, training and certification opportunities for our membership

Serve as the catalyst for the development and delivery of programs designed to support reliable, functional compliance with current and evolving maritime and transportation supply chain requirements.

Liaison between international organizations, governments, and industry to promote understanding and resolution of security challenges affecting global commerce.

Encourage and assist in the development and effective implementation of emerging security technologies to promote transparency, accountability, and security throughout the global supply chain.



To Promote

The development and integration of security policies, strategies and procedures into the planning, design, engineering, and operation of OAS member states' transportation and supply chain systems, to enhance the effectiveness, transparency, and overall security of their facilities and operations.

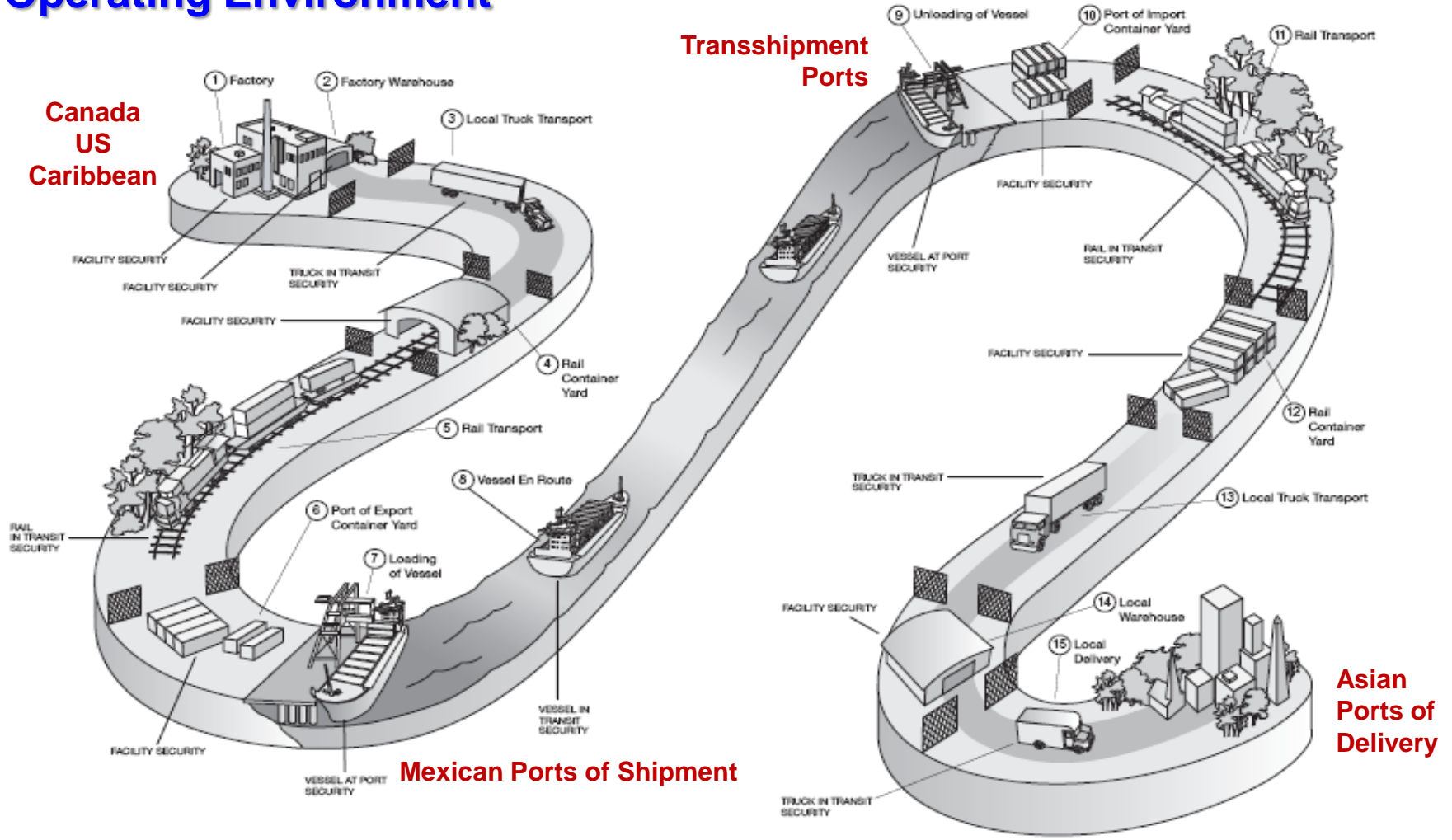
The strategic imperatives for OAS member state international commerce and supply chain communities include:

