

THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

Fact Sheet

CONTAINER SECURITY INITIATIVE (CSI)

In January of 2002, the Container Security Initiative (CSI) was first brought to the world's attention by U.S. Customs Commissioner Robert C. Bonner in the wake of the events of the September 11th incident in the United States. The CSI is aimed at securing the highly vulnerable maritime link in world trade by identifying high-risk containers through pre-screening exercises at the world's twenty largest ports. These ports represent a substantial sixty-eight per cent of the sixteen million containers destined for the United States each year.

As reported by the South China Morning Post on June 5, 2002, U.S. Customs has proposed that its officers be permanently stationed in the world's major ports, (especially those ports that handle the largest percentage of U.S.-bound container shipments), to pre-screen suspicious containers before leaving for the United States. Some of the megaports in Asia include those in the Hong Kong SAR, Shanghai, Yantian, Singapore, and Kaohsiung. There are ongoing dialogues between U.S. officials and other governments in the region, including the Hong Kong SAR, for collaborative efforts to prevent crimes of terror through the means of container shipments. On June 6, 2002, the International Herald Tribune reported that Singapore had agreed to allow U.S. Customs officials to pre-screen those containers in Singapore under a pilot program scheme.

The C-TPAT (or Customs-Trade Partnership Against Terrorism) is the second phase in the CSI proposal in converging the supply chain identities, (such as brokers, manufacturers, and warehouse operators), as part of the whole security framework. It is the next initiative of the U.S. Customs to enhance the security of commercial shipments against terrorist infiltration that covers all products bound for the U.S. from all foreign jurisdictions. However, the timing as to when C-TPAT membership will be extended to the different segments of the supply chain is unclear. Taking up membership is entirely on a voluntary basis.

To join C-TPAT, the importer must complete an 'Agreement to Voluntarily Participate in Customs-Trade Partnership Against Terrorism' (C-TPAT MOU) form and also provide an executive summary in response to the 'Supply Chain Security Profile Questionnaire' (SCSPQ). After taking up membership, importers are expected to develop and implement policies to enhance security within their operations and also with their business partners along the supply chain. U.S. Customs has published 'Security Recommendations' and they mainly cover the following areas: procedural security, access, physical security, personnel security, and education/training awareness. For example, a carrier may consider that their port operations, vessels, and computer systems are secure while also providing background checks on key employees within the company.

Presently, there are more than two hundred and fifty importers that are members of C-TPAT, many of which are low-risk importers (LRI). Since many of the LRI companies are also large importers, this may indicate that a significant percentage of imported goods to the United States are already under close monitoring by U.S. Customs. The main benefit from being a member of C-TPAT is the expedited processing of containers upon arrival at U.S. ports since members may avoid the time-consuming focussed-assessment audits of the shipments.

