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Highlights

SUPPLY CHAIN SECURITY

CBP Works with International Entities to Promote Global Customs Security Standards and Initiatives, but Challenges Remain

Why GAO Did This Study

Oceangoing cargo containers play a vital role in global trade but can also pose a risk of terrorist exploitation. U.S. Customs and Border Protection (CBP), part of the Department of Homeland Security (DHS), oversees security of the supply chain—the flow of goods from manufacturer to retailer. CBP anticipates that adoption of uniform, international customs security standards could eventually lead to a system of mutual recognition whereby the customs security-related practices and programs taken by one customs administration are recognized and accepted by another administration. In response to congressional requesters, GAO determined (1) actions CBP has taken to develop and implement international supply chain security standards, (2) actions CBP has taken with international partners to achieve mutual recognition of customs security practices, and (3) issues CBP and foreign customs administrations anticipate in implementing 100 percent scanning of U.S.-bound container cargo. To conduct its work, GAO analyzed CBP documents on supply chain security programs and international cooperation initiatives and met with CBP officials and foreign customs officials from various trading partner nations. Also, GAO drew upon its related reports and testimony on supply chain security issued earlier this year—GAO-08-187 (Jan. 25), GAO-08-240 (Apr. 25), and GAO-08-533T (June 12). DHS provided technical comments on a draft of this report, which GAO incorporated where appropriate.

What GAO Found

To develop and implement international supply chain security standards, CBP has taken a lead role in working with foreign customs administrations and the World Customs Organization (WCO). Through the Container Security Initiative (CSI), CBP places staff at foreign seaports to work with host nation customs officials to identify high-risk container cargo bound for the United States, and through the Customs-Trade Partnership Against Terrorism (C-TPAT), CBP forms voluntary partnerships to enhance security measures with international businesses involved in oceangoing trade with the United States. In collaboration with 11 other members of the WCO, CBP developed the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), which is based in part on the core concepts of the CSI and C-TPAT programs and provides standards for collaboration among customs administrations and entities participating in the supply chain. The SAFE Framework was adopted by the 173 WCO member customs administrations in June 2005; and as of July 2008 154 had signed letters of intent to implement the standards.

CBP has actively engaged with international partners to define and achieve mutual recognition of customs security practices. Broadly, for example, CBP contributed to development of the SAFE Framework, which calls for a system of mutual recognition. More specifically, in June 2007, CBP signed a mutual recognition arrangement with New Zealand—the first such arrangement in the world—to recognize each other's customs-to-business partnership programs. Furthermore, in June of this year, CBP signed mutual recognition agreements with Jordan and Canada. By early 2009, CBP anticipates obtaining a mutual recognition agreement with the European Commission, which represents the 27 member nations of the European Union.

CBP actively engages in the implementation of international customs security standards, however recent law, such as The Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Act) requiring that 100 percent of U.S.-bound container cargo be scanned at foreign seaports—using a nonintrusive inspection process involving equipment such as X-rays and radiation detection equipment—may affect worldwide adoption of international supply chain security standards. CBP and some foreign partners have stated that unless additional resources are made available, 100 percent scanning could not be met. Given limited resources, CBP and European custom administration officials said that 100 percent scanning may provide a lower level of security if customs officers are diverted from focusing on high-risk container cargo. Under the current risk-management system, for example, the scanned images of high-risk containers are to be reviewed in a very detailed manner. However, according to WCO and industry officials, if all containers are to be scanned, the reviews may not be as thorough. Further, a European customs administration reported that 100 percent scanning could have a negative impact on the flow of commerce and also would affect trade with developing countries disproportionately.

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