- ▶ Development of an OAS-certified program to support national growth and economic development of member states regional;
- ▶ Implementation of an OAS-accepted regional program for ensuring member state transportation and logistics infrastructure system capacities, (e.g. road, rail, maritime & pipeline), for transparency, accountability, and security throughout the supply chain;
- ▶ Mitigation of risks to OAS member state trade and transportation communities from credible threats that would impact their effective and profitable operation; and
- ▶ Compliance with international security regulations and industry 'best practices' to reduce exposure to liability, risk of penalties and negative economic impact.



Security Links in the Global Supply Chain

Operating Environment



Dictionary of International Trade, 8th Edition

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Threat Environment

Risk to Global Supply Chain Operations

RISK = THREAT + VULNERABILITY + OPPORTUNITY + CONSEQUENCE

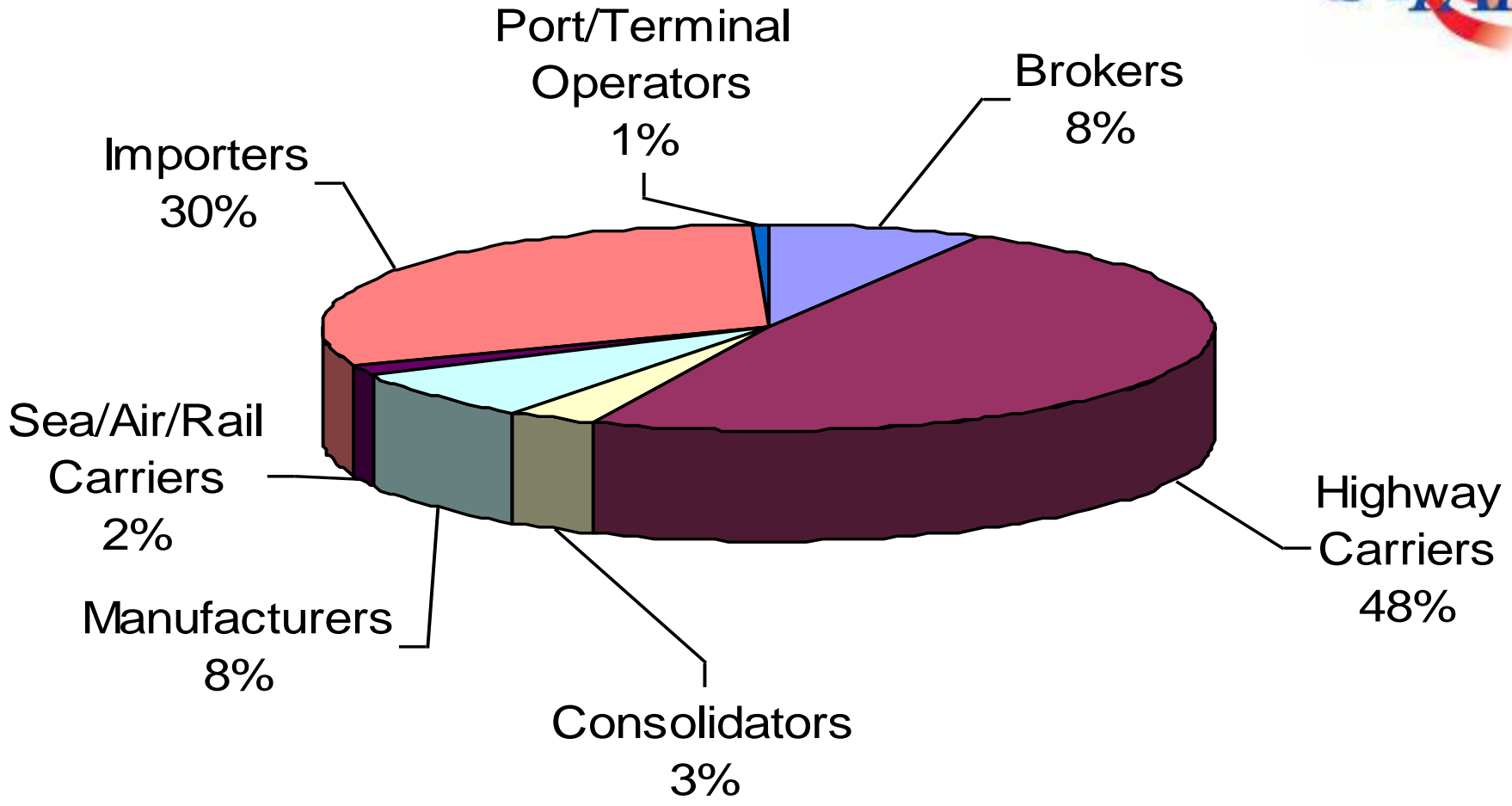
Threat: *The factors associated with a criminal or terrorist group's existence, capability, intentions, history, and past targeting*

