



Remarks as Prepared for DHS Secretary Janet Napolitano World Customs Organization Council June 23, 2011 – Brussels, Belgium

Thank you, Secretary General Mikuriya, for that introduction, and for the opportunity to be here today.

I'm honored and delighted to be at the WCO Council meeting to address the critical importance of collaboratively working to strengthen the global supply chain that is so fundamentally critical to our national and international security and our economic prosperity.

Yesterday I had the opportunity to visit the Rotterdam seaport and Schiphol airport, and see the incredible volumes of cargo and passengers moving through these facilities. I was reminded yet again of the speed and efficiency of this complex network, and also of the necessary relationship between the security of the global supply chain and economic prosperity.

As we know, these two elements are interrelated and interdependent.

Supply chains transcend national borders and rely upon transportation systems in the air, land, and sea environments. The very nature of travel, trade, and commerce in our networked world means that a vulnerability or gap in one part of the chain can have major implications thousands of miles away.

Yesterday in Rotterdam and Amsterdam I saw ships and planes that were carrying everything from petrochemicals and car parts to grains and tulips to and from every continent on earth. Around the world, our citizens, consumers, and businesses rely on this complex system working every day – a fact well known to those who may seek to disrupt global commerce. Therefore, multilateral organizations such as the WCO – as well as the IMO and ICAO – play a critical role in strengthening the system and making it more secure, efficient, and resilient to possible disruptions.

I was here in Brussels in early January to meet with Secretary General Mikuriya, and to outline three key goals in a re-doubled global supply chain security effort: preventing exploitation of the supply chain; protecting its systemically critical elements – those without which the system

could not function; and enhancing the resiliency of the system, meaning the system's ability to minimize, and bounce back from, any possible disruption.

Since that time, the U.S. and many other countries and partners have worked collaboratively through the WCO, and other multilateral organizations, to achieve these goals by developing new security measures, and advancing global guidelines and standards. Now, six months later, we meet again and it is a good time to review accomplishments, re-commit to the shared vision of a secure, efficient, and resilient system, and identify key areas for future action.

Let me be clear: our continued focus and progress on this issue is critical. Ten years after the terrorist attacks of September 11, we continue to see the determination of individuals and groups to target our nations and our economies. And we have seen the impact that major cascading disasters can have on supply chains and economies worldwide. The earthquake, tsunami, and nuclear tragedies in Japan, for example, exacted a terrible human toll, of course, and also had a major impact on several automakers and on production in numerous countries.

In some important ways, this effort, focusing on cargo security and the global supply chain, is similar to the global efforts throughout 2010 to enhance passenger security in the aviation environment after the failed Christmas Day bombing in 2009, when a terrorist tried to target a flight bound for Detroit. But our challenge here is larger and more complex – stretching across air, land, and sea environments, as well as spanning a wide range of industries, infrastructure, and transit systems.

The breadth and scope of the global supply chain implicates a multitude of national governments, authorities, and agencies. In the international community we have the IMO, ICAO, and the WCO, as well as the Universal Postal Union, or the UPU, for postal cargo; so one of our challenges in strengthening security is the need to unify our efforts across previously separate entities.

In my country, the responsibility for international borders lies with U.S. Customs and Border Protection - or CBP - as well as Immigration and Customs Enforcement - or ICE, both of which work closely with the WCO, while air transportation security is the responsibility of the Transportation Security Administration - or TSA - which works closely with ICAO. And it is the U.S. Coast Guard that has maritime responsibility and works most closely with the IMO.

All four of these agencies are part of the Department of Homeland Security, and so the focus of our unified efforts has been on: strengthening the work underway within the international organizations to enhance the security, efficiency and resiliency of the global supply chain; encouraging the building of even stronger ties and closer coordination between these organizations to ensure a seamless and efficient approach across land, sea, and air; and pursuing bi-lateral partnerships to increase implementation of global best practices, guidelines, and standards.

Indeed, during the last six months, I have discussed the issue with a number of our key trading partners, from Canada to India, and, as of this morning, with the European Union. We have reached declarations of our intent to collaborate more closely to secure the global supply chain.

Working multi-laterally through organizations such as the WCO, ICAO, and the IMO, and in close concert with other nations, we have made important progress over the past year.

We have developed global guidelines for more accurate and timely information in the maritime domain, and I want to applaud the work of the WCO and the IMO in this area. Through what is now *Program Global Shield*, the WCO has led the international community to take an active role in preventing the illegal diversion of precursor chemicals that can be used to manufacture improvised explosive devices.

The UN, Interpol and more than 70 countries participated in the initial phase of this operation, which has resulted in numerous seizures. The latest numbers I have received show more than 33,000 kilograms (33 metric tons) of chemicals seized, primarily ammonium nitrate. In the wrong hands, this could become hundreds, even thousands, of improvised explosive devices. I urge and welcome countries represented here who are not yet participating to consider joining this effort.

I also want to applaud the WCO and ICAO's work to continuously assess evolving threats and develop our capacity to target suspect shipments.

