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National Strategy for Global Supply Chain Security Falls Short

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In January, the White House released its long-awaited *National Strategy for Global Supply Chain Security*.¹ The six-page report, however, does little to lay out a comprehensive strategic plan for supply chain security, instead providing a basic vision for future planning and implementation.

While the basic goals of the strategy are sound, more should be done to work with international and private-sector partners in taking a risk-based approach to supply chain security that respects the complexities of the U.S. supply chain.

National Strategy for Global Supply Chain Security. The supply chain involves more than commodities and their flow; it entails everything from research and design to materials and manufacturing to

transport and delivery. Likewise, given the level of complexity, an adversary or threat can affect the integrity of the supply chain at any number of places along that process, making efforts to guard against all levels of threats all but impossible. The Security and Accountability for Every Port Act of 2006 called upon the Department of Homeland Security (DHS) to implement a strategic plan to enhance the security of the global supply chain. In 2007, DHS released a nearly 130-page interim report detailing a wide variety of strategic objectives and programs set to facilitate the secure flow of cargo throughout the supply chain. Per the requirements for the act, a final version was to be released by October 2009.

In January 2012, more than two years behind schedule, the Obama Administration released the *National Strategy for Global Supply Chain Security*. Hardly a comprehensive update to DHS's 2007 report, however, the National Strategy does little more than call for considering a layered, risk-based approach to "promote the efficient and secure movement of goods" and "foster a resilient supply chain." As Representative Candice Miller (R-MI) explained

in a recent hearing, "It's hard to see how this [six-page] document could offer a comprehensive blueprint for enhancing the security of the supply chain, especially given the enormity of the task and the number of stakeholders involved."²

Ensuring the security of the global supply chain requires more than a mere vision for a secure and efficient supply chain. Instead, the United States should work with stakeholders throughout the supply chain to develop a true risk-based strategic approach to supply chain security.

Need for Greater Stakeholder Engagement. Laced throughout the National Strategy are calls for the federal government to work with stakeholders throughout the supply chain: state and local governments, the private sector, and the international community. The importance of this stakeholder engagement cannot be overlooked.

Many take the view that industry does not have a true vested interest in supply chain security, sending products overseas to save money with little regard to quality and reliability of suppliers. In reality, today's global supply chain depends on the quick and reliable delivery of goods, putting industry's reputation at

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stake to ensure that products arrive safe, secure, and on time.

Protecting the global supply chain also requires looking beyond U.S. borders. Regarding the mandate to scan 100 percent of maritime cargo, many often fault Congress for failing to recognize the complexities in mandating security measures in locations beyond the United States' sovereign control. While the DHS Secretary Janet Napolitano has openly recognized that the 100 percent maritime scanning mandate will not be met, its full implementation would require cooperation and technological enhancements at some 700 international ports.

Recognizing the complexities of the global supply chain requires that the U.S. acknowledge that a whole-of-government approach is not nearly enough, just as placing burdensome and misguided mandates or regulations on industry will not serve to end all security concerns. The Administration should seek to engage stakeholders throughout the process, most particularly private-sector and international partners, in order to develop a risk-based strategic plan for supply chain security.

Developing a Risk-Based Strategic Approach. In order to truly enhance the security and prosperity of the supply chain, Congress and the Administration should:

- **Abandon blanket security measures.** Blanket security measures that are unworkable or add little value consume scarce resources and do not keep Americans safe. These include 100 percent scanning of inbound transoceanic shipping containers and the 100 percent screening of domestic air cargo transported on passenger airliners. These programs demand enormous investments in tools and technology while providing little commensurate benefits in enhancing the security of the supply chain.
- **Expand risk-based programs, such as the Container Security Initiative.** The Container Security Initiative is risk-based, meaning that resources are dedicated to the cargo that is most likely to be a real threat to Americans (as determined by manifest analysis) instead of spreading scarce resources across the supply chain. DHS should strengthen this program, along with other risk-based supply chain security measures, such as C-TPAT and "10 plus 2."
- **Enhance private-sector and international partner engagement.** In 2011, DHS announced a new partnership with the

World Customs Organization to strengthen supply chain resilience. The U.S. should build upon this partnership and work with key international allies and friends. Similar partnerships should also be built and expanded with the private sector.

Complexity Only Growing.

Global dependence on the supply chain will only grow in the coming years as free market advancement and globalization help to drive the continued opening of markets. In fostering greater security, the U.S. should work with its partners to develop a risk-based approach to supply chain security that respects the complexities of the U.S. supply chain.

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1. The White House, *National Strategy for Global Supply Chain Security*, January 2012, at http://www.whitehouse.gov/sites/default/files/national_strategy_for_global_supply_chain_security.pdf (February 15, 2012).

2. Transcript, "Balancing Maritime Security and Trade Facilitation: Protecting Our Ports, Increasing Commerce and Security the Supply Chain—Part I," Subcommittee on Border and Maritime Security, Committee on Homeland Security, U.S. House of Representatives, February 7, 2012, at http://www.bgov.com/news_item/t4kP4x1Jl7xJ_OoUp36mOw (February 15, 2012).