Vulnerability: *The susceptibility of an organization to the hostile actions of criminals or terrorists*

Opportunity: *Those conditions that offer an adversary and advantageous chance to succeed in an attack*

Consequence: *The negative effect resulting from a successful attack*

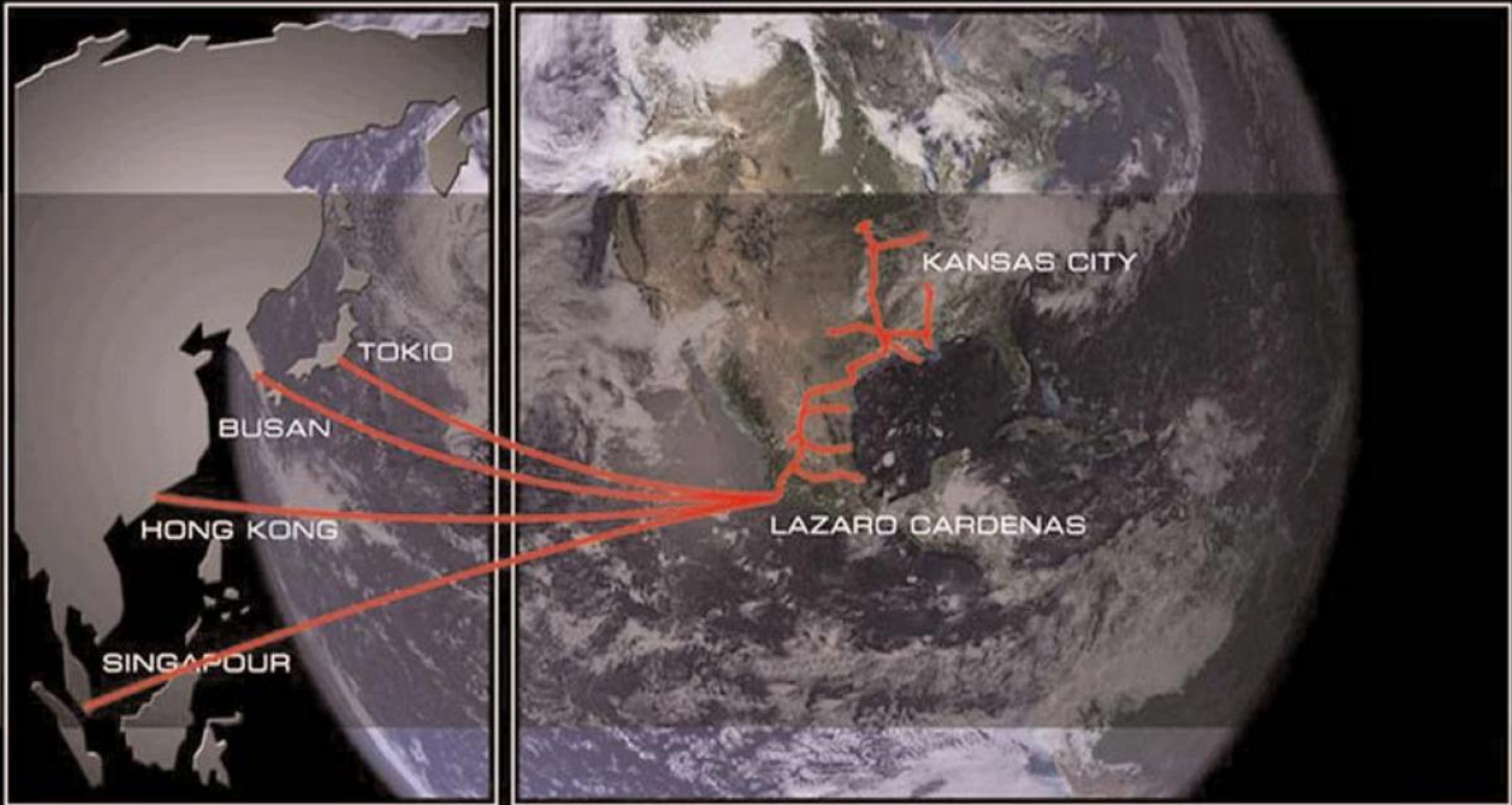
Security Breach Incidents by Trade Sector



