Securing Global Supply Chains:
10 Plus 2 Container Security Ruling Needed

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The Department of Homeland Security (DHS) is about to issue a rule implementing its "10 plus 2" security initiative. It is about time. This rule describes how importers will report 10 additional items of information on cargo shipped to the United States, while the carrier provides two more data sets.

The information will significantly help the department identify suspicious cargo. Not only will "10 plus 2" greatly enhance identifying high-risk cargo, but it will largely alleviate the need to scan 100 percent of the cargo sent to the United States. The 100 percent shipping container inspection rule was mandated by congressional legislation in 2007. Since then both the results of the DHS pilot project and Congress's own Government Accountability Office (GAO) have concluded that the 100 percent mandate will be difficult, if not impossible, to implement and could significantly damage trade while adding minimal additional security value.

DHS should implement the "10 plus 2" rule. Meanwhile, Congress should establish an independent commission to reevaluate the need for 100 percent scanning of cargo containers.

Knowledge Is Real Security. There are about 20 million sea-going shipping containers in the world that make about 200 million trips per year. In one of its first programs to enhance transportation security after 9/11, DHS established the Container Security Initiative (CSI). CSI evaluates data on each container bound for the United States and determines which might represent a potential risk that warrants further investigation. The U.S. works with other countries to inspect the high-risk containers before they are loaded on ships and sent to the United States. This efficient process requires physically scanning 2–3 percent of inbound containers. This has minimal impact of moving global trade, adds a valuable security deterrent, and enables DHS to focus its efforts on the most serious risks.

In January, DHS issued the Notice of Proposed Rule Making called the Importer Security Filing (ISF) and Additional Carrier Requirements. The ruling requires both importers and carriers to submit the additional cargo information before the cargo is loaded on U.S.-bound vessels. The most important additions to the "10 plus 2" reporting requirements include adding where the materials in the container are from and which conveyer is responsible for packing the container. These data points are invaluable for identifying potential sources of malicious activities that might attempt to place something harmful or dangerous in a container. Using this data, DHS will be able to identify entities that are not known and trusted—the most likely source of illicit activity—and target them for inspection.

The "10 plus 2" initiative will make CSI targeting much more effective. Combined with other programs underway by DHS and other counterterrorism efforts,

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the likelihood of container shipping representing a serious threat will be greatly diminished.

Manufacturers, shippers, and other commercial entities already produce data on who ordered a cargo, where it was made, and to whom it will be sent. They also provide information on anyone who paid for, touched, or moved the goods. Using this data to better assess the risks would represent a reasonable effort to improve what is already being done. Combined with aggressive policing and counterterrorism efforts, it would deter terrorists who want to target America's ports.

Ship of Fools. In contrast to the DHS initiative, Congress mandated establishing a program to scan every U.S.-bound container. There is no viable case for this approach. In June, Homeland Security officials briefed legislators on the results of the Secure Freight Initiative (SFI) test. Congressionally mandated, the SFI test evaluated the feasibility of scanning 100 percent of the over 11 million oceangoing containers shipped annually to the United States. The report concluded that such a requirement would be impractical and unwise.

Likewise, a GAO report issued that same month identified nine major challenges to implementing 100 percent scanning. The report pointed out that "foreign governments could call for reciprocity of 100 percent scanning, requiring the United States to scan cargo containers, and some view this requirement as a barrier to trade." In these troubled economic times, it makes no sense to add unnecessary costs to the expense of buying and selling globally. The congressional mandate would provide only minimal utility at the cost of billions of dollars in new duties, taxes, and operating costs.

Congress should establish an independent, bipartisan commission to study the results of the SFI and the mandate for 100 percent screening of shipping containers and air cargo. The commission should assess the likely threats and look into alternatives for securing global supply chains. The commission should report its findings after the 2008 presidential elections. Congress could then return to the issue in early 2009 with the politics of the election behind it. Based on the results of the commission's recommendations, Congress should then modify the 100 percent mandate so that U.S. policy bolsters security and prosperity equally well.

What Works. Whether the danger is from a nuclear warhead or a car bomb, the most effective techniques for thwarting terrorist attacks remain terrorist network disruption, targeted investigation and screening, and reasonable physical security measures—not trying to inspect everything. DHS is on the right track to do that with its container security programs. Congress is not.

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