Both organizations have made significant progress in developing updated risk assessments and are also working to adopt a common definition of high-risk cargo. A common understanding of risk between customs authorities and transportation security officials not only will enhance business efficiencies, but also will ensure that we focus attention on those shipments that warrant additional scrutiny while expediting the movement of lawful goods. I'm encouraged by this early work and look forward to its quick completion.

The IMO has now approved guidance concerning the implementation of its landmark International Ship and Port Facility Security, or ISPS, Code. This document is a ground-breaking resource that will help achieve better compliance and consistency across Member States. DHS supports the IMO in its continued commitment to improve maritime security. In fact, I met with Secretary General Mitropoulos in London earlier this week; the IMO's Maritime Safety Director is with us here in Brussels, and we have renewed our commitment to work together to advance our shared goals.

These accomplishments have strengthened the global supply chain and our ability to collaboratively meet our shared goals of increased security, efficiency, and resiliency; but the complexity of the supply chain, coupled with rapidly evolving threats, require us to do even more, and to act with more urgency than ever.

Our bilateral and multilateral consultations since January have helped us refine an international agenda for the coming months. I believe we can achieve consensus by pursuing initiatives across seven broad areas, which I would like to highlight today. In each area, we seek to develop global standards that are *relevant to all modes of transport* within the global supply chain, and that accommodate the needs and interests of *all stakeholders*, including government entities and the private sector.

As we know, threats that could undermine or disrupt the global supply chain are constantly evolving. And so, as my first suggestion, the global community must work collaboratively to develop a common understanding of risks to the supply chain and develop common approaches to address those risks.

Building on the work already underway, we would like to work with the WCO and ICAO to develop common approaches to understanding threats, analyzing risk, and responding to security concerns. The two organizations have already done some early work here, but we must work to quickly reach a consensus, which would encourage consistency and increase efficiencies for the vast majority of trade that is legal and necessary. The goal, of course, is to be able to more easily identify the cargo that requires additional scrutiny for security purposes.

Common definitions of risks and responses utilized by both customs and transportation security authorities will allow governments to streamline processes and leverage expertise – meaning that we can all do more with less, and reduce the economic impact on industry.

The U.S. has found that in-depth analysis of information about both goods and shippers helps us focus resources on the greatest threats while expediting lawful trade. But this analysis is only as good as the information upon which it is based. More timely and accurate information will best protect the global supply chain. Building on the significant accomplishments made over the last several years in the maritime environment, DHS will focus now on exploring opportunities to obtain more robust advance information for those goods being transported on passenger and all-cargo aircraft.

I applaud the efforts within both the WCO and ICAO – including the establishment of specific working groups to address this issue – and will commit active DHS engagement and support. And so my second recommendation is for global guidelines for the elements of air cargo information collection, the provision of which is *critical* to protect both passengers and aircraft. Government authorities need this information before any departure of aircraft to ensure that we have the time available to review the data and make informed decisions.

We are currently conducting pilot operations with industry to work through the variety of technical and logistical issues associated with potential changes in the requirements for the collection and provision of air cargo data. Through these pilots, and other activities, we are collaboratively seeking answers to tough questions: such as the kind of information that is needed by both customs and transportation security officials, the timeframes in which this should be provided, who has the information at various points in the supply chain, and how this data exchange and analysis can be accomplished with minimal impact to the air cargo system.

The United States believes that the findings from these pilots will significantly inform the domestic and international dialogue on potential future requirements. We look forward to sharing our findings with you later this year. These are all important issues, and we are committed to working with industry representatives, security regulators and customs authorities, as well as the WCO and ICAO, as this review continues.

The goal here should be not merely to increase security, but to accelerate legitimate trade. As my third recommendation, I call on us all to develop global guidelines for trusted, or “known,” trader programs that incorporate the needs of both customs and transportation security officials and to re-double national efforts to mutually recognize each others’ programs.

Trusted trader programs recognize the vital role that the trade community plays to secure goods moving through the global supply chain. They leverage industry’s expertise and inherent interest in protecting their own resources and personnel by providing expedited clearance and other benefits to those companies that meet a standard set of security requirements, and who have known track records.

I’m encouraged by the early efforts of the WCO and ICAO to identify areas of commonalities between customs and air cargo security trusted trader programs. Such an effort will help ensure consistency between customs and transportation security authorities, enhance efficiency, and make it easier for industry to do business.

Within DHS, we are working to consolidate various trusted trader programs that currently exist within CBP and TSA. These include CBP’s Customs Trade Partnership Against Terrorism or C-TPAT, and TSA’s Certified Cargo Screening Program, Known Shipper Program, and National Cargo Screening Program. As a large and complicated department, we can perhaps lead by example in simplifying and streamlining these programs.

Now, let me turn to the vulnerability of the global supply chain to exploitation by those seeking to transport illegal and dangerous material across the world. Manufacturing and distribution facilities, maritime shipping, air cargo parcels, rail cars – and, of course, the vessels, planes, and trains themselves – present potentially attractive channels for terrorists, non-terrorist criminals, and other adversaries to ship weapons, illicit drugs, and other dangerous contraband throughout the world and across our borders.