Supply Chain Case Study - KC SmartPort



TWO WORLDS... ONE ROUTE



ISPS Code

MTSA

C-TPAT

UNSCOR 1540

BASC

FAST

ISO 28000



International Ship and Port Facility Security (ISPS) Code



The ISPS Code is a comprehensive set of security measures to be applied to commercial ports, port facilities, and vessels worldwide.

ISPS Code Requirements include:

- ▶ Identification of maritime security professionals (CSO/PFSO/SSO);
- ▶ Training and certification of maritime security professionals;
- ▶ Performance of recurring security threat, vulnerability and risk assessments of commercial ports, port facilities, and ships;
- ▶ Development of security plans for commercial ports, port facilities, and ships;
- ▶ Establishment of mechanism for communicating changes in the maritime security level;
- ▶ Delivery of recurring validation security drills & exercises.



Maritime Transportation Security Act (MTSA)

MTSA is the US government's regulation that establishes minimum security standards for US ports, US-flagged vessels, and maritime security professionals. The core elements of MTSA are identical to those in the ISPS Code:

- ▶ Identification of maritime security professionals (CSO/PFSO/SSO);
- ▶ Recurring security threat, vulnerability and risk assessments of commercial ports, port facilities, and vessels;
- ▶ Security plans for commercial ports, port facilities, and vessels;
- ▶ Mechanism for communication of and responding to changes in the maritime security/MARSEC level;
- ▶ Training and certification of maritime security professionals;
- ▶ Recurring security drills & exercises.



Customs-Trade Partnership Against Terrorism (C-TPAT)



- ▶ C-TPAT is a voluntary government-business initiative to build cooperative relationships that strengthen and improve overall international supply chain and U.S. border security.
- ▶ C-TPAT recognizes that U.S. Customs and Border Protection (CBP) can only provide the highest level of cargo security through close cooperation with the ultimate owners of the international supply chain, such as importers, carriers, consolidators, licensed customs brokers, and manufacturers.
- ▶ Through this initiative CBP asks businesses to ensure the integrity of their security infrastructure and practices, and to communicate and verify the security guidelines of their business partners throughout their product supply chain.

Business Alliance for Secure Commerce



- ▶ Original mandate for BASC established 1995 with U.S. CBP & industry interests in South America (more than 2,500 companies certified).
- ▶ Originally established to facilitate South American imports into the U.S.
- ▶ Partnership program between private sector and national & international organizations (WCO recognizes audit checklist).
- ▶ Transitioned from anti-drug focus to a broader agenda of anti-terrorism, anti-drug, cargo theft, etc.
- ▶ Develops, promotes & supports the raising of security awareness for protection of international commerce.





Free and Secure Trade (US/Canada/Mexico)

The **FAST** program is a bilateral initiative between the United States and Canada designed to ensure security and safety while enhancing the economic prosperity of both countries. In developing this program, Canada and the United States have agreed to harmonize, to the maximum extent possible, their commercial processes for clearance of commercial shipments at the border. This will promote free and secure trade by using common risk-management principles, supply chain security, industry partnership, and advanced technology to improve the efficiency of screening and clearing.

The initiative seeks to expedite the clearance of trans-border shipments of compliant partners by reducing Customs information requirements, dedicating lanes at major crossings to FAST participants, using common technology, and physically examining cargo transported by these low-risk clients with minimal frequency.



ISO 28000 – Security for the Supply Chain



Specifies the requirements for a security management system, including aspects critical to security assurance of the supply chain. ISO 28000 is applicable to all sizes of organizations, from small to multinational, in manufacturing, service, storage or transportation at any stage of the production or supply chain that wishes to:

- ▶ Establish, implement, maintain and improve a security management system;
- ▶ Assure conformance with stated security management policy;
- ▶ Demonstrate such conformance to others;
- ▶ Achieve certification/registration of its security management system by an accredited third-party certification Body; or
- ▶ Make a self-determination and self-declaration of conformance with ISO 28000:2007.



UNSCR 1540 – WMD Non-Proliferation

The objective of UNSCR 1540 is to reinforce global supply-side controls over sensitive weapons, materials, technologies, and know-how, and calls for the implementation of measures to prevent illicit trafficking of WMD-related materials by:

- ▶ Accounting for and securing materials in production, use, storage or transport;
- ▶ Providing appropriate physical protection of related sensitive materials;
- ▶ Reinforce & coordinate border control/law enforcement efforts to prevent illicit trafficking and brokering of materials; and
- ▶ Implement mechanism for export and trans-shipment controls for dual-use materials and technologies.

MSC Security Capacity Program Components

Project elements offered for implementation in the MSC's security capacity programs include:

Master Security Compliance Program: Country or enterprise-level program for 'harmonized' implementation of security standards, practices, and procedures for the transportation and supply chain communities in OAS member-states;