The integrated global supply chain system, therefore, constitutes not only a target of attack, or the subject of catastrophic disruption from natural incidents, but also a potential conduit for transporting devastating dangers to our people, our critical infrastructure, and our overall economies. Therefore, my fourth suggestion is to build on international institutions, like Program Global Shield, to stem the flow of illicit shipments of dangerous materials.

Additionally, we must continue to work with the WCO and the International Atomic Energy Agency to develop and implement recommendations to establish or improve nuclear and radiological security regimes to better deter, detect, and prevent nuclear and radiological security threats to the supply chain.

After the attempted bombing of two U.S.-bound planes in October 2010 using cargo packed with explosives, the global community turned attention to securing air cargo and international mail. This is a real vulnerability and a critical issue; therefore my fifth suggestion is that we all support the efforts of the WCO, and ICAO and the Universal Postal Union, or the UPU, to strengthen the global mail supply chain.

DHS is working with these organizations as part of a recently established UPU working group, which also includes the United States Postal Service and postal administrations from around the world. This group has made impressive progress over the last several months in establishing emergency security contacts in all 191 UPU Member States to respond to mail transit alarms. I encourage those countries who are not yet participating to support this effort.

In the same vein, we should all support the work underway within the UPU, supported by the WCO and ICAO, to develop a global standard for advance data on mail shipments for security purposes as well as standard processes for handling and resolving anomalies detected at international transit hubs. The goal of these efforts will be to update the UPU Convention and underlying Regulations, an effort we all hope can be accomplished next year.

Now, let me turn to resilience. Simply put, the global supply chain system must be able to continue to function, and quickly recover, from major disruptions, because the efficient functioning of the global logistics system – of real-time inventories – is essential to the global economy.

In the face of inevitable disruptions, either by terrorist attacks or natural disasters, international processes and policies must be in place to resume the movement of commerce and restore confidence in the system. My sixth suggestion, therefore, is that we support efforts within the WCO to strengthen global guidelines to enable the global supply chain system to quickly resume critical operations and trade activities in the face of disruptive events.

We must have clear and open communications as we conduct assessments of critical infrastructure and key resources and work to move resources and assets to where they are needed most. DHS also supports deliberate planning of infrastructure improvements to enhance flexibility and redundancy within the system. This is an effective means of alleviating potential infrastructure-related bottlenecks should a disaster occur.

I applaud the WCO's work on this issue to-date and support efforts to strengthen the current guidelines within the SAFE Framework of Standards. These guidelines are important and as they are enhanced and refined I encourage close collaboration with the IMO and ICAO to ensure their applicability to air, land, and sea modes of transport.

My seventh, and final, suggestion stems from the fact that we live in the age of terabytes traveling at the speed of light, even if some of our ships ply some of the same routes as traders did centuries ago. We should expand efforts to employ modern technology to achieve the ends we seek. Last year, many countries introduced advanced screening body imaging technology; updating decade-old metal detectors used many airports.

There is more we can do to harness technology to secure the global supply chain. For example, we will work with the European Commission and the IAEA to test currently available radiological and nuclear detection technologies. The goal here is to identify technologies that meet internationally recognized standards and that better match the possible threats. And we can achieve the long-term goal of a "Single Window" for trade information by moving toward a paperless system.

Finally, let me note again the historic global cooperation and collaboration with ICAO to strengthen aviation security in 2010. Working together, the international community will make aviation even more secure. Now in 2011, the United States is grateful for the cooperation of the WCO and its member-states, multilateral organizations here today, our private sector partners, and many others. So far this year, we are making progress in bringing that same spirit of collaboration and willingness to reach consensus to our global supply chain security efforts. But there is more to do as I have outlined today.

Every nation connected to the global supply chain faces rapidly-evolving threats. The persistent desire of terrorist and criminal groups to try again and again to perfect their tactics and techniques should motivate all of us to act with urgency and purpose.

Today, I conclude with a clarion call to the international community to work through the WCO, ICAO, and the IMO to collaborate even more closely, to develop new security measures, and to advance global guidelines and standards for all modes of transport, considering the needs of all government authorities, as well as our private sector partners.

Together we will meet our shared goals, continue to build on our considerable progress, and strengthen the security, resiliency, and efficiency of the global supply chain. Our nations and our peoples will be more secure. But there is much left to do, for we are not at the end, or even the beginning of the end. As one of our greatest statesmen said, perhaps we are at the end of the beginning.

I want to thank WCO Secretary General Mikuriya again for his partnership, and for his personal investment in collaboration with other multilateral organizations such as ICAO and the IMO.

Nothing better symbolizes the global partnership to secure the global supply chain than the cooperation evident in the presence here of ICAO Secretary General Raymond Benjamin and also IMO Deputy Director for Maritime Safety Chris Trelawney.

So thank you, once again, for the opportunity to discuss our shared goals and priorities, and to renew our commitment to work together.