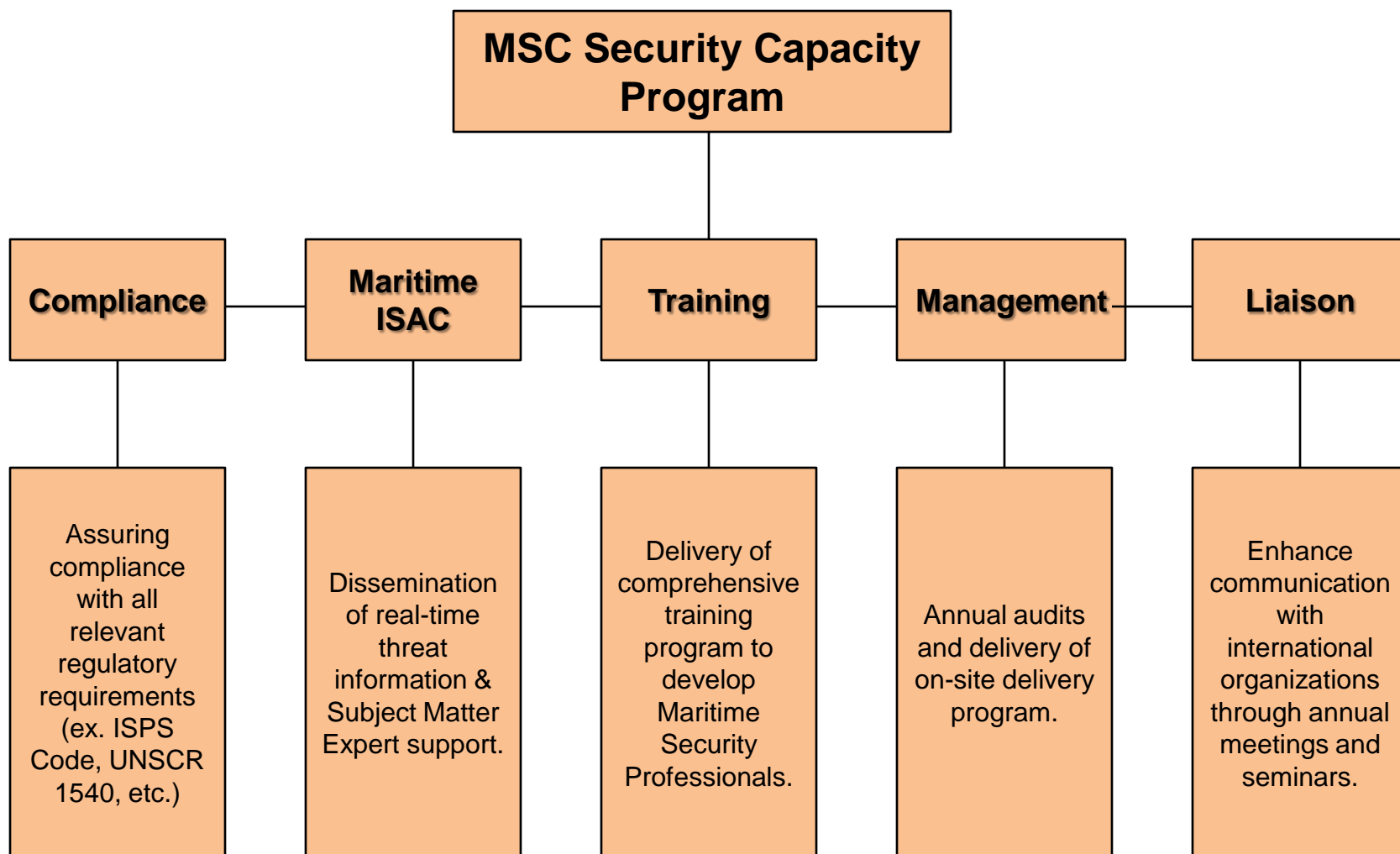
Security Training, Drill & Exercise Program: Country-level program for execution of recurring security training, drill, and exercises focused on the member state transportation and supply chain communities;

Security Outreach & Education Program: Delivery of security education and outreach programs to OAS member state agency representatives responsible for oversight and enforcement of security standards for their transportation and supply chain communities;

Maritime Information Sharing & Analysis Center (Maritime ISAC): Establishment of a regional M-ISAC for the collection, analysis, and delivery of threat and cargo information to support OAS member state trade and transportation industry requirements for risk mitigation, transparency and accountability.



MSC Security Capacity Program Components



Benefits of program participation to OAS member states

- ▶ “Plug and Play” develop of a “solid foundation” on which to build current and future security compliance programs for international trade;
- ▶ Enhanced marketability for foreign capital investment;
- ▶ Enhanced supply chain transparency and resiliency;
- ▶ Reduction in barriers to trade or delays in commerce between member states and their international trading partners;
- ▶ Increased trade capacity based on increased cargo velocity and optimization;
- ▶ Creation of new jobs in multi-level career fields of export/import trade, logistics & transportation security.

Summary

- ▶ Collaboration between the OAS and the MSC will create an opportunity for the implementation of standardized, cost, and operationally-effective national and regional security capacity programs for transportation and trade security throughout the Americas;
- ▶ The MSC's security capacity program will integrate security requirements and services to support the 'top down' implementation and ongoing evaluation of the level of functional security compliance of the transportation and supply chain infrastructure of each participating OAS member state;
- ▶ Collaboration between regional organization and industry partners will enhance security of the entire region and reduce program operating costs;
- ▶ The MSC – with its technical knowledge and practical experience – is uniquely qualified to develop, implement and maintain a robust regional security program that protects the OAS members supply chain and economic vitality;



**We thank you for your interest & attention
and
We look forward to working with each of the OAS
member states on this important initiative.**

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